CITY OF MORRO BAY
CITY COUNCIL
AMENDED 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, June 22, 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

- Proclamation recognizing Chief Knuckles

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 JUNE 16, 2021 CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF SB1 FUNDING PROJECT LIST FOR PAVEMENT MANAGEMENT PLAN PROJECT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Adopt Resolution No. 30-21 approving the Fiscal Year 2021/22 project list for Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funding.

A-3 ADOPTION OF RESOLUTIONS APPROVING MEMORANDA OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND EACH OF THE CITY'S BARGAINING GROUPS, AND ESTABLISHING COMPENSATION AND BENEFITS FOR UNREPRESENTED MANAGEMENT AND CONFIDENTIAL, AND DEPARTMENT HEAD EMPLOYEES OF THE CITY OF MORRO BAY **;** (CITY MANAGER/ADMINISTRATION)

RECOMMENDATION: Staff recommends the City Council:
1) Adopt Resolution No. 31-21 implementing the Tentative Agreement and approving the 2021-2022 Memorandum of Understanding Between the City of Morro Bay ("City") and the Morro Bay Peace Officers Association ("MBPOA"); and 2) Adopt Resolution No. 32-21 implementing the Tentative Agreement and approving the 2021-2022 Memorandum of Understanding Between the City of Morro Bay ("City") and the Service Employees International Union Local 620 ("SEIU"); and 3) Adopt Resolution No. 33-21 implementing the Tentative Agreement and approving the 2021-2022 Memorandum of Understanding Between the City of Morro Bay ("City") and the Morro Bay Firefighters Association, IAFF Local 3725 ("MBFFA"); and 4) Adopt Resolution No. 34-21 amending and restating compensation and benefits for unrepresented Confidential Employees of the City of Morro Bay; and 5) Adopt Resolution No. 35-21 amending and restating compensation and benefits for unrepresented Management Employees of the City of Morro Bay; and 6) Adopt Resolution No. 36-21 amending and restating maximum compensation and benefits for Department Head Positions.

A-4 COVID-RELATED DEFERRED MASTER LEASE RENT PAYBACK PROGRAM; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend Council adopt Resolution No. 37-21, setting forth a repayment program for any remaining deferred Tidelands Trust Master Tenant waterfront lease site rents, and authorizing, in arrears, the deferment of Tidelands Trust Master Tenant rents from July, 2020 through July, 2021, inclusive, without penalty or interest.

A-5 ADOPTION OF RESOLUTION NO. 38-21 AUTHORIZING ACCEPTANCE OF A LOCAL ROAD SAFETY PLAN (LRSP) GRANT THROUGH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS), DISTRICT 5 AND EXECUTION OF THE MASTER AND SUPPLEMENTAL AGREEMENTS; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 38-21 authorizing staff accept a $40,000 Local Road Safety Plan (LRSP) Grant provided by the California Department of Transportation (CalTrans), District 5 and authorize the City Manager or designee to execute the Master and Supplemental Agreements, and expend $5,000 in City matching funds.

A-6 AUTHORIZE THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH BROWN ARMSTRONG ACCOUNTANCY CORPORATION TO PERFORM ANNUAL FINANCIAL AUDITS OF THE CITY OF MORRO BAY FOR FISCAL YEARS ENDING JUNE 30, 2021 THROUGH 2025 AND TWO POSSIBLE ONE-YEAR EXTENSIONS FOR FISCAL YEARS ENDING JUNE 30, 2026 AND 2027, WITH COST OF $45,740 PER YEAR. AGREEMENT INCLUDES A SINGLE AUDIT OF THE CONSTRUCTION OF NEW WATER RECLAMATION FACILITY; (FINANCE DEPARTMENT)

RECOMMENDATION: Authorize the City Manager to Execute an Agreement with Brown Armstrong Accountancy Corporation (BAAC) to perform annual comprehensive financial audits of the City of Morro Bay for fiscal years ending June 30, 2021 through 2025 and two possible one-year extensions for fiscal years ending June 30, 2026 and 2027, and a single financial audit of the construction of the new Water Reclamation Facility.

A-7 ***THIS ITEM HAS BEEN WITHDRAWN AT THE REQUEST OF STAFF***
~~PUBLIC HEARING, AND ADOPTION OF RESOLUTION NO. 39-21, FOR MINOR REVISIONS TO THE ADOPTED FISCAL YEAR 2021/22 (FY 2021/22) REVISED MASTER FEE SCHEDULE; (FINANCE DEPARTMENT)~~

~~**RECOMMENDATION: Staff recommends that the City Council hold the public hearing, consider the proposed amendments to the Master Fee Schedule for FY 2021/22, and then adopt Resolution No. 39-21 (Attachment 1), which updates the City's Master Fee Schedule for FY 2021/22 to correct two fees that need to be consistent with State law and one revision of the explanation of the fee's applicability.**~~

A-8 DESIGNATION OF REPRESENTATIVE(S) TO THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY; (ADMINISTRATION)

RECOMMENDATION: Staff recommends the City Council designate the Mayor as the official representative of the City of Morro Bay on the California Joint Powers Insurance Authority (CJPIA) Board of Directors, designate the City Clerk/Human Resources Manager as first alternate, and designate the City Manager as second alternate.

A-9 PROCLAMATION COMMENDING AND HONORING FIRE CHIEF STEVEN C. KNUCKLES ON HIS RETIREMENT; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

B. <u>PUBLIC HEARINGS</u>

B-1 APPEAL OF PLANNING COMMISSION APPROVAL ON MAY 18, 2021 OF THE CONDITIONAL USE PERMIT (CUP21-03) FOR A PROPOSED 560 SQUARE FOOT (SF) ADDITION TO AN EXISTING NONCONFORMING 1,683 SF SINGLE-FAMILY RESIDENCE. THE EXISTING RESIDENCE IS NONCONFORMING IN REGARD TO THE FRONT AND SOUTH SIDE SETBACKS. THE PROJECT IS ZONED R-1 AND IS NOT WITHIN THE COASTAL COMMISSION APPEALS JURISDICTION; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Staff recommends that City Council adopt Resolution No. 40-21, making the necessary findings to deny the appeal and uphold the Planning Commission approval of Conditional Use Permit (CUP20-03) for the site at 429 Tulare to allow an addition to a single-family residence.

B-2 ADOPTION OF RESOLUTION NO. 41-21 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council conduct the final public hearing and adopt Resolution No. 41-21, approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District for Fiscal Year 2021/22 (FY 2021/22).

B-3 ADOPTION OF RESOLUTION NO. 42-21 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council conduct the public hearing and approve the levy of the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance District by adopting Resolution No. 42-21.

C. BUSINESS ITEMS

C-1 ADOPT RESOLUTION NO. 43-21 ADOPTING THE FISCAL YEAR 2021/22 OPERATING AND CAPITAL BUDGETS; RESOLUTION NO. 44-21 ADOPTING THE CITY'S MASTER COMBINED SALARY SCHEDULE; APPROVE JOB CLASSIFICATIONS FOR THE FIRE MARSHAL/DIVISION CHIEF, SENIOR ADMINISTRATIVE SERVICES ANALYST AND FINANCE MANAGER; ADOPTING A SERIES OF RESOLUTIONS AMENDING AND/OR READOPTING THE CITY'S FINANCIAL POLICIES; AND ADOPT RESOLUTION NO. 54-21 EXTENDING THE EXPANDED AND INCREASED COVID-19 UTILITY DISCOUNT AND SUBSIDY PROGRAM; (FINANCE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council:
1) Adopt Resolution No. 43-21 authorizing the Fiscal Year (FY) 2021/22 Operating and Capital Budgets, including amendments approved by the City Council, prior to the adoption of that Resolution; and 2) Adopt Resolution No. 44-21 approving the FY 2021/22 Master Combined Salary Schedule; and 3) Approved new or revised job descriptions for Fire Marshal/Division Chief, Senior Administrative Services Analyst and Finance Manager; and 4) Adopt Resolution No. 45-21 approving the revised General Fund Emergency Reserve Policy; and 5) Adopt Resolution No. 46-21 approving the revised Internal Services Fund Reserve Policy; and 6) Adopt Resolution No. 47-21 rescinding the Tourism Accumulation Fund Policy; and 7) Adopt Resolution No. 48-21 approving the revised Risk Management Reserve Policy; and8) Adopt Resolution No. 49-21 approving the revised Local Agency Investment Fund (LAIF) Transaction Officers; and 9) Adopt Resolution No. 50-21 approving the revised Investment Policy; and 10) Adopt Resolution No. 51-21 readopting the Harbor Reserve Policy; and 11) Adopt Resolution No. 52-21 readopting the Revenue Policy; and 12) Adopt Resolution No. 53-21 readopting the Expenditure Policy; and Adopt Resolution No. 54-21 extending the Utility Discount Program through December 31, 2021.

C-2 APPROVAL OF AMENDMENT NO. 4 TO THE WATER RECLAMATION FACILITY PROGRAM MANAGEMENT CONTRACT AND AUTHORIZATION FOR THE PUBLIC WORKS DIRECTOR TO SIGN THE AGREEMENT TO COVER PLANNED PROGRAM MANAGEMENT COSTS FOR FISCAL YEAR 2021/2022; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council approve, and authorize the City Manager to sign, Amendment No. 4 to the existing agreement with Carollo Engineers, Inc., (Carollo), dated April 11, 2018, for continued program management of the Water Reclamation Facility (WRF) Project in an increased amount of $5,637,527 to cover estimated program management scope of work and costs for Fiscal Year (FY) 2021/22.

C-3 APPROVAL OF AMENDMENT NO. 5 TO CONTRACT SERVICES AGREEMENT WITH ALESHIRE & WYNDER, LLP FOR CITY ATTORNEY SERVICES; (CITY MANAGER)

RECOMMENDATION: Staff recommends the City Council approve Amendment No. 5 to the contract services agreement with Aleshire & Wynder, LLP for City Attorney Services, as presented.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, August 10, 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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MINUTES - MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
JUNE 16, 2021 – 3:30 P.M.
TELECONFERENCE

AGENDA NO: A-1

MEETING DATE: June 22, 2021

City Council conducted this meeting in accordance with Section 3 of California Governor Newson'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
	Jeff Heller	Council Member
ABSENT:	Robert Davis	Council Member
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Joe Pannone	Special Counsel
	Katie Lichtig	Interim Finance Director
	Eric Endersby	Harbor Director
	Greg Kwolek	Public Works Director
	Rob Livick	City Engineer

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.

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

CLOSED SESSION PUBLIC COMMENT – Mayor Headding opened public comment for items on the agenda.

The public comment period was closed.

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

CS-1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code subdivision 54956.9(d)(2): One matter regarding multiple lease sites.

CS-2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code subdivision 54956.9(d)(1)

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

Property:	Wastewater Treatment Plant, 160 Atascadero Road, Morro Bay, CA
Property Negotiators:	Cayucos Sanitary District
Agency Negotiators:	Scott Collins, City Manager; Greg Kwolek, Public Works Director and Chris Neumeyer, City Attorney
Under Negotiation:	Price and Terms of Payment

CS-4 PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Conduct an employee evaluation of City Attorney pursuant to Government Code section 54957

CS-5 CONFERENCE WITH LABOR NEGOTIATORS – GOVT CODE SECTION 54957.6
City Designated Representative: Scott Collins, City Manager
Unrepresented employee, as defined by Government Code subdivision 54957.6(b): City Attorney

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 5:05 p.m.

Recorded by:

Dana Swanson
City Clerk

AGENDA NO:	**A-2**
MEETING DATE:	**June 22, 2021**

Staff Report

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

FROM: **Rob Livick, PE/PLS – City Engineer**

SUBJECT: **Approval of SB1 Funding Project List for Pavement Management Plan Project**

RECOMMENDATION

Adopt Resolution No. 30-21 approving the Fiscal Year 2021/22 project list for Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funding.

ALTERNATIVE

Staff does not recommend any alternatives.

FISCAL IMPACT

Funding from multiple sources, including SB1 funds, for the Annual Pavement Management Project are included in the proposed Budget for Fiscal Year 2021/22 (FY21/22). The City anticipates approximately $196,598 in revenue from the State due to the continuing implementation of SB1 for FY21/22.

BACKGROUND/ DISCUSSION

On April 28, 2017, the Governor signed Senate Bill 1 (SB1), Road Repair and Accountability Act of 2017 to address transportation funding shortfalls statewide. SB1 established a Road Maintenance and Rehabilitation Account (RMRA) in the State Transportation Fund. Beginning in January 2018, the State Controller deposited funds generated from increased fuel taxes and vehicle registration fees into the RMRA. A portion of the RMRA funds are distributed monthly to the City for basic road maintenance, rehabilitation, and critical safety projects on local streets and road systems. In FY21/22, the City of Morro Bay is estimated to receive $196,598 from the RMRA, collectively referred to as SB1 funding.

SB1 emphasizes the importance of accountability and transparency in the delivery of California's transportation programs. To be eligible for SB1 funding in this year, the City must adopt a resolution approving the list of projects to receive SB1 funding in FY21/22.

The City deferred using SB1 RMRA funds for fiscal years FY19/20 and 20/21 due to the revenue uncertainties and potential economic impacts of the COVID-19 global pandemic. Staff is proposing to expend an estimated $367,100 of the previously disbursed SB1 RMRA funding from fiscal years 2019/20 and 2020/21 for the FY 21/22 road maintenance Capital Improvement Budget and report those expenditures to the California Transportation Commission as required.

Staff has recommended the current and deferred SB1 RMRA funding be applied towards the Pavement Management Plan Project, which is included in the Proposed Capital Budget for

Prepared By: _____RL_	**Dept Review: __GK ___**
City Manager Review: __SC_____	**City Attorney Review: __CFN_____**

FY21/22.

The following table delineates the street segment that is currently proposed for receipt of FY21/22 SB1 funds and illustrates the City has sufficient work to justify the SB1 allocation.

SB1 Project List FY 2021/22

Street Name	From	To	Area	Existing PCI	Cost	Treatment	Useful Life	Estimated Schedule
Main St	Beach St to Morro Bay Blvd	SR 1	54,600 sf	65	$196,598	Heavy Maintenance (i.e., Triple Layer Cape Seal or thin overlay)	25 yrs	PSE (Design) August 2021 Construction October 2021 Completion November 2021

CONCLUSION

In order to meet the SB1 funding requirements for FY21/22, staff will submit to the California Transportation Commission (CTC) the proposed project and adopted resolution once approved. Submittal of this list to the CTC does not preclude the City from making modifications due to changes in circumstances, such as budget, bidding or Council priorities. Those changes will be reported to the CTC in the project completion report. The obligation by the City is to spend SB1 funds appropriately and to not reduce the amount of general fund expenditures due to the Maintenance of Effort requirements.

ATTACHMENT

1. Resolution No. 30-21

RESOLUTION NO. 30-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA APPROVING THE FISCAL YEAR 2021/22 PROJECT LIST FOR SENATE BILL 1 (ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017) ROAD MAINTENANCE AND REHABILITATION ACCOUNT FUNDING

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and signed into law by the Governor in April 2017 to address the significant multi-modal transportation funding shortfalls statewide; and

WHEREAS, SB1 includes accountability and transparency provisions that will ensure the residents of Morro Bay are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

WHEREAS, the City of Morro Bay must adopt by resolution a list of projects proposed to receive fiscal year funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

WHEREAS, the City of Morro Bay will receive an estimated $196,598 in funding in Fiscal Year 2021/22 from the RMRA of SB1; and

WHEREAS, this is the fifth year in which the City of Morro Bay is receiving RMRA funding which will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, repairing and replacing aging bridges, and increasing access and mobility options for the traveling public that would not have otherwise been possible without SB1; and

WHEREAS, the City of Morro Bay has deferred using RMRA funding for fiscal years 2019/20 and 2020/21 due to the revenue uncertainties and a result of the economic impacts of the COVID-19 global pandemic; and

WHEREAS, the City of Morro Bay proposed to expend an estimated $367,100 in previously disbursed RMRA funding from fiscal years 2019/20 and 2020/21 for the Fiscal Year 2021/22 road maintenance Capital Improvement Budget; and

WHEREAS, the City of Morro Bay's Public Works Advisory Board, Citizen Finance Advisory Committee and City Council's review of the Operating and Capital Budget has undergone a public process to ensure public input into our community's transportation priorities the project list; and

WHEREAS, the City of Morro Bay used "StreetSaver," a Pavement Management System tool, to develop the SB1 project list to ensure revenues are being used on the most high-priority and cost-effective projects that also meet the community's priorities for transportation investment; and

WHEREAS, the funding from SB1 will help the City of Morro Bay maintain roadway segments identified in "Exhibit A" this fiscal year and additional street segments each year into the future, as SB1 funds remain available; and

WHEREAS, the California Statewide Local Streets and Roads Needs Assessment found that the City's streets and roads are in an at-risk condition, and this revenue both will help us increase the overall quality of our road system, as well as over the next decade, with additional local funds, may help bring our streets and roads into a "good" condition; and

WHEREAS, the SB1 project list and overall investment in our local streets and roads infrastructure, with a focus on basic maintenance and safety, and investing in complete streets infrastructure, will have significant positive co-benefits statewide.

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

1. The foregoing recitals are true and correct.

2. The following list in Exhibit A is the proposed project that will be funded in-part or solely with fiscal year 2021/22 Road Maintenance and Rehabilitation Account revenues.

3. The City Council may approve funding more than the SB1 allocation for to the Project List in Exhibit A in the FY 2021/22 budget, as funding is available, in accordance with City Council goals and priorities.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, California, at a regular meeting held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

EXHIBIT A

SB1 Project List FY 2021/22

Street Name	From	To	Area	Existing PCI	Cost	Treatment	Useful Life	Estimated Schedule
Main St	Beach St to Morro Bay Blvd	SR 1	54,600 sf	65	$196,598	Heavy Maintenance (ie Triple Layer Cape Seal or thin overlay)	25 yrs	PSE (Design) August 2021 Construction October 2021 Completion November 2021

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AGENDA NO:	**A-3**
MEETING DATE:	**June 22, 2021**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 17, 2021**

FROM: **Scott Collins, City Manager**
Dana Swanson, City Clerk/Human Resources Manager

SUBJECT: **Adoption of Resolutions Approving Memoranda of Understanding Between the City of Morro Bay and each of the City's Bargaining Groups, and establishing Compensation and Benefits for Unrepresented Management and Confidential, and Department Head Employees of the City of Morro Bay**

RECOMMENDATION

Staff recommends the City Council:

1. Adopt Resolution No. 31-21 implementing the Tentative Agreement and approving the 2021-2022 Memorandum of Understanding Between the City of Morro Bay ("City") and the Morro Bay Peace Officers Association ("MBPOA"), and
2. Adopt Resolution No. 32-21 implementing the Tentative Agreement and approving the 2021-2022 Memorandum of Understanding Between the City of Morro Bay ("City") and the Service Employees International Union Local 620 ("SEIU"), and
3. Adopt Resolution No. 33-21 implementing the Tentative Agreement and approving the 2021-2022 Memorandum of Understanding Between the City of Morro Bay ("City") and the Morro Bay Firefighters Association, IAFF Local 3725 ("MBFFA"), and
4. Adopt Resolution No. 34-21 amending and restating compensation and benefits for unrepresented Confidential Employees of the City of Morro Bay, and
5. Adopt Resolution No. 35-21 amending and restating compensation and benefits for unrepresented Management Employees of the City of Morro Bay.
6. Adopt Resolution No. 36-21 amending and restating maximum compensation and benefits for Department Head Positions.

FISCAL IMPACT

Total cost to the City in the Fiscal Year 2021/22 (FY 2021/22) is approximately $660,460, with $520,565 in salaries and benefits plus $78,000 for potential lump sum payments, contingent upon the City meeting specified financial terms and conditions as defined in the agreements. These amounts have already been included in the proposed FY 2021/22 budget.

Prepared By: _ DS____	**Dept Review:_____**
City Manager Review: __SC_____	**City Attorney Review: _____**

Estimated Cost of Implementing Memorandums of Understanding							
By Union	5 % COLA	Lump Sum Amount	Lump Sum for Group/Union	COLA + lump Sum Cost including Benefits	Harbor 5% Equity Adjustments	POA Increase in Education Incentive ($230/$460/ $600)	Total Costs
CM	$ 12,892	$ 1,000	$ 1,000	$ 13,892			$ 13,892
Directors	$ 56,708	$ 1,000	$ 5,000	$ 61,708			$ 61,708
Managers/Confidentials	$ 88,470	$ 1,000	$ 10,000	$ 98,470			$ 98,470
SEIU	$ 184,669	$ 1,000	$ 41,000	$ 225,669	$ 26,448		$ 252,117
Police	$ 99,367	$ 1,000	$ 15,000	$ 114,367		$ 35,446	$ 149,813
Fire	$ 78,459	$ 500	$ 6,000	$ 84,459			$ 84,459
Totals	$ 520,565		$ 78,000	$ 598,565			$ 660,460

BACKGROUND

The Morro Bay community is best served by attracting and retaining experienced, talented, and well-trained staff, minimizing turnover to the greatest extent possible. The Council has expressed a commitment to providing competitive and fair compensation that will facilitate recruitment and retention of City employees. To assess the compensation landscape, the Fiscal Year 2016-17 Council-adopted Goals included an objective to complete a professional, external, comparative study of City of Morro Bay employee compensation policies and levels. To meet that objective, the City contracted with Koff & Associates, Inc. to conduct a base salary study which was presented to Council on December 13, 2016 & January 10, 2017. The salary study provided good data for salary comparisons in several positions, but due to differences in job titles and responsibilities from one agency to another, was inconclusive for other positions. All positions with good comparative data were at or below median as compared to other agencies, most ranging from 5% - 25% below median. As a result, the Council at the time expressed a desire to compensate employees in a manner that attracts and retains high quality staff within the financial means of the City.

The City has addressed many of the positions that were farthest below the median but has had limited financial resources to address this as a whole and, therefore, many job classifications have fallen further behind other agencies. This is particularly true for the SEIU-represented employees in the Harbor Department. Section 18.13 of the existing SEIU MOU 2017-2020 provided for re-opening of negotiations to discuss an equity adjustment of job classifications including Harbor Patrol Officer, Harbor Patrol Supervisor and Harbor Business Coordinator. While difficult to find comparable agencies in terms of both duties and the agency's ability to pay, an internal salary comparison conducted in 2019 showed Morro Bay to be 18 – 21% below other harbors. The Council at that time committed to a lump sum payment in lieu of equity adjustments but agreed to continue discussions regarding equity adjustments during FY 2020-21 negotiations. As another comparison, below is a summary of the cost of living increases received by City employee groups compared to the CPI increases over the same period of time.

	City of Morro Bay Cost of Living Increase	Southern California CPI (March) Business Tax Reference Point	Bay Area CPI (Dec) Fee Schedule Reference Point
2017	2%	2.7%	3.5%
2018	2%	3.8%	2.9%
2019	2%	2.7%	2.9%
2020*	0%	1.9%	2.5%
2021 Proposed	5%	2.2%	2%
Cumulative Increase	**11%**	**13.3%**	**13.8%**

The City has reached tentative agreements with its bargaining groups. The groups expressed appreciation for the efforts being made to address compensation issues and be more competitive with other agencies within the region.

DISCUSSION

City representatives met and conferred with each of the City's bargaining groups to reach a Tentative Agreement (TA) and memorandum of understanding (MOU), all of which are attached. The TA's and MOU's have been ratified by each of the bargaining groups and are presented for Council approval. The terms agreed to with the three bargaining groups and recommended to be extended to unrepresented Confidential, Management and Department Head employees, are provided below:

1. 5% cost of living increase (COLA) in FY 2021/22.
2. The City greatly appreciates the financial sacrifices made by all full-time employees during the COVID-19 health emergency. These sacrifices made a significant contribution to our ability to weather a very challenging and uncertain financial situation related to the pandemic. In recognition of these financial and overall sacrifices made by all full-time employees during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide one-time lump sum payments to all those full-time employees who were employed with the City of Morro Bay during the time period of the 5% salary reductions agreed to and implemented in 2020 and who are still employed when the lump-sum payments are issued by the City (anticipated to be around October 1, 2021). It should be noted the terms were presented and agreed tentatively agreed upon by the parties as early as February 2021 and it is now known the City will meet or exceed these thresholds:

   A. Total of three major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) must meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that is collected at any time during Fiscal Year 2020-21.

   B. The City must not become responsible for any state or federally imposed unfunded mandates from any external source(s) that require significant unplanned and/or un-forecasted General Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020-21 budget (page A-11). This shall include but is not limited to significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic or a human-made disaster affecting the City. Any such expenditure(s) cumulatively totaling $125,000 in a fiscal year or more will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based resulting in no one-time lump-sum payment being awarded.

Additional terms specific to each of the bargaining units are provided below:

MBPOA

1. **One-Time Lump Sum Payments.** Based on the duration of the 5% salary concessions from May 2, 2020 – December 31, 2020, lump sum payments provided under the terms described in Item 2 above will be in the amount of $1,000 per member.
2. **Educational Incentive Pay.** Currently, POA members earn $140/month for one Professional Peace Officer Standards and Training (POST) certificate or $280/month for two POST certificates. As previously authorized by the Council, in response to POA's initial proposal to move to a percentage-based pay, the City proposed a higher flat rate incentive pay shown below.
    - For Police Officers possessing the **Intermediate** POST Certificate, the City agrees to pay $230 per month.
    - For Police Officers and Sergeants possessing the **Advanced** POST Certificate, the City agrees to pay $230 per month.
    - For Police Sergeants possessing the **Supervisory** or **Management** POST Certificate, the City agrees to pay $140 per month.
    - The maximum incentive pay qualifying unit members is $600 per month.

SEIU

1. **One-time Lump Sum Payments.** Based on the duration of the 5% salary concessions from May 2, 2020 – December 31, 2020, lump sum payments provided under the terms described above will be in the amount of $1,000 per member.
2. **Equity Adjustments for represented Harbor Department employees.** In recognition of salary inequities identified in 2017 for represented Harbor Department employees and the City's agreement to continue discussion related to potential salary adjustments for SEIU members in the Harbor Department, in addition to the 5% COLA in FY 2021-22, the City shall provide salary equity adjustments of 5% for the following classifications: Harbor Patrol Officer, Harbor Patrol Supervisor, and Harbor Business Coordinator.
3. **Boot Reimbursement.** Increase in boot reimbursement to $250 per employee per year (currently $200)
4. **Bi-lingual Incentive Pay.** Allow an unlimited number of members to receive bi-lingual incentive pay of $75 per month for speaking Spanish, and $75 per month for writing in Spanish, for a total possible of $150 per month. This incentive pay was previously limited to three members.
5. **City Holidays.** Trade the declared City Holiday observed on February 12th (Lincoln's Birthday) for "Spring Break Day" to be observed the Friday before Easter, which typically coincides with school spring breaks.

MBFFA

1. **One-time Lump Sum Payments.** Based on the duration of 5% salary concessions from October 3, 2020 – December 31, 2020, lump sum payments provided under the terms described above will be in the amount of $500 per member.
2. **Temporary Increase to Sick Leave Accruals.** Effective upon City Council approval of this MOU until December 31, 2021, due to a great exposure to COVID-19, sick leave accrual credits shall be increased by 2 hours credit per month for full-time members.

Unrepresented Management Employees, Confidential Employees & Department Heads

1. Based on the duration of the 5% salary concessions from May 2, 2020 – December 31, 2020, lump sum payments provided under the terms described above will be in the amount

of $1,000 per unrepresented employee.
2. Trade the declared City Holiday observed on February 12th (Lincoln's Birthday) for "Spring Break Day" to be observed the Friday before Easter, which typically coincides with school spring breaks.

The total financial impacts of the terms provided in these agreements, including maximum educational incentive pay for MBPOA members, which is not anticipated to occur in FY 2021/22 is provided below.

CONCLUSION

Staff recommends the City Council adopt the proposed Resolutions implementing the terms agreed to by the City's bargaining groups and establishing compensation and benefits to the City's unrepresented employees.

ATTACHMENTS

1. Resolution No. 31-21 Morro Bay Peace Officers Association
2. Resolution No. 32-21 Service Employees International Union Local 620
3. Resolution No. 33-21 Morro Bay Fire Fighters Association
4. Resolution No. 34-21 Unrepresented Confidential Employees
5. Resolution No. 35-21 Unrepresented Management Employees
6. Resolution No. 36-21 Maximum Compensation and Benefits for Department Directors

RESOLUTION NO. 31-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, APPROVING THE TENTATIVE AGREEMENT AND THE SUCCESSOR MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY PEACE OFFICERS' ASSOCIATION FOR THE PERIOD OF JANUARY 1, 2021 THROUGH JUNE 30, 2022

THE CITY COUNCIL
Morro Bay, California

WHEREAS, the City of Morro Bay ("City") has, and continues to, recognize the Morro Bay Peace Officers' Association ("POA") as the exclusive employee organization representing the City employees designated as being in the Law Enforcement Unit, including the classifications of Police Officer, Senior Officer and Sergeant, for all matters concerning wages, hours and other terms and conditions of employment; and

WHEREAS, the most current Memorandum of Understanding ("MOU") between the City and the POA ("POA MOU 2018-2020"), which was duly approved by the City Council on September 11, 2018, was set to expire on June 30, 2020; and

WHEREAS, prior to the June 30, 2020 expiration of the POA MOU, the City and POA reached an agreement extending the term of the POA MOU 2018-2020 by six months and implementing a temporary salary reduction in light of the COVID-19 pandemic, and thereafter jointly prepared and executed an Amendment No. 1 to the POA MOU 2018-2020 ("First Amendment"), which was ratified by POA on April 20, 2020 and approved by the City Council by Resolution No. 38-20 on April 28, 2020, which extended the POA MOU 2018-2020 to December 30, 2020; and

WHEREAS, the City and POA entered into negotiations for a successor MOU covering the period of January 1, 2021 through June 30, 2022, which includes a five percent (5%) base salary increase cost of living adjustment for FY 2021-22 and, in recognition of the overall sacrifices made during the COVID-19 health emergency, also includes a potential one-time lump sum payment contingent upon satisfaction of specified financial terms and conditions; and

WHEREAS, the City's labor relations representatives and POA representatives successfully met and conferred to negotiate both a tentative agreement and successor MOU between the parties, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Government Code Sections 3500-3511) and the City's Employer-Employee Relations Resolution No. 08-17, and jointly prepared and executed both the attached Tentative Agreement ("POA MOU 2021-2022 Tentative Agreement") and the successor MOU between the City and POA, for the period January 1, 2021 through, and including June 30, 2022 ("POA MOU 2021-2022"), which was ratified by POA on June 3, 2021; and

WHEREAS, both the POA MOU 2021-2022 Tentative Agreement and the POA MOU 2021-2022 are subject to City Council approval, adoption and implementation, which is made a part hereof by this reference; and

WHEREAS, once approved, adopted and implemented by the City Council, the POA MOU 2021-2022 will become a binding agreement between the City and the POA.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The City Council hereby approves, adopts and implements the POA MOU 2021-2022 Tentative Agreement between the City and the POA for the period of January 1, 2021 through, and including, June 30, 2022, a copy of which is attached hereto as Exhibit A.

Section 3. The City Council approves, adopts and implements the POA MOU 2021-2022 successor MOU between the City and POA for the period of January 1, 2021 through, and including, June 30, 2022, a copy of which is attached hereto as Exhibit 2.

Section 4. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

Section 5. This resolution shall be effective immediately upon its passage and adoption.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

TENTATIVE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY PEACE OFFICERS' ASSOCIATION, FOR A SUCCESSOR MEMORANDUM OF UNDERSTANDING
JUNE 1, 2021

The current Memorandum of Understanding (MOU) between the City of Morro Bay (City) and the Morro Bay Peace Officers' Association (Association), Resolution No. 70-18, approved September 11, 2018, covered the period July 1, 2018 through June 30, 2020, was extended to December 31, 2020, by mutual agreement, memorialized by Resolution No. 38-20, approved on April 28, 2020 (MBPOA MOU 2018-20). The MBPOA MOU 2018-20 has since expired by its own terms. The Association currently represents 15 City employees, covering the classifications of Police Officer, Senior Officer, Corporal and Sergeant. Pursuant to the Meyer-Millias-Brown Act ("MMBA") (Gov't Code Section 3500 – 3511), the City and the Association have been in negotiations for a successor MOU since December of 2020 to May 3, 2021.

The City and the Association have reached a Tentative Agreement on the deal terms for a successor MOU, which is represented by this document. The following deal terms were ratified by the Association on May 3, 2021, but remain subject to formal approval/adoption by the City Council per California Government Code Section 3505.1, which provides:

> "If a tentative agreement is reached by the authorized representatives of the public agency and a recognized employee organization or recognized employee organizations, the governing body shall vote to accept or reject the tentative agreement within 30 days of the date it is first considered at a duly noticed public meeting. A decision by the governing body to reject the tentative agreement shall not bar the filing of a charge of unfair practice for failure to meet and confer in good faith. If the governing body adopts the tentative agreement, the parties shall jointly prepare a written memorandum of understanding."

All terms and conditions of the prior MBPOA MOU 2018-20 and Resolution No. 38-20 shall be maintained unless expressly modified or changed herein or until the successor MOU is jointly prepared by the parties, ratified by the Association and accepted, approved and adopted by City Council, which shall then supersede and replace this Tentative Agreement. All items affecting compensation within the current MBPOA MOU 2018-20 not addressed herein are proposed to remain unchanged; however, any language that has a sunset will be deemed of no further force and effect.

TENTATIVE AGREEMENT DEAL POINTS

Article No.	Subject	Existing MOU Language	Agreed Upon Changes to MOU
4.4	ASSOCIATION BUSINESS	(This is a new section to be added to the MOU regarding New Hire Information and Orientation per AB 119.)	See Attachment A below.
7	TERM	Except as otherwise specifically provided herein, the term of this MOU shall be from July 1, 2017, through June 30, 2020.	Except as otherwise specifically provided herein, the term of this MOU shall be from January 1, 2021, through June 30, 2022.
8	RENEGOTIATIONS	The parties agree to commence renegotiations for a successor MOU for the period beginning July 1, 2020, by serving their initial written proposals by January 1, 2020, with negotiation meetings to commence no later than March 1, 2020. Should the parties be unable to reach agreement on a new contract before the current contract expires, all applicable provisions of this MOU shall remain in full force and effect until such time as a new MOU is reached, or September 30, 2020, whichever first occurs.	Delete existing language and replace with: The parties agree to commence renegotiations for a successor MOU in good faith under the provisions outlined by the Meyers-Milias-Brown Act (MMBA).
11.4	ASSOCIATION LEAVE	New language per Gov't Code section 3505.3 and section 3558.8.	See Attachment B below.

14.1.1 – 14.1.3	RETIREMENT	14.1.1 For sworn members, the current contribution rates are 9% CalPERS Safety for classic members (Tiers 1 & Tier 2), 11.5% for new members (Tier 3). 14.1.2 Effective the first full payroll period after City Council approval of a CalPERS Contract Amendment pursuant to Government Code section 20516 providing for payment by classic members (Tier 1 and Tier 2) of an additional 1% to CalPERS as cost sharing for a total classic employee contribution of 10% and PEPRA members (Tier 3) paying the statutorily mandated employee contribution rate of one half of the total normal cost or 13% of the employee cost, whichever is higher. 14.1.3 Effective the first full payroll period FY 2019/20 and subject to the same conditions precedent being that the CITY meets the economic thresholds in subjection E above, and only after City Council approval of an additional CalPERS Contract Amendment pursuant to Government Code section 20516 providing for payment by classic members (Tier 1 & Tier 2) of another additional 1% to CalPERS as cost sharing for a total classic employee contribution of 11% and	Effective October19, 2019, Tier 1 and Tier 2 members of the MBPOA shall contribute 2% to CalPERS as cost sharing for a total classic employee contribution of 11% and PEPRA members (Tier 3) shall pay the statutorily mandated employee contribution rate of one half the total normal cost or 14% of the employer cost, whichever is higher.

		PEPRA members (Tier 3) paying the statutorily mandated employee contribution rate of one half of the total normal cost or 14% of the employee cost, whichever is higher.	
15.4	HEALTH BENEFITS	Health benefits remain effective through June 30, 2019.	Health benefits remain effective through June 30, 2022. The CITY and ASSOCIATION to retain the option to re-open the MOU to discuss any health provider rate changes effective January 1, 2022.
16	EDUCATIONAL INCENTIVES	For Sworn UNIT members hired on or after January 1, 1998, CITY agrees to pay $140 per month....	• For UNIT members possessing the **Intermediate** P.O.S.T. Certificate, the City agrees to pay $230. • For UNIT members possessing the **Advanced** P.O.S.T. Certificate, the City agrees to pay $230 per month. • For Police Sergeants possessing the **Supervisory** or **Management** P.O.S.T. Certificate, or equivalent as determined by the Police Chief, the City agrees to pay $140 per month. • The maximum incentive pay for qualifying UNIT members is $600 per month.

18.1, 18.2	SALARIES		Delete existing old language and replace with the following: 18.1 Current salaries are reflected in MOU Exhibit A. 18.2 Effective the pay period including July 1, 2021, the CITY shall provide a 5% Cost of Living Adjustment (COLA) increase to base salaries for all UNIT classifications (see MOU Exhibit B updated salary table).
18.3	SALARIES		18.3 FY 2021-22 Lump Sum Payment In recognition of the financial and overall sacrifices made during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, the CITY proposes to provide a one-time lump sum equal to $1,000 to all members of the ASSOCIATION employed with the CITY during the period May 2, 2020 through December 31, 2020 (duration of the financial concessions by ASSOCIATION) and who is still employed when the lump-sum payments are issued by the CITY (anticipated to be around October 1, 2021): A. Total of three major General Fund Revenues (Property Tax, Sales Tax and

			Transient Occupancy Tax) meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that that is collected at any time during Fiscal Year 2020-21. B. The CITY does not become responsible for any state / federally imposed unfunded mandates from any external source(s) that require significant unplanned/un-forecasted General Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020-21 budget (page A-11). This shall include but is not be limited to significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic or a human-made disaster affecting the CITY. Any such expenditure(s), cumulatively totaling $125,000 in a fiscal year or

			more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting in no one-time lump-sum payment being awarded to ASSOCIATION members.
23.4	GRIEVANCE PROCEDURE	Procedures shall be in accordance with Resolution No. 46-74 and any amendments thereto.	Procedures shall be in accordance with Resolution No. 07-17 and any amendments thereto.
24.2	NO STRIKE, SLOW-DOWN OR OTHER INTERRUPTION TO WORK	….Doctor's statements can be required in accordance with Resolution No. 34-83, Personnel Rules & Regulations, Section 13.B.4.	….Doctor's statements can be required in accordance with Resolution No. 07-17, Personnel Rules & Regulations, Section 10B.
Entire MOU	Gender neutral contract language	(New)	Parties agree to use gender neutral pronouns and language in preparing the successor MOU.

This Tentative Agreement is dated June 1, 2021 and shall be effective only upon adoption by the City Council of the City of Morro Bay. Subject to the foregoing, this Tentative Agreement is hereby executed by the authorized representatives of the City and the Association.

City of Morro Bay

Scott Collins,
City Manager

Dana Swanson,
City Clerk/HR Mngr.

Colin J. Tanner, Deputy City Attorney/Labor Negotiator

Morro Bay Peace Officers' Association

Will Marvos,
President

Stacie Casabian,
Chief Labor Negotiator

Tony Mosqueda
Representative

4.4 The CITY will notify the ASSOCIATION's designated representative in writing or via email regarding all new hires at least ten (10) days prior to the employee's orientation unless there is an urgent need that was not reasonably foreseeable. Within the earlier of thirty (30) days after the date of hire or by the first pay period of the month following the hire of each newly hired employee, the CITY will provide the ASSOCIATION's designated representative with the new employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

The new hire will receive a copy of the MOU with their new employee orientation packet. ASSOCIATION shall be permitted one (1) hour for each orientation session to talk to new bargaining unit members to explain the rights and benefits under the MOU.

The CITY will provide the ASSOCIATION's designated representative a quarterly list of all employees in the represented bargaining unit, including the employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

Notwithstanding the foregoing, the CITY will not provide the ASSOCIATION with the home address, home telephone number, personal cellular telephone number, or personal email address or date of birth of any employee who has made a written request to the CITY regarding non-disclosure of said information. The parties will mutually agree on a form to use to track said employee information and whether any employee requests that such information not be disclosed.

The ASSOCIATION shall indemnify and hold harmless the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Section 4.4.

11.4.2 Pursuant to Government Code section 3505.3, the CITY shall allow the employee Stewards of the ASSOCIATION a reasonable time off without loss of compensation or other benefits when they are participating in any one of the following activities:

(a) Formally meeting and conferring with representatives of the CITY on matters within the scope of representation;

(b) Testifying or appearing as the designated representative of the ASSOCIATION in conferences, hearings, or other proceedings before the Public Employment Relations Board, or an agent thereof, in matters relating to a charge filed by the ASSOCIATION against the CITY or by the CITY against the ASSOCIATION; and

(c) Testifying or appearing as the designated representative of the ASSOCIATION in matters before a personnel or merit commission or similar administrative hearing.

11.4.3 Pursuant to Government Code section 3558.8, the CITY shall grant to employee Stewards of the ASSOCIATION, upon written request of the ASSOCIATION, reasonable leaves of absence without loss of compensation or other benefits for the purpose of enabling employees to serve as stewards or representatives or officers of the exclusive representative, or of any statewide or national employee organization with which the ASSOCIATION is affiliated.

(a) The ASSOCIATION shall reimburse the CITY for all compensation paid to the employee on leave. Reimbursement by the ASSOCIATION shall be made on or before thirty (30) days after receipt of the CITY's certification of payment of compensation to the employee.

(b) At the conclusion or termination of leave granted under this section, the employee shall have a right of reinstatement to the same position and work location held prior to the leave, or, if not feasible, a substantially similar position without loss of seniority, rank, or classification.

(c) The ASSOCIATION has no obligation to use leave under this section for an employee and may terminate that leave at any time, for any reason. The CITY reserves the right to recall any employee on leave pursuant to these sections due to an emergency.

11.4.4 Compensation – Compensation for release time shall not exceed the employee Stewards' standard schedule of hours per day and shall not include compensation for overtime. Compensation shall include retirement fund contributions required of the CITY as an employer. The employee shall earn full service credit during the leave of absence and shall pay their member contributions. The leave of absence without loss of compensation or other benefits provided for by this section is in addition to the release time without loss of

compensation or other benefits granted to representatives of the ASSOCIATION under applicable laws or this MOU.

11.4.5 Written Notice – Pursuant to Government Code sections 3505.3 and 3558.5, for leave requests for three consecutive days or less, the ASSOCIATION shall submit a written request to the employee Steward's Department Head at least seven (7) days in advance of the requested leave of absence. For leave requests of greater than three consecutive days, the ASSOCIATION shall submit their written request at least thirty (30) calendar days in advance of the requested leave of absence. The written request shall include the purpose, dates, and duration of the requested leave.

11.4.6 Approval or Denial of Leave – A request for leave of absence may be granted on a full-time, part-time, periodic, or intermittent basis and will be approved if it does not substantially interfere with the performance of CITY services and operations. If leave is denied, the Department Head shall provide the ASSOCIATION with written notification of the reasons why the requested leave is denied. If granting the requested leave would create an operational hardship for the CITY, the parties agree to meet and confer regarding the requested leave in order to identify mutually acceptable alternative dates or amount of leave.

11.4.7 Reporting – The ASSOCIATION or the employee shall be required to execute any payroll forms, certifications of time, or other documents as required by the CITY to ensure that the time reporting is accurate and that the employee is performing the duties of a steward or officer or representative of the ASSOCIATION during all reported working hours.

11.4.8 Indemnification – The CITY shall not be liable for an act or omission of, or an injury suffered by, an employee of the CITY if that act, omission, or injury occurs during the course and scope of the employee's leave under this section to work for the ASSOCIATION. If the CITY is held liable for such an act, omission, or injury, the ASSOCIATION shall indemnify and hold harmless the CITY.

MOU EXHIBIT A

POLICE SALARY SCHEDULE
EFFECTIVE 1/1/2021

POSITION	ANNUAL COMPENSATION RANGE 1	2	3	4	5	6
Sergeant Administrative Sergeant	$ 81,251	$ 85,314	$ 89,579	$ 94,058	$ 98,761	$ 103,699
Special Assignments: Detective School Resource Officer Senior Officer	$ 68,410	$ 71,831	$ 75,422	$ 79,193	$ 83,153	$ 87,310
Police Officer	$ 65,152	$ 68,410	$ 71,830	$ 75,422	$ 79,193	$ 83,152

MOU EXHIBIT B

POLICE SALARY SCHEDULE
EFFECTIVE 7/1/2021

POSITION	ANNUAL COMPENSATION RANGE					
	1	2	3	4	5	6
Sergeant Administrative Sergeant	$ 85,314	$ 89,579	$ 94,058	$ 98,761	$ 103,699	$ 108,884
Special Assignments: Detective School Resource Officer Senior Officer	$ 71,831	$ 75,422	$ 79,193	$ 83,153	$ 87,310	$ 91,676
Police Officer	$ 68,410	$ 71,830	$ 75,422	$ 79,193	$ 83,152	$ 87,310

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MORRO BAY PEACE OFFICERS ASSOCIATION

AND

THE CITY OF MORRO BAY

JANUARY 1, 2021 – JUNE 30, 2022

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MEMORANDUM OF UNDERSTANDING
BETWEEN THE MORRO BAY PEACE OFFICERS' ASSOCIATION
AND THE CITY OF MORRO BAY
2021 - 2022

ARTICLE 1 - PURPOSE

WHEREAS, the City of Morro Bay is a municipal corporation, existing under the laws of the State of California as a general law city; and

WHEREAS, the City of Morro Bay is limited, insofar as funds are concerned, because of a fixed tax rate, and in structure because it is a public entity, rather than a profit-making business; and

WHEREAS, the Morro Bay Peace Officers' Association, Inc, is a California corporation, existing under the laws of the state of California; and

WHEREAS, the Morro Bay Peace Officers' Association, Inc., and the City of Morro Bay recognize that the mission and the purpose of the City is to provide high-quality and economical municipal services and facilities to the residents of the City of Morro Bay;

THEREFORE, this Memorandum of Understanding, referred to as "MOU", is entered into as of January 1, 2021, between the City of Morro Bay, referred to as "CITY," and the Morro Bay Peace Officers' Association, referred to as "ASSOCIATION."

It is the intent and purpose of this MOU to assure sound and mutually beneficial working and economic relations and conditions between the parties hereto, to provide for an orderly and peaceable method and manner of resolving any differences, which may arise, to negotiate any misunderstanding, which could arise, and to set forth herein the basic and full agreement between the parties, concerning the pay, wages, hours of employment, and other terms and conditions of employment.

ARTICLE 2 - MANAGEMENT

2.1 In order to ensure that the CITY shall continue to carry out its public safety functions, programs, and responsibilities to the public imposed by law, and to maintain efficient public safety service for the citizens of Morro Bay, the CITY continues to reserve and retain, solely and exclusively, all management rights, regardless of the frequency of use, including those rights and responsibilities set forth by law and those CITY rights set forth in the CITY's Personnel Rules and Regulations, and including, but not limited to, the following:

2.1.1 To manage the Police Department, and determine policies and procedures and the right to manage the affairs of the Department.

2.1.2 To determine the existence, or nonexistence, of facts which are the basis of the management decision in compliance with State law.

2.1.3 To determine the necessity, organization, implementation, and termination of any service or activity conducted by the CITY or other government jurisdiction, and to expand or diminish police services.

2.1.4 To direct, supervise, recruit, select, hire, evaluate, promote, transfer, discipline, discharge, terminate, demote, reduce, suspend, reprimand, withhold salary increases and benefits for disciplinary reasons, or otherwise discipline employees, in accordance with Department or CITY Rules, Regulations, or Ordinances.

2.1.5 To determine the nature, manner, means, extent, type, time, quantity, quality, technology, standard, and level of police services to be provided to the public.

2.1.6 To require the performance of other public safety services, not specifically stated herein, in the event of an emergency or disaster, as deemed necessary by the CITY.

2.1.7. To lay off employees of the Police Department because of lack of work or funds or under conditions where continued work would be inefficient or nonproductive or not cost effective, as determined by the CITY.

2.1.8. To determine and/or change the police facilities, methods, technology, equipment, operations to be performed, organization structure, and allocate or assign work by which the CITY police operations and services are to be conducted.

2.1.9. To determine methods of financing.

2.1.10 To plan, determine, and manage the Department's budget, which includes, but is not limited to, changes in the number of locations and types of operations, processes and materials to be used in carrying out all Police Department functions, and the right to contract or subcontract any work or operations of the Police Department.

2.1.11 To determine the size and composition of the Police Department work force, assign work to employees of the Police Department, in accordance with requirements determined by the Police Department, and to establish and require compliance to work hours and changes to work hours, work schedules, including call back, standby, and overtime, and other work assignments, except as otherwise limited by this MOU, or subsequent MOUs.

2.1.12 To establish and modify goals and objectives, related to productivity and performance programs and standards, including, but not limited to, quality and quantity, and required compliance therewith.

2.1.13 To determine qualifications, skills, abilities, knowledge, selection procedures and standards, job classification, job specifications, and to reallocate and reclassify employees, in accordance with division and/or CITY Rules and Regulations.

2.1.14 To determine the issues of public policy and the overall goals and objectives of the Police Department, and to take necessary action to achieve the goals and objectives of the Police Department.

2.1.15 To hire, transfer intra- or inter-Department, promote, reduce in rank, demote, reallocate, terminate, and take other personnel action for non-disciplinary reasons, in accordance with Department and/or CITY Rules, Regulations and Ordinances.

2.1.16 To determine policies, procedures, and standards for recruiting, selecting, training, and promoting employees.

2.1.17 To establish, implement, and/or modify rules and regulations, policies, and procedures related to productivity, performance, efficiency, personal appearance standards, code of ethics and conduct, safety, health, and order, and to require compliance therewith.

2.1.18 To maintain order and efficiency in police facilities and operation.

2.1.19 To restrict the activity of an employee organization on CITY facilities, except as set forth in this MOU.

2.1.20 To take any and all necessary steps and actions to carry out the service requirements and mission of the CITY in emergencies or any other time deemed necessary by the CITY, and not specified above.

2.2 Nothing herein is meant to diminish CITY rights provided by the Government Code.

2.3 Nothing herein is meant to diminish the Public Safety Officers Procedural Bill of Rights Act, as set forth in the Government Code Sections 3300-3313.

2.4 AUTHORITY IF THIRD PARTY NEUTRAL - MANAGEMENT RIGHTS

All management rights, powers, authority, and functions, whether heretofore or hereinafter exercised, shall remain vested exclusively with the CITY. No third party neutral shall have the authority to diminish any of the management rights, which are included in this MOU.

ARTICLE 3 - RECOGNITION

3.1 Pursuant to Resolution No. 08-17, the Employer-Employee Relations Resolution of the City of Morro Bay and applicable State law, ASSOCIATION was designated by CITY as the representative of CITY employees in the Law Enforcement Unit (hereafter "UNIT"). The UNIT is comprised of the following classifications:

Sergeant
Administrative Sergeant

Senior Officer
Police Officer

The term "employee" or "employees," as used herein, shall refer only to the foregoing classifications.

3.2 Employees working on a regular basis in a classified position, but less than full-time, shall receive vacation and sick leave accruals on a pro-rated basis, commensurate with hours worked. All benefits for new hires, including insurance benefits, will be allocated on a pro-rated basis commensurate with hours worked.

3.3 ELECTRONIC DEPOSIT:

All employees shall receive their pay by electronic methods. New hires must present account information for a checking or a savings account with an ACH member financial institution.

ARTICLE 4 - ASSOCIATION BUSINESS

4.1 Employee representatives, designated by the ASSOCIATION, shall be granted time off, without loss of pay, to attend "meet and confer" sessions with the City Manager, and/or their designee, on subjects within the scope of representation when such meetings are scheduled during regular working hours. Should such meetings extend beyond an employee representative's regular working hours, the employee representative shall be paid for only the regular working hours.

It is understood that this time-off provision shall only apply to a maximum of three (3) employees attending any one meeting between the CITY and the ASSOCIATION. Where exceptional circumstances warrant, the City Manager may approve the attendance at such meetings of additional employee representatives. The ASSOCIATION shall, whenever practicable, submit the names of all employee representatives to the City Manager, or designee, at least two working days in advance of such meetings. Provided further: (1) no employee representative shall leave their duty or work station or assignment, without

specific approval of the department head or other authorized CITY management official; and (2) any such meeting is subject to scheduling by CITY management, in a manner consistent with operating needs and work schedules.

4.2 Nothing provided herein shall limit or restrict CITY management from scheduling such meetings before or after regular CITY or work hours.

4.3 Off-duty employees will not be paid for attending meet and confer sessions, nor will over-time be paid for same.

4.4 The CITY will notify the ASSOCIATION's designated representative in writing or via email regarding all new hires at least ten (10) days prior to the employee's orientation unless there is an urgent need that was not reasonably foreseeable. Within the earlier of thirty (30) days after the date of hire or by the first pay period of the month following the hire of each newly hired employee, the CITY will provide the ASSOCIATION's designated representative with the new employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

The new hire will receive a copy of the MOU with their new employee orientation packet. ASSOCIATION shall be permitted one (1) hour for each orientation session to talk to new bargaining unit members to explain the rights and benefits under the MOU.

The CITY will provide the ASSOCIATION's designated representative a quarterly list of all employees in the represented bargaining unit, including the employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

Notwithstanding the foregoing, the CITY will not provide the ASSOCIATION with the home address, home telephone number, personal cellular telephone number, or personal email address or date of birth of any employee who has made a written request to the CITY regarding non-disclosure of said information. The parties will mutually agree on a form to use to track said employee information and whether any employee requests that such information not be disclosed.

The ASSOCIATION shall indemnify and hold harmless the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Section 4.4.

ARTICLE 5 - AUTHORIZED AGENTS

For the purpose of administering the terms and provisions of this MOU:

5.1 The CITY's principal authorized agent shall be the City Manager, or their duly authorized representative (address: 595 Harbor Street, Morro Bay, CA 93442; telephone (805) 772-6201), except where a particular management representative is specifically designated in the MOU.

5.2 The ASSOCIATION's principal authorized representative shall be the President of the Association, or their duly authorized representative (address P. O. Box 276, Morro Bay, CA 93443).

ARTICLE 6 - ASSOCIATION DUES AND DEDUCTIONS

6.1 The ASSOCIATION may request that the CITY deduct membership dues, initiation fees, and general assessments, as well as payment of any other membership benefit program sponsored by the ASSOCIATION, from the wages and salaries of ASSOCIATION members. The ASSOCIATION hereby certifies that ASSOCIATION has and shall maintain all such deduction authorizations signed by the individual from whose salary or wages the deduction is to be made and shall not be required to provide a copy of an individual authorization to the CITY unless a dispute arises about the existence or terms of the authorization. Accordingly, ASSOCIATION membership dues shall be deducted each pay period in accordance with CITY procedures and provisions of applicable law from the salary of each employee whose name is provided by the ASSOCIATION. Any changes in ASSOCIATION dues must be given to the CITY a minimum of thirty (30) days prior to change to accommodate changes to payroll. ASSOCIATION will pay the costs incurred by the CITY in order to set up the employee's deductions. After initial set up, ASSOCIATION may be charged $5 per employee to make changes to requested dues deductions.

6.2 The ASSOCIATION shall defend and indemnify, and hold harmless, the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Article.

6.3 DEPOSIT OF DEDUCTIONS
It is agreed that the CITY will deposit payroll deductions, made payable to credit unions in which the CITY participates, providing the ASSOCIATION makes arrangements for such services that are acceptable to both members and the CITY under the same conditions as prevails for deductions as set forth above.

ARTICLE 7 – TERM

Except as otherwise provided herein, the term of this MOU commences on January 1, 2021, and expires, and is otherwise fully terminated, on June 30, 2022.

ARTICLE 8 - RENEGOTIATIONS

The parties agree to commence renegotiations for a successor MOU in good faith under the provisions outlined by the Meyers-Milias-Brown Act (MMBA).

ARTICLE 9 - ANTI-DISCRIMINATION

The CITY and ASSOCIATION mutually agree they will not discriminate against employees for the exercise of their rights under the State of California Government Code Section 3502.

ARTICLE 10 - WORK SCHEDULE

10.1 Alternative work schedules, in compliance with the federal Fair Labor Standards Act ("FLSA"), may be implemented upon approval of the Chief of Police. No guarantee of work, per day or per week, or of days of work per week, is implied.

The implementation of an alternate work schedule shall not incur any CITY obligation to allocate additional sworn personnel, vehicles or equipment. All deployment of sworn personnel shall ensure effective and efficient delivery of police protection to the community, sufficient to continue during times of vacation, sick leave, and Department-approved training.

10.2 OVERTIME

10.2.1 Sworn Personnel

Overtime shall be all work, authorized by management and actually worked by the employee, in excess of eighty (80) hours worked in a work period. For the purpose of defining hours worked, vacation leave and holiday leave taken shall count towards time worked, for the purpose of overtime. All overtime, as defined herein, shall be paid at one and one-half (1.5) times the employee's regular rate of pay.

NOTE: Hours spent in court under what used to be termed "Court Appearance Pay" shall be considered and paid as part of this article; except for the "minimum pay," which is now covered under Special Pay Practices.

10.2.2 Compensatory Time Off

Effective with the ratification of this MOU, Compensatory Time Off (hereinafter "CTO") shall be earned at the overtime rate of one and one-half (1.5) times the number of overtime hours, worked as defined in Articles 10.2.1 and 10.2.2. CTO may be accrued up to a maximum of 140 hours. Overtime earned, in excess of the CTO maximum accrual, shall be compensated in cash.

10.2.3 Compensatory Time Payoff

Employees may elect a payoff of up to a maximum total of 60 hours per fiscal year of accrued compensatory time. Upon 30 days' advance notice, partial or full payment will be made on the second paycheck received in March and/or on the second paycheck in September, as elected by the employee.

10.3 EMERGENCIES

10.3.1 Nothing herein shall be construed to limit or restrict the authority of management to make temporary assignments to different or additional locations, shifts, or duties for the purpose of meeting an emergency.

10.3.2 Such emergency assignments shall not extend beyond the period of said emergency.

10.3.3 Short staffing, caused solely by absences due to employees taking approved paid leave, shall not be considered an emergency.

10.4 SHIFT ROTATION

Shift rotation shall coincide with the first day of a pay period.

ARTICLE 11 - VACATION/HOLIDAY LEAVE

NOTE: ALL LEAVE TIME (VACATION, SICK LEAVE, HOLIDAY, ETC.), WILL BE TAKEN OFF ON AN HOUR FOR HOUR BASIS EQUALING EMPLOYEE ACTUAL TIME OFF, REGARDLESS OF ACCUMULATION RATES.

11.1 VACATION

11.1.1 The following is a list of vacation annual accrual schedule by years of employment, effective retroactive to July 1, 2016 for those employees still employed by the CITY upon City Council adoption of this successor MOU:

SERVICE YEARS	VACATION ACCRUAL
1-2	88 hrs
3-4	96 hrs
5	104 hrs
6-7	112 hrs
8-9	120 hrs
10	128 hrs
11-12	136 hrs
13-14	144 hrs
15 or more	160 hrs

UNIT members hired after July 1, 2016 may be credited with years of service based upon prior law enforcement service at other agencies as determined within the sole discretion of the Police Chief and as approved by the City Manager and to be documented in both the recruit's conditional offer and the City's initial hire Personnel Action Form. Retroactive application shall be applied to those employees hired on or before the City Council's adoption of this MOU, but there shall be no increased retroactive accrual of vacation. Rather the increased accrual only applies starting July 2, 2016.

11.1.2 Employees' vacation accrual will be credited to employee on a pro-rated basis over twenty-six (26) pay periods per year.

11.1.3 In determining priority of individual members for assignment of vacation periods, "seniority within rank" shall be the primary criteria. During the month of January of each year, each employee shall submit their preferences for vacation time off during that calendar year. It is agreed that every effort will be made to permit UNIT members to take vacation at a time and for periods as close to members' preference as possible, consistent with the necessity for maintaining adequate manning to assure performance of police department functions. It is further agreed that every effort will be made to schedule individual vacation periods so as to maximize consecutive vacation days off, consistent with annual vacation entitlement.

11.1.4 Effective retroactive to the pay period including July 1, 2016, the maximum amount of vacation accrual will be 280 hours. When an employee reaches the maximum accrual limit of 280 hours, the employee shall cease to accrue vacation leave until the usage of vacation causes the balance to be less than 280 hours. Employees, who have a requested vacation denied or canceled within 60 days prior to reaching the 280 hour accrual maximum, shall, upon request, be given an additional 60 days following reaching the maximum to utilize vacation, prior to ceasing to accrue.

11.1.5 A UNIT employee may exercise an option to convert into cash a maximum of forty (40) hours of accrued vacation leave each fiscal year, upon 30 days' notice to payroll. Such conversion shall be computed at the employee's current base hourly rate, on an hour-per-hour basis.

11.2 HOLIDAYS

11.2.1 For the purpose of this MOU, the following days are the holidays for the employees in this UNIT:

New Year's Day	January 1
Martin Luther King, Jr. Day	3rd Monday in January
Lincoln's Birthday	February 12
Washington's Birthday	3rd Monday in February

Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	1st Monday in September
Veterans Day	November 11th
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving Day	Friday after Thanksgiving
Christmas Day	December 25th
Day after Christmas	December 26th
Floating Holiday	Varies

11.2.2 Effective upon City Council adoption of this MOU, employees who work a holiday listed in 11.2.1, shall be paid one and one-half (1.5) times their base hourly rate. An employee is eligible for the one and one-half time pay only for the hours actually worked during the actual calendar holiday date as set forth in 11.2.1 above regardless of any change in City observation of same based upon the actual day of the week of the holiday. Each employee will be credited eight (8) hours Holiday leave for each holiday listed in 11.2.1 or recognized under 11.2.3, in addition to pay for time worked on that holiday. Holiday Leave hours shall be pro-rated annually and credited to employees at the rate of four hours per pay period. (For example, if a listed holiday is Sunday, and the City recognizes the holiday on Monday, the employee working the actual holiday on Sunday shall receive credit under the code Police Holiday Worked for working the actual holiday).

11.2.3 Holidays Proclaimed by Government Officials: It is agreed that when a holiday is proclaimed by the Mayor of the CITY, then each regular member of the UNIT shall be granted compensation in the same number of hours as equivalent to the time-off granted other employees of the CITY. Such time-off shall be selected by the Police Chief.

11.2.4 Accumulated Holiday Leave may be scheduled and taken upon approval of the Police Chief, or their designee.

11.2.5 Employees may accumulate up to a maximum of 116 hours Holiday Leave per year. All Holiday Leave, not taken by the pay period containing December 1, shall be paid off at the employee's current rate of pay. By request only, employees may be paid for a designated amount of accumulated Holiday Leave with the pay period including June 1, upon 30 days' advance notice to Payroll. When an employee terminates employment with the CITY, employee shall receive pay for employee's current holiday balance at employee's current base hourly rate.

NOTE: Subject to maximum accrual limits, employee specified amounts of Holiday Leave may be transferred to Compensatory Time Off, upon request in December only. Payroll must be notified by November 1st.

11.3 MILITARY LEAVE

11.3.1 Military Leave will be provided pursuant to City Resolution 65-01 and Military and Veterans Code 395.03

11.4 ASSOCIATION LEAVE

11.4.1 UNIT members will be allowed to contribute accumulated compensatory, holiday, or vacation time off to a special compensatory time account for the use of ASSOCIATION executive officers. ASSOCIATION officers, or their designee(s), may, subject to all normal approvals and restrictions for time off requirements, receive up to a total of forty (40) hours per fiscal year off for attendance at meetings, seminars, etc., on behalf of the ASSOCIATION.

At no time may the ASSOCIATION compensatory time account contain more than one hundred (100) accrued hours.

The parties agree herewith to retain the option to re-open collective bargaining, with respect to this section 11.4.1, regarding the specific issue of initiating a process in which the UNIT members can donate to a time bank for ASSOCIATION business.

11.4.2 Pursuant to Government Code section 3505.3, the CITY shall allow the employee Stewards of the ASSOCIATION a reasonable time off without loss of compensation or other benefits when they are participating in any one of the following activities:

(a) Formally meeting and conferring with representatives of the CITY on matters within the scope of representation;

(b) Testifying or appearing as the designated representative of the ASSOCIATION in conferences, hearings, or other proceedings before the Public Employment Relations Board, or an agent thereof, in matters relating to a charge filed by the ASSOCIATION against the CITY or by the CITY against the ASSOCIATION; and

(c) Testifying or appearing as the designated representative of the ASSOCIATION in matters before a personnel or merit commission or similar administrative hearing.

11.4.3 Pursuant to Government Code section 3558.8, the CITY shall grant to employee Stewards of the ASSOCIATION, upon written request of the ASSOCIATION, reasonable leaves of absence without loss of compensation or other benefits for the purpose of enabling employees to serve as stewards or representatives or officers of the exclusive representative, or of any statewide or national employee organization with which the ASSOCIATION is affiliated.

(a) The ASSOCIATION shall reimburse the CITY for all compensation paid to the employee on leave. Reimbursement by the ASSOCIATION shall be made on or before thirty (30) days after receipt of the CITY's certification of payment of compensation to the employee.

(b) At the conclusion or termination of leave granted under this section, the employee shall have a right of reinstatement to the same position and work location held prior to the leave, or, if not feasible, a substantially similar position without loss of seniority, rank, or classification.

(c) The ASSOCIATION has no obligation to use leave under this section for an employee and may terminate that leave at any time, for any reason. The CITY reserves the right to recall any employee on leave pursuant to these sections due to an emergency.

11.4.4 Compensation – Compensation for release time shall not exceed the employee Stewards' standard schedule of hours per day and shall not include compensation for overtime. Compensation shall include retirement fund contributions required of the CITY as an employer. The employee shall earn full service credit during the leave of absence and shall pay their member contributions. The leave of absence without loss of compensation or other benefits provided for by this section is in addition to the release time without loss of compensation or other benefits granted to representatives of the ASSOCIATION under applicable laws or this MOU.

11.4.5 Written Notice – Pursuant to Government Code sections 3505.3 and 3558.5, for leave requests for three consecutive days or less, the ASSOCIATION shall submit a written request to the employee Steward's Department Head at least seven (7) days in advance of the requested leave of absence. For leave requests of greater than three consecutive days, the ASSOCIATION shall submit their written request at least thirty (30) calendar days in advance of the requested leave of absence. The written request shall include the purpose, dates, and duration of the requested leave.

11.4.6 Approval or Denial of Leave – A request for leave of absence may be granted on a full-time, part-time, periodic, or intermittent basis and will be approved if it does not substantially interfere with the performance of CITY services and operations. If leave is denied, the Department Head shall provide the ASSOCIATION with written notification of the reasons why the requested leave is denied. If granting the requested leave would create an operational hardship for the CITY, the parties agree to meet and confer regarding the requested leave in order to identify mutually acceptable alternative dates or amount of leave.

11.4.7 Reporting – The ASSOCIATION or the employee shall be required to execute any payroll forms, certifications of time, or other documents as required by the CITY to ensure that the time reporting is accurate and that the employee is performing

the duties of a steward or officer or representative of the ASSOCIATION during all reported working hours.

11.4.8 Indemnification – The CITY shall not be liable for an act or omission of, or an injury suffered by, an employee of the CITY if that act, omission, or injury occurs during the course and scope of the employee's leave under this section to work for the ASSOCIATION. If the CITY is held liable for such an act, omission, or injury, the ASSOCIATION shall indemnify and hold harmless the CITY.

ARTICLE 12 - SICK LEAVE

12.1 Sick leave shall be earned at the rate of eight hours each calendar month of service. There is no limit on the amount of sick leave that may be accumulated by members of this UNIT.

12.2 Based on individual utilization of paid sick leave in the preceding calendar year, rolling backwards 365 days from the date of requested conversion, employee may convert unused accumulated sick leave into paid vacation leave once per fiscal year, pursuant to the formula below:

8 Hour Schedule	10 Hour Schedule	12 Hour Schedule	Maximum Conversion To Vacation Leave
0	0	0	48 hours
.25 to 8	.25 to 10	.25 to 12	36 hours
8.25 to 16	10.25 to 20	12.25 to 24	24 hours
16.25 to 25	20.25 to 30	24.25 to 36	12 hours
over 25	over 30	over 36	0 hours

At least 160 accrued hours must remain in employee's sick leave bank for any employee to be eligible for conversion, or for any conversion to be authorized. In addition, the right to convert, along with any conversion hours, does not carry over or rollover from fiscal year to fiscal year; failure to request conversion, in any fiscal year, eliminates the right to do so for that fiscal year, and does not permit employees to aggregate conversion hours in any other fiscal year.

12.3 At termination, unused accumulated sick leave is not compensable; however, upon retirement, may be converted to additional time, as provided by the PERS sick leave option.

ARTICLE 13 - BEREAVEMENT

Employees shall be permitted to utilize three (3) days of paid bereavement leave, per occurrence, in the case of the death of members of the employee's immediate family (as defined in the Personnel Rules), where the funeral service will be held in state and five (5) days paid bereavement leave for funeral services held out-of-state. The three or five days shall be regardless of shift length, subject to a maximum of 12 hours per day. Any necessary extra time shall be

taken from the employee's accrued sick leave. In cases where sick leave is exhausted, vacation time shall be charged. Paid leave beyond the initial three or five days is subject to department approval.

ARTICLE 14 - RETIREMENT

14.1 It is the employee's obligation to contribute the employee's contribution to CalPERS. The employee shall pay their own contribution by payroll deduction, consistent with the provisions of 414 (h) 2 of the Internal Revenue Code.

14.1.1 Effective October 19, 2019, Tier 1 and Tier 2 members of the ASSOCIATION shall contribute 2% to CalPERS as cost sharing for a total classic employee contribution of 11% and PEPRA members (Tier 3) shall pay the statutorily mandated employee contribution rate of one half the total normal cost or 14% of the employer cost, whichever is higher.

14.2 The ASSOCIATION understands and agrees that employees bear the risk of payment of any increases in the employee contribution, above the current percentage, made by action of CalPERS or the state legislature.

14.3 Parties agree that CITY payment of CalPERS contributions are made based upon tax treatment currently permitted by the State Franchise Tax Board and the IRS.

14.4 Should current tax treatment change, the ASSOCIATION and the employee shall hold harmless the CITY, its officers and agents, from any and all claims or costs of any type, including, but not limited to, liability for back taxes, arising out of this MOU, to pay part of the employee's CalPERS contribution. Should current tax treatment change, the ASSOCIATION shall have the opportunity to meet and confer, regarding any such changes.

14.5 For Sworn employees, hired prior to September 17, 2011, the CITY agrees to continue to provide CalPERS Safety employees in this UNIT with a retirement benefit program through the California Public Employees Retirement System (CalPERS) as follows:

14.5.1 3% @ 50 formula (21362.2)
14.5.2 Unused Sick Leave Credit (Section 20965)
14.5.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
14.5.4 Final Compensation 1 Year (Section 20042)
14.5.5 1959 Survivor Benefit, Level 4 (Section 21574)
14.5.6 Pre-Retirement Death Benefits (Section 21548 Option 2W & 21551)
14.5.7 Retired Death Benefit $500 (Section 21620)
14.5.8 Prior service (Section 20055)
14.5.9 Public Service Credit for Periods of Layoff (Section 21022)

14.6 For Sworn employees, hired on or after September 17, 2011, and those hired on or after January 1, 2013, who meet the definition of classic member, pursuant to the California Public

Employees Pension Reform Act of 2013 (PEPRA), the CITY will provide the following CalPERS formula and optional benefits:

14.6.1 3% @ 55 formula (21363.1)
14.6.2 Unused Sick Leave Credit (Section 20965)
14.6.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
14.6.4 Final Compensation 3 Year (Section 20037)
14.6.5 1959 Survivor Benefit Level 4 (Section 21574)
14.6.6 Pre-Retirement Death Benefits (Section 21548 Option 2W and 21551)
14.6.7 Retired Death Benefit $500 (Section 21620)
14.6.8 Prior Service (Section 20055)
14.6.9 Public Service Credit for Periods of Layoff (Section 21022)

14.7 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, Sworn employees hired, who meet the definition of new member under PEPRA and are not eligible for reciprocity, will be provided the following retirement formula and optional benefits:

14.7.1 2.7% @ 57 formula (Section 7522.25(d))
14.7.2 Unused Sick Leave Credit (Section 20965)
14.7.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
14.7.4 Final compensation 3 Year (Section 20037)
14.7.5 1959 Survivor Benefit Level 4 (Section 21574)
14.7.6 Pre-Retirement Death Benefits (Section 21548 Option 2W and 21551)
14.7.7 Retired Death Benefit $500 (Section 21620)
14.7.8 Prior Service (Section 20055)
14.7.9 Public Service Credit for Periods of Layoff (Section 21022)

ARTICLE 15 - HEALTH BENEFITS

15.1 HEALTH INSURANCE

15.1.1 Effective July 1, 2018, UNIT employees shall receive a cafeteria plan contribution, including the amount required by CalPERS, as follows:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,135/month or cost of insurance, whichever is less
Employee + family - up to $1,460/month or cost of insurance, whichever is less

15.2 DENTAL AND VISION INSURANCE:

15.2.1 During the term of this MOU, the CITY shall offer dental, life and vision insurance, and each employee shall be required to carry both dental, life and vision insurance for self. Life Insurance is provided at $50,000 per employee. The following rates are effective January 1, 2018:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$ 8.73	$ 55.03	$8.15	$ 71.91	$ 68.98	$ 2.93
Employee + 1	$ 16.40	$152.27	$8.15	$ 176.82	$ 165.07	$11.75
Employee + 2+	$ 23.34	$152.27	$8.15	$ 183.76	$ 171.55	$12.21

CITY will pay the remaining premium for dental, life and vision.

15.3 Any coverage made available to future retirees, beyond COBRA time requirements, shall be paid for by the retiree.

15.4 CITY contributions pursuant to this Article 15.0 shall remain effective through June 30, 2022. The CITY and ASSOCIATION agree herewith to retain the option to re-open collective bargaining, with respect to this Article 15, to discuss any health provider rate changes effective January 1, 2022.

ARTICLE 16 - EDUCATIONAL INCENTIVES

16.1 P.O.S.T. CERTIFICATES

16.1.1 For UNIT members possessing the Intermediate P.O.S.T. Certificate, CITY agrees to pay $230.00 per month.

16.1.2 For UNIT members possessing the Advanced P.O.S.T. Certificate, CITY agrees to pay $230.00 per month.

16.1.3 For Police Sergeants possessing the Supervisory or Management P.O.S.T. Certificate, or equivalent as determined by the Police Chief, CITY agrees to pay $140.00 per month.

16.1.4 The maximum incentive pay for qualifying UNIT members is $600 per month.

ARTICLE 17 - UNIFORMS

17.1 Uniforms for employees shall be as set forth in Morro Bay Police Department Policy Manual Section 1046, Uniform and Equipment Regulations and Specifications.

17.2 Newly-hired employees shall receive a full uniform issue and will receive full uniform replacement as needed until the following July 1. Effective July 1 after hire, such employees shall commence receiving an annual uniform allowance.

17.3 The following uniform articles are covered by the uniform allowance and must meet the department uniform standards:

a. Uniform pants
b. Uniform shirts - long and short sleeves
c. Dress belt

d. Ties
e. Duty jacket
f. Uniform patches

17.4 All maintenance, tailoring and other alterations will be at the employee's expense.

17.5 All optional equipment will be the responsibility of the employee.

17.6 All safety equipment originally issued and replaced by the department remains the Department's property.

17.7 The annual uniform allowance will be as follows:

Sworn officers: $ 1,150

17.8 The CITY agrees to repair or replace any personal article damaged while on duty, including uniform items as listed above, providing that such article is a reasonable and necessary part of the employee's attire.

ARTICLE 18 – SALARIES

18.1 Current salaries effective January 1, 2021 are reflected in Exhibit A hereto.

18.2 Effective the pay period including July 1, 2021, the CITY shall provide a 5% cost of living adjustment ("COLA") increase to base salaries for all UNIT classifications in the amount of five percent (5%), as shown in Exhibit B.

18.3 Lump Sum Payment Year Two. In recognition of the financial and overall sacrifices made during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, the CITY will provide a one-time lump sum equal to $1,000 to all Unit members employed with the CITY during the period May 2, 2020 through December 31, 2020 (duration of the financial concessions by ASSOCIATION) and who are still employed when the lump-sum payments are issued by the CITY (anticipated to be around October 1, 2021):

A. Total of three major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that that is collected at any time during Fiscal Year 2020-21.

B. The CITY does not become responsible for any state / federally imposed unfunded mandates from any external source(s) that require significant unplanned/un-

forecasted General Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020-21 budget (page A-11). This shall include but is not limited to significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic or a human-made disaster affecting the CITY. Any such expenditure(s), cumulatively totaling $125,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting in no one-time lump-sum payment being awarded to UNIT members.

ARTICLE 19 - SPECIAL PAY PRACTICES

19.1 STANDBY

19.1.1 Standby duty is defined as that circumstance which requires an employee so assigned to:

1. Be ready to respond immediately to a call for service;

2. Be readily available at all hours by telephone or other agreed-upon communication equipment; and

3. Refrain from activities which might impair their assigned duties upon call.

The parties agree that employees on standby as defined above, are "waiting to be engaged."

19.1.2 Regardless of any hours actually worked, employees on standby shall be compensated for two (2) hours computed at their straight hourly base rate per twenty-four (24) hours of authorized standby time (e.g., 2 hours standby + actual time worked).

The twenty-four (24) hours' time period is defined as 0700 hours to 0659 hours the following day.

Subject to the maximum accrual provisions of Section 10.2.3, employees may elect to receive two (2) straight time compensatory time off hours in lieu of paid standby compensation.

19.1.3 Court standby – Employees on court standby will receive two (2) hours computed at their straight hourly base rate to be available for court callback on off duty days. Subject to the maximum accrual provisions of Section 10.2.3 employees may elect to receive two (2) straight time compensatory time off hours in lieu of court standby compensation.

19.2 CALL BACK

19.2.1 Call back is defined as that circumstance which requires an employee to unexpectedly return to work after the employee has left work at the end of the employee's work shift or work week; except that, an early call in of up to two (2) hours prior to the scheduled start of a work shift shall not constitute a call back; or, employee is required for off-duty court appearance.

19.2.2 Required off-duty court appearance. Employees called back shall receive either a two (2) hour minimum computed at straight hourly base rate or pay for all time actually worked, whichever is greater. An employee shall not receive overlapping minimums.

19.2.3 An employee shall not receive standby pay for the same hours they received callback pay.

19.3 OUT OF CLASS ASSIGNMENT

19.3.1 The term "out-of-class assignment" shall be defined as the full-time performance of the significant duties of a vacant, funded position in one classification by an individual in a classification with a lower compensation range.

19.3.2 If an employee is required to work in an out-of-class assignment for more than fifteen (15) workdays, within a calendar month their department head shall, with prior approval of the Administrative Services Director, make an acting appointment. Such acting appointment shall be effective on the sixteenth (16th) workday within a calendar month of the out-of-class assignment.

19.3.3 An employee on an acting appointment shall receive a one (1) step increase within the employee's current classification salary as provided by CITY's Personnel Rules and Regulations. In the absence of available steps within their current range, the employee shall be granted a five percent (5%) increase above their current base salary.

19.4 BILINGUAL PAY

Qualified employees who possess the necessary ability and who are assigned to perform services as an interpreter in Spanish, shall be eligible for additional stipend depending upon the employee's level of bilingual expertise. Qualifications shall be determined by the CITY.

19.5.1 For those employees who conduct conversational assistance in Spanish on a regular basis, seventy-five dollars ($75) per month stipend is available.

19.5.2 For those employees who interpret and explain legal documents, conduct conversational assistance, and write documents for those persons who speak only Spanish, One Hundred Fifty dollars ($150) per month stipend shall be available.

19.5 FIELD TRAINING OFFICER (FTO) ASSIGNMENT PAY

Individuals, in the classification of Police Officer formally assigned a trainee by the Chief of Police, or their designee, shall be compensated at the rate of 5% of base hourly rate. Compensation will be paid only when acting as FTO.

19.6 SENIOR OFFICER ASSIGNMENT PAY

Up to four (4) individuals may be assigned as Senior Police Officers. This assignment is not a permanent promotion to a higher classification. Continuation in the assignment is based on an annual performance evaluation of "Meets Satisfactory Performance Standards," as well as at the discretion of the Chief of Police. Senior Police Officers will be compensated at the rate of 5% above base pay for the term of the assignment. While receiving Senior Officer Assignment pay, employees are not eligible for FTO pay.

Incumbents in the Corporal classification will maintain status in the Corporal class, and maintain the terms and conditions of the classification as they existed at the time of their promotion; however, if the incumbents in the Corporal classification leave the positions (due to promotion, retirement, etc.), the Corporal classification revert to assignments of Senior Officers as provided above.

No individual may be concurrently assigned as both a Senior Officer and Detective.

19.7 DETECTIVE ASSIGNMENT PAY

Up to two individuals may be assigned as Detectives. The Detective assignment is not a permanent promotion to a higher classification. Continuation in the assignment is based on an annual performance evaluation of "Meets Satisfactory Performance Standards" as well as at the discretion of the Chief of Police. Detectives will be compensated at the rate of 5% above base pay for the term of the assignment.

Incumbent Corporals may apply for, and be appointed to the Detective assignment. If appointed, Corporals will maintain status in the Corporal class and maintain the terms and conditions of the classification as they existed at the time of their promotion. When the Detective assignment ends, the Corporal may be placed into a Senior Officer assignment or a regular officer position; still in the Corporal classification with the terms and conditions of the Corporal classification being maintained.

Any individual concurrently assigned as both a Corporal and Detective shall for compensation pay purposes only receive the Corporal salary and no additional compensation for being assigned as a Detective.

19.7.1 SCHOOL RESOURCE OFFICER (SRO) ASSIGNMENT PAY

The SRO assignment is not a permanent promotion to a higher classification. Continuation in the assignment is based on an annual performance evaluation of "Meets Satisfactory Performance Standards," as well as at the discretion of the Chief of Police.

SRO will be compensated at the rate of 5% above base pay for the term of the assignment, and will be responsible for juvenile investigations, as assigned.

19.8 NIGHT SHIFT DIFFERENTIAL

Sworn employees in this UNIT will receive 2.5% of base hourly pay for each hour worked between the hours of 7:00 p.m. and 7:00 a.m.

19.9 CANINE CARE PAY

An employee who is assigned a City canine, as part of a drug detection search program or a service dog program, and who boards the canine at their home, shall be paid $13.50 per hour (hereinafter, the "canine care pay rate") for all time the employee spends outside of regular work hours on the care of the assigned canine. Compensable canine care activities include feeding, grooming, exercising, cleaning up, obtaining veterinarian services or caring for any injuries, and shall not include other time spent with the canine (e.g., commute time, as a family pet, etc.). Employees, subject to this provision, shall not receive on-call pay or call back pay for any time spent in the care of the assigned canine. The residence of the employee, assigned a City canine, shall not constitute the employee's work place. Travel (commute) time, from the employee's home to the assigned work site, or from the assigned work site to the employee's home, with the canine, shall not be considered time worked or care of the canine.

It is estimated and agreed that the officers spend one-half hour per day outside of regular work hours on compensable canine care activities. Off duty time spent on compensable canine care tasks shall be considered actual hours worked. These hours will be paid at the rate of 1.5 times the canine care pay rate ($20.25).

ARTICLE 20 - BULLETIN BOARD

20.1 CITY agrees to furnish space for ASSOCIATION-purchased bulletin boards of reasonable size for the posting of ASSOCIATION material. Location of such bulletin boards shall be at the Police Station in an area commonly used for briefings or meetings.

20.2 ASSOCIATION agrees it shall not use bulletin boards to ridicule, defame, or harass any CITY employees, officer or agent.

ARTICLE 21 - PROBATIONARY PERIOD

The probationary period for new officers and lateral hires shall be 12 months.

ARTICLE 22 - DRUG AND ALCOHOL TESTING

ASSOCIATION agrees to the terms of the Substance Abuse and Testing Policy adopted by the Morro Bay City Council pursuant to Resolution No. 14-99.

ARTICLE 23 - GRIEVANCE PROCEDURE

23.1 The ASSOCIATION agrees that whenever investigation or processing of a grievance is to be transacted during working hours, only the amount of time necessary to bring about a prompt disposition of the matter will be utilized. It is further agreed that the time spent on an investigation and processing of grievances will not interfere with the normal operation of the department. CITY agrees to provide every reasonable amount of time for the investigation and the processing of a grievance, but by so agreeing does not imply that the processing or investigation of a grievance shall take priority over normal functions of the department.

CITY further agrees that any payment of overtime arising because of UNIT personnel's involvement in grievance investigation or processing shall not be authorized. Time spent on the investigation and processing of grievances will be recorded on a form provided by CITY. Stewards will be permitted reasonable time-off with pay for the investigation and processing of grievances provided, however, stewards shall first obtain permission from the department head and/or their designee and inform him/her of the nature of their business. CITY shall grant such permission promptly unless such absence would cause an undue interruption of work or would require the CITY to pay overtime in order to maintain the normal operation of the department.

Upon entering the work location, the steward shall inform the department head and supervisor of the nature of their business. Permission to leave a job will be granted to the employee involved unless such absence would cause an interruption of work. If the employee cannot be made available, the steward will seek an alternate time for employee availability with the department head or supervisor.

It is agreed that in some instances the investigation and processing of a grievance may be accomplished on the employee's time. This MOU is in recognition of the mutual sharing of costs involved in the handling of employee-initiated actions.

23.2 PURPOSE

The primary purpose of this procedure shall be to provide a means whereby an employee, without jeopardizing his employment, can express a personal grievance relating to his wages, hours of work, and working conditions, and obtain a fair and equitable disposition of his grievance.

23.3 ASSOCIATION REPRESENTATIVE

The CITY agrees that the ASSOCIATION may designate a representative to represent employees in the processing of grievances. The ASSOCIATION shall furnish the City Manager with a written list identifying by name and work location all regular and alternate representatives and the list shall be kept current by the ASSOCIATION at all times. The representatives are to begin investigating grievances only after the employee has tried to resolve the problem with their immediate supervisor and the two parties have failed to reach resolution of the problem.

23.4 PROCEDURE

Procedures shall be in accordance with Resolution No. 07-17 and any amendments thereto.

ARTICLE 24 - NO STRIKE, SLOW-DOWN OR OTHER INTERRUPTION TO WORK

24.1 ASSOCIATION agrees not to cause, authorize, advise, encourage or participate in any interruption of work or any other concerted action. The term "interruption of work" shall mean any work stoppage or strike (including economic and unfair labor practice strikes) or any intentional slow-down of work. The term "other concerted action" includes picketing or boycott activities by the ASSOCIATION.

24.2 Participation by any employee in any activity resulting in interruption of work or other concerted action or use of paid or unpaid leave for these purposes shall subject employee to disciplinary action, up to and including, discharge. When the City Manager has reason to believe that such leave is being used as a method of interruption work, the burden of proof of illness is upon the employee. Doctor's statements can be required in accordance with Resolution No. 07-17, Personnel Rules & Regulations, Section 10B.

ARTICLE 25 - FULL UNDERSTANDING, MODIFICATION, WAIVER

25.1 This MOU sets forth the full and entire understanding of the parties regarding the matters set forth herein, and any other prior or existing understanding or agreements by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

25.2 It is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right to negotiate, and agrees that the other party shall not be required to negotiate, with respect to any matter covered herein.

25.3 No agreement, alteration, understanding variation, waiver, or modification of any of the terms or provisions contained herein shall in any manner be binding upon the parties hereto unless made and executed in writing by all parties hereto, and if required, approved by the CITY and ratified by the membership of the ASSOCIATION.

25.4 The waiver of any breach of any term, or condition of this MOU by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

ARTICLE 26 - SEVERABILITY

If any provision(s) are held to be contrary to law by a court of competent jurisdiction, such provision will not be deemed valid and subsisting except to the extent permitted by law, but all other provisions will continue in full force and effect.

ARTICLE 27 – JOINT DRAFTING

Each party has cooperated in the drafting and preparation of this MOU. Hence, in any legal construction or interpretation to be made of this MOU, the same shall not be construed against any party.

ARTICLE 28 – CITY COUNCIL APPROVAL

The CITY's labor relations representatives and the ASSOCIATION's representatives have met and conferred in good faith on wages, hours and other terms and conditions of employment for the unit members represented by the ASSOCIATION and have reached agreements which are set forth in this MOU. This MOU, when executed by the CITY's labor relations representatives and the ASSOCIATION representatives, constitutes a joint recommendation therefrom, after ratification of the ASSOCIATION membership, to be submitted to the City Council for its determination and approval by resolution, as the City Council may deem fit and proper. This MOU is of no force or effect unless or until approved and adopted by a resolution of the City Council.

[SIGNATURES ON NEXT PAGE]

MORRO BAY PEACE OFFICERS' ASSN.

William Marvos, President

Stacie Casabian, Chief Labor Negotiator

Tony Mosqueda, Employee Representative

CITY OF MORRO BAY

Scott Collins, City Manager

Colin Tanner, Labor Negotiator

Dana Swanson, City Clerk/ HR Manager

Laurie Goforth, Human Resources Analyst II

ATTACHMENT A

POLICE SALARY SCHEDULE
EFFECTIVE 1/1/2021

POSITION	ANNUAL COMPENSATION RANGE 1	2	3	4	5	6
Sergeant Administrative Sergeant	$ 81,251	$ 85,314	$ 89,579	$ 94,058	$ 98,761	$ 103,699
Special Assignments: Detective School Resource Officer Senior Officer	$ 68,410	$ 71,831	$ 75,422	$ 79,193	$ 83,153	$ 87,310
Police Officer	$ 65,152	$ 68,410	$ 71,830	$ 75,422	$ 79,193	$ 83,152

ATTACHMENT B

POLICE SALARY SCHEDULE
EFFECTIVE 7/1/2021

POSITION	ANNUAL COMPENSATION RANGE					
	1	2	3	4	5	6
Sergeant Administrative Sergeant	$ 85,314	$ 89,579	$ 94,058	$ 98,761	$ 103,699	$ 108,884
Special Assignments: Detective School Resource Officer Senior Officer	$ 71,831	$ 75,422	$ 79,193	$ 83,153	$ 87,310	$ 91,676
Police Officer	$ 68,410	$ 71,830	$ 75,422	$ 79,193	$ 83,152	$ 87,310

RESOLUTION NO. 32-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, APPROVING THE TENTATIVE AGREEMENT FOR AND THE SUCCESSOR MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU), LOCAL 620, FOR THE PERIOD OF JANUARY 1, 2021 THROUGH JUNE 30, 2022

THE CITY COUNCIL
Morro Bay, California

WHEREAS, the City of Morro Bay ("City") has, and continues to, recognize the Service Employees International Union ("SEIU"), Local 620, as the sole exclusive employee organization representing the City's miscellaneous employees for all matters concerning wages, hours and other terms and conditions of employment; and

WHEREAS, the current Memorandum of Understanding between the City and SEIU Local 620 ("SEIU MOU 2017-2020"), which was duly approved by the City Council on September 26, 2017, was set to expire on June 30, 2020; and

WHEREAS, prior to the June 30, 2020 expiration of the SEIU MOU 2017-2020, the City and SEIU Local 620 reached an agreement extending the term of the SEIU MOU 2017-2020 by six months and implementing a temporary salary reduction in light of the COVID-19 pandemic, and thereafter jointly prepared and executed an Amendment No. 1 to the SEIU MOU 2017-2020 ("First Amendment"), which was ratified by SEIU Local 620 on April 27, 2020 and approved by the City Council by Resolution No. 40-20 on April 28, 2020, which extended the SEIU MOU 2017-2020 to December 30, 2020; and

WHEREAS, the City and SEIU Local 620 entered into negotiations for a successor MOU covering the period of January 1, 2021 through June 30, 2022, which includes a five percent (5%) increase cost of living adjustment for FY 2021-22 and, in recognition of the financial and overall sacrifices made during the COVID-19 health emergency, also includes a potential one-time lump sum payment contingent upon satisfaction of specified financial terms and conditions; and

WHEREAS, the City's labor relations representatives and the SEIU Local 620 representatives successfully met and conferred to negotiate both a Tentative Agreement for the successor MOU and also the successor MOU between the parties, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution, Resolution No. 08-17, and have jointly prepared and executed both the attached the Tentative Agreement ("SEIU MOU 2021-2022 Tentative Agreement") and the successor MOU between the City and SEIU, for the period January 1, 2021 through, and including, June 30, 2022 ("SEIU MOU 2021-2022"), which were ratified by SEIU Local 620 on June 2, 2021; and

WHEREAS, both the SEIU MOU 2021-2022 Tentative Agreement and the SEIU MOU 2021-2022 are subject to City Council acceptance and approval, which are made a part hereof by this reference; and

WHEREAS, once approved by the City Council, the SEIU MOU 2021-2022 Tentative Agreement and the SEIU MOU 2021-2022 shall become binding agreements between the City and SEIU Local 620.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The City Council approves the SEIU MOU 2021-2022 Tentative Agreement between the City and SEIU Local 620 for the period of January 1, 2021 through, and including, June 30, 2022, a copy of which is attached hereto as Exhibit 1.

Section 3. The City Council approves the SEIU MOU 2021-2022 as the successor MOU between the City and SEIU for the period of January 1, 2021 through, and including, June 30, 2022, a copy of which is attached hereto as Exhibit 2.

Section 4. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

Section 5. This resolution shall be effective immediately upon its passage and adoption.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

City of Morro Bay Tentative Agreement with Service Employees International Union Local No. 620 for a successor MOU

June 4, 2021

The current Memorandum of Understanding (MOU) between the City of Morro Bay (City) and the Morro Bay Service Employees International Union Local No. 620 (SEIU or UNION), Resolution No. 53-17, approved September 26, 2017, covering the period July 1, 2017 through June 30, 2020 (SEIU MOU 2017-20), was subsequently extended to December 31, 2020, by mutual agreement, memorialized by Resolution No. 40-20 approved on April 28, 2020. The SEIU MOU 2017-20 has since expired by its own terms. SEIU currently represents 41 total City employees. Pursuant to the Meyer-Milias-Brown Act ("MMBA") (Gov't Code Section 3500 – 3511), the City and SEIU have been in negotiations for a successor MOU since December of 2020 to May 25, 2021.

The City and SEIU have reached a Tentative Agreement on the deal terms for a successor MOU, which is represented by this document. The following material deal terms were ratified by the Association on June 2, 2021, but remain subject to formal approval/adoption by the City Council per California Government Code Section 3505.1, which provides:

> "If a tentative agreement is reached by the authorized representatives of the public agency and a recognized employee organization or recognized employee organizations, the governing body shall vote to accept or reject the tentative agreement within 30 days of the date it is first considered at a duly noticed public meeting. A decision by the governing body to reject the tentative agreement shall not bar the filing of a charge of unfair practice for failure to meet and confer in good faith. If the governing body adopts the tentative agreement, the parties shall jointly prepare a written memorandum of understanding."

All terms and conditions of the prior SEIU MOU 2017-20 and Resolution No. 40-20 shall be maintained unless expressly modified or changed herein or until the successor MOU is jointly prepared by the parties, ratified by the Association and accepted, approved and adopted by City Council, which shall then supersede and replace this Tentative Agreement. All items affecting compensation within the previous SEIU MOU 2017-20 and Resolution No. 40-20 not addressed herein are proposed to remain unchanged; however, any language that has a sunset will be deemed of no further force and effect.

TENTATIVE AGREEMENT DEAL POINTS

Article No., Section	Subject	Existing MOU	Agreed Upon Changes to MOU
6	Union Security and Dues Provisions	6.2 – 6.8 Agency Shop, Conscientious Objection, Written Authorizations, Rescission of Agency Shop, Applicability of Agency Shop, Reporting and Indemnification provisions.	Delete 6.1-6.8. City provided new language in red-lined successor MOU, which SEIU approved.
7	TERM	July 1, 2017 to Dec. 31, 2020	January 1, 2021 to June 30, 2022
10.1	Workday	The normal workday shall be eight hours of work in a 24 consecutive hour period, except in cases of emergencies. Alternative work schedules can be implemented, upon approval of the City Manager, and providing they are not in violation of the Fair Labor Standards Act (FLSA) regulations. The parties agree herewith to retain the option to re-open discussion of this Section 10.1, with respect to UNION's proposal for a 9/80 work schedule for non-safety employees, where all non-safety employees working locations would be closed one day every other week to accommodate such modified schedules	The normal workday shall be eight hours of work in a 24 consecutive hour period, except in cases of emergencies. The CITY and UNION previously met and conferred over an administrative policy regarding alternative work schedules, which may be implemented provided they are not in violation of the Fair Labor Standards Act (FLSA) regulations.

12 12.1	Holidays	Lincoln's Birthday Feb 12th	Eliminate Lincoln's Birthday in exchange for "Spring Break Day" to be observed on the Friday before Easter each year.
15.1.2 – 15.1.3	Health Insurance	For 2017, UNIT employees shall receive a cafeteria plan contribution, including the minimum contribution amount required by CalPERS, as follows: Employee only - up to $715/month or cost of insurance, whichever is less Employee + 1 – up to $1,109/month or cost of insurance, whichever is less Employee + family - up to $1,421/month or cost of insurance, whichever is less For 2018, UNIT employees shall receive a cafeteria plan contribution, including the minimum contribution amount required by CalPERS, as follows: Employee only - up to $715/month or cost of insurance, whichever is less Employee + 1 – up to $1,135/month or cost of insurance, whichever is less Employee + family - up to $1,460/month or cost of insurance, whichever is less	For 2021, UNIT employees shall receive a cafeteria plan contribution, including the minimum contribution amount required by CalPERS, as follows: Employee only - up to $715/month or cost of insurance, whichever is less Employee + 1 – up to $1,135/month or cost of insurance, whichever is less Employee + family - up to $1,460/month or cost of insurance, whichever is less
15.2	Dental, Life and Vision Ins.	Remove 2017 rates shown below	Insert 2021 rates shown below after end of table.

15.4	Health Benefits Re-Opener	The parties agree herewith to re-open discussion with respect to this ARTICLE, for any changes to the 2019 and 2020 health rates.	The parties agree herewith to re-open discussion with respect to this ARTICLE, for any changes to the 2022 health rates.
17.3	Safety Shoes	Effective July 1, 2016, employees required to wear steel-toed safety shoes and Harbor Patrol Officers required to wear approved footwear in the performance of their duties, shall be eligible to receive an annual reimbursement, for the provision of said shoes, in the amount of **$200** per fiscal year. Harbor Patrol Officers shall be required to wear 6" black leather boots or water/safety-specific shoes as approved within the sole discretion of the Harbor Director. Proof of purchase of shoes and boots are required. Once purchased, such appropriate footwear must be worn only while working.	Effective July 1, 2021, employees required to wear steel-toed safety shoes and Harbor Patrol Officers required to wear approved footwear in the performance of their duties, shall be eligible to receive an annual reimbursement, for the provision of said shoes, in the amount of **$250** per fiscal year. Harbor Patrol Officers shall be required to wear 6" black leather boots or water/safety-specific shoes as approved within the sole discretion of the Harbor Director. Proof of purchase of shoes and boots are required. Once purchased, such appropriate footwear must be worn only while working.
18.1	Salaries	Effective retroactive to the pay period including July 1, 2016 for those employees still employed by the CITY upon City Council adoption of this MOU, the CITY shall provide a Cost of Living Adjustment (COLA) increase to base salaries for all UNIT classifications by 2.00% (see Exhibit A updated salary table).	**FY 2020-21** No COLA or base salary increase other than merit increases. (See Exhibit A Salary Table for rates effective January 1, 2021. **FY 2021-22 COLA** Effective the pay period including July 1, 2021, the CITY shall provide a 5% Cost of Living Adjustment (COLA) increase to base salaries for all UNIT classifications (see Exhibit B salary table).

			In recognition of the financial and overall sacrifices made during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, the CITY proposes to also provide a non-PERSable one-time lump sum equal to $1,000 to all UNIT members employed with the CITY during the period May 2, 2020 through December 31, 2020 (duration of the financial concessions by SEIU) and who is still employed when the lump-sum payments are issued by the CITY (anticipated to be around October 1, 2021): A. Total of three major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that that is collected at any time during Fiscal Year 2020-21. B. The CITY does not become responsible for any state / federally imposed unfunded mandates from any external source(s) that require significant unplanned/un-forecasted General

			Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020-21 budget (page A-11). This shall include but is not limited to significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic or a human-made disaster affecting the CITY. Any such expenditure(s), cumulatively totaling $125,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting in no one-time lump-sum payment being awarded to UNIT members.
18.2	Salaries		**FY 2021-22 Equity Base Salary Adjustment**: Effective the pay period including July 1, 2021, the City shall provide salary equity adjustments of 5.00% for the following classifications: Harbor Patrol Officer, Harbor Patrol Supervisor, Harbor Business Coordinator. These salary equity adjustments are in addition to the COLA provided in 18.1 above. The City acknowledges that, based on the 2019 salary comparisons, this 5.00% equity adjustment does not bring these job classifications to parity with comparison agencies.
18.6		Attached Exhibit A reflects wages for UNIT members for the duration of this MOU.	Attached Exhibit A reflects wages for UNIT members effective January 1, 2021. Attached Exhibit B reflects wages effective the pay period including July 1, 2021.

19.5	Bilingual Pay (Spanish)	Effective with the City Council ratification of this MOU, up to three (3) UNIT members may earn $75 per month for speaking Spanish, and $75 per month for writing in Spanish, for a total possible of $150 per month.	Effective the pay period including July 1, 2021, UNIT members may earn $75 per month for speaking Spanish, and $75 per month for writing in Spanish, for a total possible of $150 per month. Members receiving Bilingual Pay are expected to use this skill to support their own City department functions and other departments, when needed, to effectively communicate with the public. The employee's Department Head may recommend to the City Manager that Bilingual Pay cease for any employee not using this skill sufficiently at work to warrant the extra pay, with the City Manager making the final decision.
Exh. A	FY 20/21 Salary Schedule	FY 17/18 Salary Schedule	Current salaries effective January 1, 2021 are provided as Exhibit A. Exhibit B reflects the salary schedule effective the pay period including July 1, 2021.

15.2 Existing MOU Language

Life Insurance is provided at $50,000 per employee. The following rates were effective January 1, 2017:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$ 8.86	$ 55.47	$8.15	$ 72.48	$ 69.50	$ 2.93
Employee + 1	$ 16.59	$143.09	$8.15	$ 167.83	$ 156.08	$11.75
Employee + 2+	$ 22.59	$143.09	$8.15	$ 173.83	$ 161.62	$12.21

15.2 New MOU Language

Life Insurance is provided at $50,000 per employee. The following rates were effective January 1, 2021:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$ 8.73	$ 56.68	$8.70	$ 74.11	$ 71.18	$ 2.93
Employee + 1	$ 16.40	$156.84	$8.70	$ 181.94	$ 170.19	$11.75
Employee + 2+	$ 23.34	$156.84	$8.70	$ 188.88	$ 176.67	$12.21

This Tentative Agreement is dated June 4, 2021 and shall be effective only upon adoption by the City Council of the City of Morro Bay. Subject to the foregoing, this Tentative Agreement is hereby executed by the authorized representatives of the City and SEIU.

City of Morro Bay

Scott Collins,
City Manager

Dana Swanson,
City Clerk/HR Mngr.

Colin J. Tanner,
Deputy City Attorney/Labor
Negotiator

SEIU Local No. 620

Robert MacLeod,
Field Representative

Lori Stilts,
Shop Steward

Kyle Quaglino,
Team Member

Dylan Pruitt,
Team Member

Dana Stein,
Team Member

EXHIBIT A

CITY OF MORRO BAY

EFF 01/01/2021 SEIU REPRESENTED CLASSIFICATIONS & SALARY SCHEDULES

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ACCOUNT CLERK IN-TRAINING	32,460	34,083	35,787	37,577	39,455
ACCOUNT CLERK I	39,243	41,205	43,265	45,429	47,700
CONS MAINTENANCE WORKER I	39,243	41,205	43,265	45,429	47,700
OFFICE ASSISTANT III	39,243	41,205	43,265	45,429	47,700
OFFICE ASSISTANT IV	42,428	44,549	46,777	49,116	51,571
ACCOUNT CLERK II	44,079	46,283	48,597	51,027	53,578
CONS MAINTENANCE WORKER II	44,079	46,283	48,597	51,027	53,578
PERMIT TECHNICIAN	45,143	47,400	49,770	52,259	54,872
ACCOUNT CLERK III	47,210	49,571	52,049	54,651	57,384
CONS MAINTENANCE WORKER III	47,210	49,571	52,049	54,651	57,384
ADMINISTRATIVE TECHNICIAN	48,044	50,446	52,969	55,617	58,398
PERMIT TECHNICIAN - CERTIFIED	48,044	50,446	52,969	55,617	58,398
SUPPORT SERVICES TECHNICIAN	48,044	50,446	52,969	55,617	58,398
PROPERTY EVIDENCE CLERK	48,044	50,446	52,969	55,617	58,398
MECHANIC	49,581	52,060	54,663	57,396	60,266
RECREATION COORDINATOR	49,581	52,060	54,663	57,396	60,266
HARBOR PATROL OFFICER	54,777	57,516	60,392	63,411	66,582
ENGINEERING TECHNICIAN III	56,158	58,966	61,914	65,010	68,260
RECREATION SUPERVISOR	56,158	58,966	61,914	65,010	68,260
UTILITY OPERATOR	56,245	59,057	62,010	65,111	68,366
ASSISTANT PLANNER	56,508	59,333	62,300	65,415	68,686
BUILDING INSPECTOR	58,765	61,703	64,788	68,028	71,429
UTILITY OPERATOR MC (MULTIPLE CERT)	60,182	63,191	66,351	69,668	73,152
HARBOR BUSINESS COORDINATOR	61,169	64,227	67,439	70,811	74,351
HARBOR PATROL SUPERVISOR	64,523	67,749	71,137	74,693	78,428

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ENGINEERING TECH IV	65,765	69,053	72,506	76,131	79,938
ASSISTANT ENGINEER	65,765	69,053	72,506	76,131	79,938
ASSOCIATE PLANNER	65,765	69,053	72,506	76,131	79,938
BUILDING INSPECTOR/PLANS EXAMINER	65,765	69,053	72,506	76,131	79,938
CONS MAINTENANCE FIELD SUPV	65,765	69,053	72,506	76,131	79,938
LEAD UTILITY OPERATOR	67,080	70,434	73,956	77,653	81,536
ASSOCIATE CIVIL ENGINEER	75,629	79,410	83,381	87,550	91,928
WASTEWATER SYSTEMS SUPV	75,629	79,410	83,381	87,550	91,928

EXHIBIT B

CITY OF MORRO BAY

EFF 07/01/2021 SEIU REPRESENTED CLASSIFICATIONS & SALARY SCHEDULES

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ACCOUNT CLERK IN-TRAINING	34,083	35,787	37,577	39,455	41,428
ACCOUNT CLERK I	41,205	43,265	45,429	47,700	50,085
CONS MAINTENANCE WORKER I	41,205	43,265	45,429	47,700	50,085
OFFICE ASSISTANT III	41,205	43,265	45,429	47,700	50,085
OFFICE ASSISTANT IV	44,549	46,777	49,116	51,571	54,150
ACCOUNT CLERK II	46,283	48,597	51,027	53,578	56,257
CONS MAINTENANCE WORKER II	46,283	48,597	51,027	53,578	56,257
PERMIT TECHNICIAN	47,400	49,770	52,259	54,872	57,615
ACCOUNT CLERK III	49,571	52,049	54,651	57,384	60,253
CONS MAINTENANCE WORKER III	49,571	52,049	54,651	57,384	60,253
ADMINISTRATIVE TECHNICIAN	50,446	52,969	55,617	58,398	61,318
PERMIT TECHNICIAN - CERTIFIED	50,446	52,969	55,617	58,398	61,318
SUPPORT SERVICES TECHNICIAN	50,446	52,969	55,617	58,398	61,318
PROPERTY EVIDENCE CLERK	50,446	52,969	55,617	58,398	61,318
MECHANIC	52,060	54,663	57,396	60,266	63,279
RECREATION COORDINATOR	52,060	54,663	57,396	60,266	63,279
ENGINEERING TECHNICIAN III	58,966	61,914	65,010	68,260	71,673
RECREATION SUPERVISOR	58,966	61,914	65,010	68,260	71,673
UTILITY OPERATOR	59,057	62,010	65,111	68,366	71,784
ASSISTANT PLANNER	59,333	62,300	65,415	68,686	72,120
HARBOR PATROL OFFICER	60,255	63,267	66,431	69,752	73,240
BUILDING INSPECTOR	61,703	64,788	68,028	71,429	75,001
UTILITY OPERATOR MC (MULTIPLE CERT)	63,191	66,351	69,668	73,152	76,809
HARBOR BUSINESS COORDINATOR	67,286	70,650	74,183	77,892	81,786
ENGINEERING TECHNICIAN IV	69,053	72,506	76,131	79,938	83,935

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ASSISTANT ENGINEER	69,053	72,506	76,131	79,938	83,935
ASSOCIATE PLANNER	69,053	72,506	76,131	79,938	83,935
BUILDING INSPECTOR/PLANS EXAMINER	69,053	72,506	76,131	79,938	83,935
CONS MAINTENANCE FIELD SUPV	69,053	72,506	76,131	79,938	83,935
LEAD UTILITY OPERATOR	70,434	73,956	77,653	81,536	85,613
HARBOR PATROL SUPERVISOR	70,975	74,524	78,250	82,163	86,271
ASSOCIATE CIVIL ENGINEER	79,410	83,381	87,550	91,928	96,524
WASTEWATER SYSTEMS SUPV	79,410	83,381	87,550	91,928	96,524

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MORRO BAY

SERVICE EMPLOYEES

INTERNATIONAL UNION

LOCAL NO. 620

AND

THE CITY OF MORRO BAY

JANUARY 1, 2021 – JUNE 30, 2022

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MEMORANDUM OF UNDERSTANDING BETWEEN
SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL NO. 620
AND THE CITY OF MORRO BAY
JANUARY 2021 - JUNE 2022

ARTICLE 1 – PURPOSE

1.1 **WHEREAS**, the City of Morro Bay is a municipal corporation existing under the laws of the State of California as a general law city; and

1.2 **WHEREAS**, the City of Morro Bay is limited, insofar as funds are concerned, because of a fixed tax rate, and in structure because it is a public entity rather than a profit making business; and

1.3 **WHEREAS**, Service Employees International Union Local No. 620 and the City of Morro Bay recognize that the mission and the purpose of the City is to provide for high-quality and economical municipal services and facilities to the residents of the City of Morro Bay.

1.4 **THEREFORE**, this Memorandum of Understanding ("MOU") is entered into as of January 1, 2021, between the City of Morro Bay, hereafter called the "CITY," and Service Employees International Union Local No. 620, hereafter called the "UNION."

1.5 It is the intent and purpose of this MOU to assure sound and mutually beneficial working and economic relations and conditions between the parties hereto; to provide for an orderly and peaceable method and manner of resolving any differences which may arise; and to negotiate any misunderstanding, which could arise, and to set forth, herein, the basic and full agreement between the parties, concerning the pay, wages, hours of employment, and other terms and conditions of employment.

ARTICLE 2 – MANAGEMENT

2.1 In order to ensure that the CITY shall continue to carry out its municipal functions, programs, and responsibilities to the public imposed by law, and to maintain efficient public service for the citizens of Morro Bay, the CITY continues to reserve, and retain solely and exclusively, all management rights, regardless of the frequency of use, including those rights and responsibilities set forth by law, and those CITY rights set forth in the CITY's Personnel Rules and Regulations, and including, but not limited, to the following:

2.1.1 To manage the CITY, determine policies and procedures, and the right to manage the affairs of all Departments.

2.1.2 To determine the existence, or nonexistence, of facts that are the basis of the management decision in compliance with State law.

2.1.3 To determine the necessity, organization, implementation, and termination of any service or activity conducted by the CITY or other government jurisdiction, and to expand or diminish services.

2.1.4 To direct, supervise, recruit, select, hire, evaluate, promote, transfer, discipline, discharge, terminate, demote, reduce, suspend, reprimand, withhold salary increases and benefits for disciplinary reasons, or otherwise discipline employees, in accordance with Department or CITY Rules, Regulations, or Ordinances.

2.1.5 To determine the nature, manner, means, extent, type, time, quantity, quality, technology, standard, and level of services to be provided to the public.

2.1.6 To require performance of other public services, not specifically stated herein, in the event of emergency or disaster, as deemed necessary by the CITY.

2.1.7 To lay off employees because of lack of work or funds or under conditions where continued work would be inefficient or nonproductive or not cost effective, as determined by the CITY.

2.1.8 To determine and/or change facilities, methods, technology, equipment, operations to be performed, organization structure, and allocate or assign work by which the CITY operations and services are to be conducted.

2.1.9 To determine method(s) of financing.

2.1.10 To plan, determine, and manage Departments' budget, which includes, but is not limited to, changes in the number of locations and types of operations, processes and materials to be used in carrying out all functions, and the right to contract or subcontract any work or operations.

2.1.11 To determine the size and composition of the work force, assign work to employees of the CITY, in accordance with requirements determined by the CITY, and to establish and require compliance to work hours and changes to work hours, work schedules, including call back, standby, and overtime, and other work assignments, except as otherwise limited by this MOU, or subsequent MOUs.

2.1.12 To establish and modify goals and objectives, related to productivity and performance programs and standards, including, but not limited to, quality and quantity, and required compliance therewith.

2.1.13 To determine qualifications, skills, abilities, knowledge, selection procedures and standards, job classification, job specifications, and to reallocate and reclassify employees, in accordance with division and/or CITY Rules and Regulations.

2.1.14 To determine the issues of public policy and the overall goals and objectives of the CITY, and to take necessary action to achieve the goals and objectives of the CITY.

2.1.15 To hire, transfer intra- or inter-Department, promote, reduce in rank, demote, reallocate, terminate, and take other personnel action for non-disciplinary reasons, in accordance with Department and/or CITY Rules, Regulations and Ordinances.

2.1.16 To determine policies, procedures and standards for recruiting, selecting, training and promoting employees.

2.1.17 To establish, implement, and/or modify Rules and Regulations, policies, and procedures related to productivity, performance, efficiency, personal appearance standards, code of ethics and conduct, safety, health, and order, and to require compliance therewith.

2.1.18 To maintain order and efficiency in facilities and operation.

2.1.19 To restrict the activity of an employee organization on CITY facilities, except as set forth in this MOU.

2.1.20 To take any and all necessary steps and actions to carry out the service requirements and mission of the CITY, in emergencies or any other time deemed necessary by the CITY, and not specified above.

2.2 Nothing herein is meant to diminish CITY rights provided by the Government Code.

2.3 Authority of Third Party Neutral – Management Rights:
All management rights, powers, authority, and functions, whether heretofore or hereinafter exercised, shall remain vested exclusively with the CITY. No third party neutral shall have the authority to diminish any of the management rights that are included in this MOU.

2.4 Nothing herein is meant to diminish employee rights provided by the Government Code.

ARTICLE 3 – RECOGNITION

3.1 Pursuant to Resolution No. 08-17, the Employer-Employee Relations Resolution of the City of Morro Bay and applicable state law, Service Employees International Union Local 620 was designated by the City of Morro Bay City Council as the exclusive representative of City employees in the Miscellaneous Employees Unit (hereafter "UNIT"). The UNIT is comprised of the following classifications:

Account Clerk In-Training
Account Clerk I
Account Clerk II
Account Clerk III
Administrative Technician

Administrative Utilities Technician
Assistant Engineer
Assistant Planner
Associate Civil Engineer
Associate Planner
Building Inspector
Building Inspector/Plans Examiner
Consolidated Maintenance Worker I
Consolidated Maintenance Worker II
Consolidated Maintenance Worker III
Consolidated Maintenance Leadworker
Consolidated Maintenance Field Supervisor
Engineering Technician III
Engineering Technician IV
Harbor Business Coordinator
Harbor Patrol Officer
Harbor Patrol Officer Supervisor
Mechanic
Office Assistant III
Office Assistant IV
Permit Technician
Permit Technician Certified
Property Evidence Clerk
Recreation Supervisor - Sports
Recreation Supervisor – Youth
Recreation Coordinator
Support Services Technician
Utility Operator
Utility Operator MC (Multiple Cert)
Lead Utility Operator
Wastewater Systems Supervisor

The term "employee" or "employees," as used herein, shall refer only to the foregoing classifications.

3.2 Employees, working on a regular basis in the Classified Service as defined in the Personnel Rules & Regulations, but less than full-time, shall receive vacation and sick leave accruals on a pro-rated basis, commensurate with hours worked. Effective January 1, 1998, all benefits for new hires, including insurance benefits, will be allocated on a pro-rated basis, commensurate with hours worked.

3.3 Electronic Deposit:
All Employees shall receive their pay by electronic methods. New hires must present account information for a checking or a savings account with an ACH-member financial institution.

ARTICLE 4 - UNION BUSINESS

4.1 Employee representatives, designated by the UNION, shall be granted time off, without loss of pay, to attend "meet and confer" sessions with the City Manager, and/or their designee, on subjects within the scope of representation, when such meetings are scheduled during regular working hours. Should such meeting extend beyond an employee representative's regular working hours, the employee representative shall be paid for only the regular working hours.

It is understood that this "time-off provision" shall only apply to a maximum of three (3) employees attending any one meeting between CITY and UNION. Where exceptional circumstances warrant, the City Manager may approve the attendance at such meetings of additional employee representatives. The UNION shall, whenever practicable, submit the names of all employee representatives to the City Manager, or designee, at least two working days in advance of such meetings. Provided further: 1) that no employee representative shall leave their duty or work station or assignment without specific approval of the department head or other authorized CITY management official; and 2) that any such meeting is subject to scheduling by CITY management and UNION, in a manner consistent with operating needs and work schedules.

4.2 Nothing provided herein shall limit or restrict CITY management and UNION from scheduling such meetings before or after regular CITY or work hours.

4.3 Off-duty employees will not be paid for attending meet and confer sessions, nor will over-time be paid for same.

4.4 If the UNION and the CITY are actively meeting and conferring (e.g. after a successor letter has been delivered to the CITY to initiate conferring), then pursuant to Government Code Section 3505.3, a reasonable number of UNION representatives shall be permitted paid release time from regular working hours upon reasonable notification to the CITY as follows:

a. When formally meeting and conferring with representatives of the CITY on matters within the scope of representation;

b. When testifying or appearing as the designated representative of UNION in conferences, hearings, or other proceedings before the board, or an agent thereof, in matters relating to a charge filed by the UNION against the CITY or by the CITY against the UNION;

c. When testifying or appearing as the designated representative of the UNION in matters before a personnel or merit commission.

d. For the purposes of this section, "designated representative" means an officer of the UNION or a member serving in proxy of the UNION.

4.5 The UNION will be permitted to retain and use bulletin boards for member informational purposes at the following locations: 1) City Hall 2) Public Works/Community Development 3) Recreation Services 4) Corporation Yard 5) Wastewater Treatment Plant 6) Fire Department and 7) Harbor Department.

ARTICLE 5 - AUTHORIZED AGENTS

For the purpose of administering the terms and provisions of this MOU:

5.1 Management's principal authorized agent shall be the City Manager, or their duly authorized representative (address: 595 Harbor Street, Morro Bay, CA 93442, telephone (805) 772-6201), except where a particular management representative is specifically designated in the MOU.

5.2 The UNIT's principal authorized representative shall be: Service Employees International Union Local 620 (114 Vine Street, Santa Maria, CA 93454 (805) 963-0601).

5.3 The UNION shall furnish the CITY's City Manager with a written list, identifying by name and work location, up to three stewards and one chief steward.

5.4 UNION stewards shall be authorized, when participating in the investigation and processing of a grievance, to take a reasonable amount of CITY–time, without loss of compensation or benefits, to perform these duties.

5.5 UNION stewards shall be selected in accordance with current SEIU written policy on file with the CITY Human Resources Office.

5.6 Names and addresses of no more than two (2) employee representatives to whom notices, if sent pursuant to this agreement, will be deemed sufficient notice to the employee organization for any purpose.

ARTICLE 6 – UNION SECURITY and WITHHOLDING OF UNION DUES/FEES

6.1 The CITY will notify UNION's designated representative in writing or via email regarding all new hires at least ten (10) days prior to the employee's orientation unless there is an urgent need that was not reasonably foreseeable. Within the earlier of thirty (30) days after the date of hire or by the first pay period of the month following the hire of each newly hired employee, the CITY will provide UNION's designated representative with the new employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

The new hire will receive a copy of the MOU with their new employee orientation packet. UNION shall be permitted one (1) hour for each orientation session to talk to new bargaining unit members to explain the rights and benefits under the MOU.

The CITY will provide UNION's designated representative a quarterly list of all employees in the represented bargaining unit, including the employee's name, job title, department, work

location, home mailing address, personal email, and work, home and personal cell phone numbers.

Notwithstanding the foregoing, the CITY will not provide UNION with the home address, home telephone number, personal cell phone number, or personal email address or date of birth for any employee who has made a written request to the CITY regarding non-disclosure of said information.

The parties will mutually agree on a form to use to track said employee information and whether any employee requests that such information not be disclosed.

SEIU shall indemnify and hold harmless the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Article.

6.2 As the recognized majority and/or exclusive employee organization, UNION requests that the CITY deduct membership dues, initiation fees, and general assessments, as well as payment of any other membership benefit program sponsored by UNION, from the wages and salaries of members of UNION. UNION hereby certifies that it has and shall maintain all such deduction authorizations signed by the individual from whose salary or wages the deduction is to be made and shall not be required to provide a copy of an individual authorization to the CITY unless a dispute arises about the existence or terms of the authorization.

UNION membership dues shall be deducted each pay period in accordance with CITY procedures and provisions of applicable law from the salary of each employee whose name is provided by UNION. CITY does not accept responsibility for computing the amounts of deductions or for meeting payment dates, which may not coincide with established pay periods. CITY will issue a single check to UNION for the total amount of deductions withheld from the individual employee's pay. The UNION will be responsible for the accounting and disbursing of all such funds received from CITY. The UNION will be responsible for properly notifying CITY of any changes in deductions, and will be the sole agent, through which CITY will act, in explaining, initiating, executing, or terminating the provisions of this Article. Such notification must be received by the CITY at least two weeks prior to the effective date of the change. Also, such change of the notice sent to the employees officially, telling them of the change.

ARTICLE 7 - TERM

Except as otherwise specifically provided herein, the term of this MOU shall be from January 1, 2021, through June 30, 2022.

ARTICLE 8 - RENEGOTIATIONS

8.1 In the event either party wants to renegotiate a successor MOU, such party shall serve, upon the other during the period December 1, 2021 to January 31, 2022, its written request to begin negotiations, as well as its full and entire written proposals amending this MOU.

8.2 The parties agree that, except by mutual agreement, no new subjects may be introduced into the process after the third negotiations meeting.

8.3 Upon receipt of such written notice and proposals, negotiations shall begin no later than March 15, 2022.

ARTICLE 9 - ANTI-DISCRIMINATION

The CITY and UNION mutually agree they will not discriminate against employees for the exercise of their rights under the State of California Government Code Section 3502.

ARTICLE 10 - WORK SCHEDULE

This ARTICLE is intended to define the normal hours of work, and shall not be construed as a guarantee of work per day or per week, or of days of work per week.

10.1 Workday

The normal workday shall be eight hours of work in a 24 consecutive hour period, except in cases of emergencies. The CITY and UNION previously met and conferred over an administrative policy regarding alternative work schedules, which may be implemented provided they are not in violation of the Fair Labor Standards Act (FLSA) regulations.

10.2 Work Shift

Employees shall be scheduled to work on regular work shifts having regular starting and quitting times. Except for emergencies, employees' work shifts shall not be changed without 24-hour prior notice to the employee. Call-out or overtime does not constitute as change in work shift.

10.3 Work Week

The normal workweek shall be five workdays and two consecutive days of rest in a seven-day period, beginning Saturday, 12:00 a.m., and ending seven days later on Friday night at 11:59 p.m., except in cases of emergencies, or at the specific request of an employee and approval of department head. Nothing herein shall be construed to eliminate currently established irregular work schedules.

10.4 Overtime Compensation

10.4.1 All work required by the CITY, and actually performed beyond 40 hours worked in a workweek, is defined as FLSA overtime. FLSA overtime shall be compensated at one and one-half times the employee's regular rate of pay, as defined by FLSA.

10.4.2 Designated CITY holidays shall be considered as time worked, for purposes of computing overtime, for personnel working a Monday through Friday, eight hours a day, schedule with Saturday and Sunday as regular days off. Employees working other schedules will accrue eight hours holiday time, and if working on the CITY designated holiday, be paid at the rate of one and one-half times the employee's regular rate of pay,

as defined by FLSA. Effective upon the ratification of this contract, vacation hours used shall also be considered as time worked, for overtime calculation purposes.

10.4.3 There shall be no double compensation for the same hours of work, nor any "pyramiding" of overtime.

10.5 Compensatory Time Off (CTO):

10.5.1 At the employee's option, CTO may be taken in lieu of payment for overtime.

10.5.2 CTO may be accrued. An employee's CTO balance shall indicate the amount of CTO available for employee's use. For example, if an employee works two hours of FLSA overtime, and elects to accrue CTO, the employee's CTO balance shall indicate three hours.

10.5.3 An employee's CTO balance shall not exceed a maximum of 60 hours. If overtime is earned that would exceed this limit, the excess shall be paid in cash.

10.5.4 All CTO, requested by an employee, must be approved in advance by the employee's Department Head.

10.5.5 Employees, separating from the CITY, are entitled to pay for accumulated CTO at their current base rate of pay.

10.6 Emergencies

10.6.1 Nothing herein shall be construed to limit or restrict the authority of management to make temporary assignments to different or additional locations, shifts, or duties, for the purpose of meeting an emergency. Such emergency assignments shall not extend beyond the period of said emergency.

10.6.2 Short–staffing, caused solely by absences due to employees taking approved paid leave, shall not be considered an emergency.

10.7 Shift Rotation

Shift rotation shall coincide with the first day of a pay period.

10.8 Breaks

As a general practice, employees shall be permitted to take a minimum fifteen (15) minute paid rest/hydration/exercise break for every four (4) hours worked. In addition, employees shall be permitted to take a minimum thirty (30) minute and maximum sixty (60) minute unpaid meal break for up to ten (10) hours worked. The scheduling of these breaks shall be subject to departmental policy and will require approval of an employee's supervisor or manager. The inability of a department to schedule or allow such breaks or of an employee to take such breaks

shall not give rise to any right to or claim for compensation and/or monetary damages of any kind.

ARTICLE 11 - VACATION LEAVE

NOTE: All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour-for-hour basis, equaling employee actual time off, regardless of accumulation rates.

11.1 During the term of this MOU, paid vacation leave shall be earned at the following rate:

	Maximum Entitlement	
Service Years	Days	Hours
1 thru 2	10	80
3 thru 4	11	88
5 thru 6	12	96
7 thru 8	13	104
9 thru 10	14	112
11 thru 12	15	120
13 thru 14	16	128
15 thru 16	17	136
17 thru 18	18	144
19 thru 20	19	152
21 or more	20	160

11.2 The standard for vacation time is eight hours equals one day.

11.3 Effective July 1, 2014, employees will be provided an option to convert up to 40 hours of vacation into compensation per fiscal year provided that at the time of the conversion request at least 20 hours of vacation time remains in the employee's vacation bank. Conversion may be requested throughout the fiscal year, with a minimum of 30 days' notice to payroll, and Department Head approval.

11.4 Maximum Accumulation

It is recognized that long-standing accumulations of vacation time exist for some employees. In order to compensate employees for this unused vacation time, and reduce this liability for the CITY, CITY and UNION agree on the following policy:

11.4.1 CITY and UNION agree that the vacation cap to be in place for this UNIT will be 220 hours, to be achieved in the following manner:

11.4.1.1 Unused vacation leave may be carried over into the calendar year 2008 and subsequent calendar years to a maximum of 220 hours. Employees exceeding the 220-hour maximum, as of the pay period containing November 1st will be paid off for vacation time that exceeds the 220-hour

maximum. Payment shall be computed based upon the employee's current base hourly rate of pay. Vacation pay out will occur in the first pay period occurring on or after December 1st.

11.4.2 Employees, separating from the CITY, are entitled to pay for accumulated vacation based upon employee's current base hourly rate of pay.

ARTICLE 12 - HOLIDAYS

12.1 For the purpose of this MOU, the following days are the holidays for the employees in this UNIT:

New Year's Day	January 1
Martin Luther King, Jr.'s, Day	3rd Monday in January
Spring Break Holiday	Observed the Friday before Easter weekend
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	1st Monday in September
Veterans' Day	November 11th
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving Day	Friday after Thanksgiving
Christmas Day	December 25th
Two (2) Floating Holidays	Varies

12.2 Holidays, falling on Saturday, shall be observed on the preceding Friday, and holidays, falling on Sunday, shall be observed on the following Monday, and shall be considered designated holidays for purposes of overtime.

12.3 One holiday equals eight hours. For those UNIT employees, participating in alternative work schedules, one holiday shall equal the number of hours the employee is scheduled to work on the day of the holiday. Accrued holiday time may be taken in less than eight-hour increments.

12.4 It is agreed that when a holiday is proclaimed by the Mayor of the CITY, then each employee shall be granted time-off in the same number of equivalent work hours. Such time-off shall be selected by the Department Head.

12.5 Employees may accumulate up to a maximum of 48 hours holiday time for holidays worked. Hours of holiday time, accumulated over 48 hours, will be paid off as the maximum is exceeded. When an employee terminates employment with the CITY, they shall receive pay for their current holiday balance up to a maximum of 48 hours at their current base hourly rate.

12.6 CITY's denial of requested holiday time off shall be neither arbitrary nor capricious.

12.7 Employees, who work on a CITY-designated holiday, shall have up to 10 hours banked, depending on scheduled hours, and also shall be paid one and one-half times their base hourly rate for the hours actually worked on the holiday.

12.8 The first payroll including July 1, each employee's bank will be credited with 16 hours floating holiday, regardless of actual work schedules.

ARTICLE 13 - SICK LEAVE

13.1 During the term of this MOU, sick leave shall be earned at the rate of one eight-hour workday for each calendar month of service. Sick leave used shall be actual employee time off. For example, if an employee works four 10-hour days per week and is off sick for one of the 10 hour days, 10 hours shall be deducted from employee's sick leave balance. There shall be no maximum to the amount of sick leave that an employee may accumulate.

13.2 Based on individual utilization of paid sick leave in the preceding calendar year, employee may convert unused accumulated sick leave into paid vacation leave once per calendar year, pursuant to the formula below:

Sick Leave Utilization	Sick Leave	Maximum Conversion to Vacation Leave
0 hours	96 hours	48 hours
0.25 to 8 hours	72 hours	36 hours
8.25 to 16 hours	48 hours	24 hours
16.25 to 25 hours	24 hours	12 hours
Over 25 hours	0 hours	0 hours

At least 160 accrued hours must remain in employee's sick leave bank for any employee to be eligible for conversion or for any conversion to be authorized. In addition, the right to convert, along with any conversion hours, does not carry over or rollover from calendar year to calendar year; failure to request conversion in any calendar year eliminates the right to do so for that calendar year.

13.3 Upon the service retirement of an employee who has more than 10 years of service with the CITY, said employee shall be entitled to receive payment for up to 720 hours of their accrued sick leave at thirty percent (30%) of the employee's rate of pay as of the date of service retirement.

Service retirement is defined as service retirement from both the CITY and the respective retirement system thereof.

NOTE: Sick leave, converted to service credit for PERS purposes, cannot be compensated (converted to dollars).

ARTICLE 14 - RETIREMENT BENEFITS

14.1 All employees will contribute the entire employee retirement contribution, which is currently: 1) classic members, Tier 1 - 8% Miscellaneous/9% Safety; classic members, Tier 2 - 7% Miscellaneous/9% Safety; or PEPRA members, Tier 3 – 6.25% Miscellaneous/11.5% Safety.

14.2 The CITY agrees to continue providing all CalPERS Miscellaneous employees in this UNIT, who were hired prior to January 1, 2012, with the following CalPERS retirement formula and optional benefits (existing employees promoted to another position within the CITY, will not be considered new hires, with respect to retirement formulas):

14.2.1 2.7% @ 55 formula (Section 21354.5)
14.2.2 Unused Sick Leave Credit Option (Section 20965)
14.2.3 Military Service Credit (Section 21024 & 21027)
14.2.4 Single Highest Year Final Compensation (Section 20042)
14.2.5 1959 Survivor Benefit, Level 4 (Section 21574)
14.2.6 Pre-Retirement Option 2W Death Benefit (Section 21548)

14.3 For CalPERS Miscellaneous employees, who were hired on or after January 1, 2012, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the definition of classic member, pursuant to the California Public Employee's Pension Reform Act of 2013 (PEPRA), the CITY will provide the following CalPERS optional benefits:

14.3.1 2% @ 60 formula (benefit factor increases to 2.418% @ 63+) (21353)
14.3.2 Unused Sick Leave Option (Section 20965)
14.3.3 Military Service Credit (Section 21024 & 21027)
14.3.4 Final Compensation Average 36 consecutive highest months (20037)
14.3.5 1959 Survivor Benefit, Level 4 (21574)
14.3.6 Pre-Retirement Option 2W Death Benefit (Section 21548)

14.4 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, employees hired, who meet the definition of new member under PEPRA, will be covered by following retirement formula and receive the following CalPERS optional benefits:

14.4.1 2% @ 62 retirement formula (benefit factor increases to 2.5% @ 67+)
14.4.2 Final Compensation Average 36 consecutive highest months (20037)
14.4.3 Member contribution rate of fifty (50) percent of the expected normal cost rate (currently 6.25%)
14.4.4 Unused Sick Leave Credit (Section 20965)
14.4.5 Military Service Credit (Section 21024 and 21027)
14.4.6 1959 Survivor Benefit, Level 4 (21574)
14.4.7 Pre-Retirement Option 2W Death Benefit (Section 21548)

14.5 The CITY agrees to continue providing CalPERS Safety employees (Harbor Officers reclassed to Safety 10/17/1998) in this UNIT, who were hired prior to September 17, 2011, with the

following CalPERS retirement formula and optional benefits (existing employees, promoted to another position within the CITY, will not be considered new hires, with respect to retirement formulas):

14.5.1 3% @ 50 plan (21362.2)
14.5.2 Unused Sick Leave Credit (Section 20965)
14.5.3 Military Service Credit (Section 21024 & 21027)
14.5.4 Highest Single Year Final Compensation (Section 20042)
14.5.7 1959 Survivor Benefit, Level 4 (Section 21574)
14.5.8 Pre-Retirement Option 2W Death Benefit (Section 21548)

14.6 For CalPERS Safety employees (Harbor Patrol Officers, who were hired on or after September 17, 2011, and those hired on or after January 1, 2013, who meet the definition of classic member pursuant to the California Public Employees Pension Reform Act of 2013 (PEPRA), the CITY will provide the following CalPERS optional benefits:

14.6.1 3% @ 55 plan (Section 21363.1)
14.6.2 Unused Sick Leave Credit (Section 20965)
14.6.3 Military Service Credit (Section 21024)
14.6.4 Final Compensation 3 Year (20037)
14.6.5 1959 Survivor Benefit Level 4 (Section 21574)
14.6.6 4th Level Survivor Benefit (Section 21574)
14.6.7 Pre-Retirement Death Option 2W

14.7 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, safety employees hired who meet the definition of new member under PEPRA, will be covered by the following retirement formula and optional CalPERS benefits:

14.7.1 2.7% @ 57 retirement formula (Section 7522.25(d))
14.7.2 Final Compensation Average 36 consecutive highest months (20037)
14.7.3 Member contribution rate of fifty (50) percent of the expected normal cost rate (currently 11.5%)
14.7.4 Unused Sick Leave Option (Section 20965)
14.7.5 Military Service Credit (Section 21024)
14.7.6 1959 Survivor Benefit Level 4 (Section 21574)
14.7.7 4th Level Survivor Benefit (Section 21574)
14.7.8 Pre-Retirement Death Option 2W

14.8 City will contribute, on a 2:1 basis (i.e., employee contributes $2, and City contributes $1) with City maximum of $600.00 per employee in any calendar year, to an employee's deferred compensation 457 plan.

ARTICLE 15 - HEALTH BENEFITS

15.1 Health Insurance

15.1.1 Employees of this UNIT shall participate in the CalPERS medical insurance plans on a cafeteria style basis, with the CITY contributing the CalPERS minimum (currently $143/month) to the active employee's medical insurance, and $1.00/month, or the amount required by CalPERS, to retiree medical insurance. Any costs in excess of these contribution rates shall be paid by the employee and retiree.

15.1.2 For 2021, UNIT employees shall receive a cafeteria plan contribution (including the amount required by CalPERS in 15.1.1 above) as follows:

Employee only – up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,135/month or cost of insurance, whichever is less
Employee + family – up to $1,460/month or cost of insurance, whichever is less

15.1.3 Effective 2013, UNIT employees who select plans with an actual cost less than the City contribution are not entitled to cash-back.

15.2 Dental, Life and Vision Insurance

15.2.1 Life Insurance is provided at $50,000 per employee. The following rates are effective January 1, 2021:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$ 8.73	$ 56.68	$8.70	$ 74.11	$ 71.18	$ 2.93
Employee + 1	$16.40	$156.84.	$8.70	$ 181.94	$ 170.19	$11.75
Employee + 2+	$23.34	$156.84	$8.70	$ 188.88	$ 176.67	$12.21

CITY will pay the remaining premium for dental/life and vision.

15.3 Any coverage made available to future retirees beyond COBRA time requirements shall be paid for by the retiree.

15.4 The provisions of this ARTICLE shall be binding on the parties through the remainder of this MOU, and for the term of the MOU, which will be effective upon City Council approval. The parties agree herewith to re-open discussion with respect to this ARTICLE, for any changes to the 2022 health rates.

ARTICLE 16 - EDUCATION INCENTIVES

16.1 CITY agrees to reimburse the costs for job-related and job-required certifications, correspondence courses, and licenses (except Class III driver's license) upon successful completion of the examination or course by the employees, having written authorization in advance from their department head. This shall include application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by the CITY. This provision does not apply to continuing education requirements.

16.2 CITY agrees to provide a CITY vehicle, when available, during normal working hours for required transportation, and will permit paid time for employees to take examinations scheduled during normal working hours. No mileage payments are authorized for personal transportation, and time spent outside normal working hours shall not be compensated, except that tests taken for CITY-required certifications shall be taken in paid status.

ARTICLE 17 - WORK UNIFORMS

17.1 CITY will provide work coveralls, including laundry service, for each employee whose working conditions create undue wear and tear on work clothing.

CITY will select and provide uniform work shirt, including laundry service, for all field employees. Work shirts shall include a CITY logo and the employee's name.

17.2 Determination of individual entitlement to CITY-provided work uniforms will be at the discretion of the appropriate department head, and with the approval of the City Manager. UNIT members in classifications currently receiving uniforms shall continue to do so.

17.2.1 Each Tier 1 and Tier 2 employee, as determined in 17.2, will be provided a CalPERS benefit of $16.18 per pay period. This benefit shall increase should the cost increase.

17.3 Safety Shoes

Effective July 1, 2021, employees required to wear steel-toed safety shoes and Harbor Patrol Officers required to wear approved footwear in the performance of their duties, shall be eligible to receive an annual reimbursement, for the provision of said shoes, in the amount of $250 per fiscal year. Harbor Patrol Officers shall be required to wear 6" black leather boots or water/safety-specific shoes as approved within the sole discretion of the Harbor Director. Proof of purchase of shoes and boots are required. Once purchased, such appropriate footwear must be worn only while working.

ARTICLE 18 – WAGES AND INCENTIVES

18.1 Effective the pay period including July 1, 2021, the CITY shall provide a 5% Cost of Living Adjustment (COLA) increase to base salaries for all UNIT classifications (see Exhibit B updated salary table).

Potential One-Time Lump Sum Payment. In recognition of the financial and overall sacrifices made during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, the CITY proposes to provide a non-PERSable one-time lump sum equal to $1,000 to all UNIT members employed with the City of Morro Bay during the period May 2, 2020 through December 31, 2020 (duration of financial concessions by SEIU) and who is still employed when the lump-sum payments are issued by the CITY (anticipated to be around October 1, 2021:

A. Total of three major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that is collected at any time during Fiscal Year 2020/21.

B. The CITY does not become responsible for any state / federally imposed unfunded mandates from any external source(s) that require significant unplanned/un-forecasted General Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020/21 budget (page A-11). This shall include, but is not limited to, significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic, or a human-made disaster affecting the CITY. Any such expenditure(s), cumulatively totaling $125,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting in no one-time lump-sum payment being awarded to UNIT members.

18.2 Effective the pay period including July 1, 2021, the CITY shall provide salary equity adjustments of 5.00% for the following classifications: Harbor Patrol Officer, Harbor Patrol Supervisor, and Harbor Business Coordinator. These salary equity adjustments are in addition to the COLA provided in Section 18.1. The City acknowledges that, based on the 2019 salary comparisons, this 5.00% equity adjustment does not bring these job classifications to parity with comparison agencies.

18.3 Certification Pay. An employee classified as a Utility Operator or Utility Operator MC with a certificate of Grade III or higher in Wastewater Treatment, Water Treatment, or Water Distribution issued by the California State Water Resources Control Board, shall receive a $50 per month incentive. Certification pay of $50/month shall be limited to one incentive for each of the three areas: Wastewater Treatment, Water Treatment and Water Distribution regardless of how many grades are achieved. Additional certification pay shall cease in the event an employee loses the certificate for which it was earned.

18.4 All salary adjustments, including but not limited to merit increases, educational incentives, and any other pay adjustments will take effect at the beginning of the next payroll period after the scheduled effective date of the increase.

18.5 Any and all special pay incentives will be calculated on base salary.

18.6 Attached Exhibit A reflects wages for UNIT members effective January 1, 2021. Exhibit B reflects wages for UNIT members effective July 1, 2021.

ARTICLE 19 - SPECIAL PAY PRACTICES

19.1 Standby

19.1.1 Standby duty is defined as that circumstance which requires an employee so assigned to:

Be ready to respond immediately to a call for service;
Be readily available at all hours by telephone or other agreed upon communication equipment; and
Refrain from activities which might impair their assigned duties upon call.

19.1.2 It is agreed that personnel, who are scheduled on a routine basis, for standby duty, shall be compensated at the rate of forty-two ($42) per day for each day of scheduled standby duty performed. This increase is effective upon the City Council ratification of this MOU.

Effective upon City Council ratification of this MOU, standby pay rates for the following, City recognized holidays, shall be compensated at the rate of sixty dollars ($60.00) for UNION employees except Harbor Department:

New Year's Day	January 1
Martin Luther King, Jr.'s, Day	3rd Monday in January
Lincoln's Birthday	February 12th
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	1st Monday in September
Veterans' Day	November 11th
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving Day	Friday after Thanksgiving
Christmas Day	December 25th

19.1.3 For Harbor Department employees (HPO Supervisor and Officers), standby rates shall be compensated at the rate of sixty dollars ($60.00) for the agreed upon holidays listed below, regardless of the City-recognized holiday schedule:

1) New Year's Eve
2) New Year's Day
3) Memorial Day Weekend Friday
4) Memorial Day Weekend Saturday
5) Independence Day
6) Labor Day Weekend Friday
7) Labor Day Weekend Saturday
8) Thanksgiving Day
9) Day after Thanksgiving
10) Christmas Eve
11) Christmas Day

19.2 Call Back

19.2.1 Call back is defined as that circumstance which requires an employee to unexpectedly return to work after the employee has left work at the end of the employee's work shift; except that an early call in of up to two (2) hours prior to the scheduled start of a work shift shall not be counted as a call back.

19.2.2 CITY will guarantee a minimum of three (3) work hours credit (four and one half (4-1/2) hours compensation), for each employee called back for work, as defined above.

19.2.3 Whenever an employee is called back to work, the CITY considers the employee "on-duty" for three hours, even if employee returns home. No additional call-back time pay is allowed during this period, if the employee is again called back. However, if more than three hours have passed since the initial call-back, and the employee is called back to work again, the employee may claim an additional three work hours credit (four and one-half hours call-back compensation) under the conditions set forth in 19.2.1 above.

19.2.4 Said employee shall receive either pay or compensatory time-off, pursuant to Article 10 - Overtime Compensation, for the minimum or for all time actually worked, whichever is greater.

19.2.5 Employees called back to work, pursuant to this section, shall be eligible for mileage reimbursement when utilizing their personal vehicle.

19.3 Members of this UNIT who are required by their supervisor to attend meetings outside of the normal work schedule shall be paid a minimum of three hours at time and one-half without regard to hours actually worked during the work week. Meetings during regular work hours shall be included in employees' regular rate of pay and not compensated beyond that.

19.4 Class A Driver's License and Captain's License

Effective with the City Council ratification of this MOU, UNIT members, possessing a Class A Driver's License, will receive $50 per month.

Effective with the City Council ratification of this MOU, UNIT members in the Harbor Department, possessing a Captain's License, will receive $50 per month.

19.5 Bilingual Pay (Spanish)

Effective with the City Council ratification of this MOU, UNIT members may earn $75 per month for speaking Spanish, and $75 per month for writing in Spanish, for a total possible of $150 per month. Members receiving Bilingual Pay are expected to use this skill to support their own City department functions and other departments, when needed, to effectively communicate with the public. The employee's Department Head may recommend to the City Manager that Bilingual Pay cease for any employee not using this skill sufficiently at work to warrant the extra pay, with the City Manager making the final decision.

A test is required; Human Resources, or designee, will administer the test.

UNIT employees have the option to re-open and discuss this section to add other languages, if the need is demonstrated.

ARTICLE 20 - PROBATION

The probationary period for newly hired employees shall be 12 months. The probationary period for employees promoted to a higher classification shall be six months in the new classification. The CITY shall have the option of granting a newly-hired employee regular status at any time after nine months of service.

ARTICLE 21 - GRIEVANCE PROCEDURE

21.1 Purpose of the Procedure

The primary purpose of this procedure shall be to provide a means whereby an employee, without jeopardizing their employment, can express a personal grievance relating to their wages, hours of work, and working conditions, and obtain a fair and equitable disposition of their grievance. Grievances shall not apply to employee discipline.

21.2 Definition of Informal Grievance

An informal grievance is defined as an oral (or email) concern by an employee expressed to their supervisor with a request to informally discuss the grievance with the supervisor and/or the department head.

21.3 Definition of Formal Grievance

A formal grievance shall be defined as any formal written complaint of an employee filed with their immediate supervisor within thirty days of the action or inaction by the CITY which constitutes the subject of the grievance relating to their wages, hours of work, and working conditions. Such grievance shall not include performance evaluations or reprimands. However, employees may provide a written rebuttal to a performance evaluation or written reprimand that will be attached to the original document for placement in the employee's file.

21.4 Informal Discussion with Supervisor

An employee shall first pursue all informal grievances with their supervisor and at any time that the employee deems that the informal grievance is a formal grievance, the employee may reduce it to a formal written grievance.

21.5 Formal Conference with Supervisor

If an employee does not obtain satisfaction of their informal grievance by means of an informal discussion with their supervisor, or if employee is unable to communicate with their supervisor, employee and/or their representative may, by written grievance, request and shall be accorded a formal conference within ten days with the supervisor and/or department head. The decision of the supervisor shall be reported to the employee and/or their representative within five business days of the date the conference was held with the supervisor.

21.6 Department Review

In the event the employee does not obtain satisfaction at any level of review by means of informal or formal grievance and a formal conference with their supervisors, employee and/or their representative may submit the grievance in writing to the supervisor or department head. The procedure to be followed by the supervisor who receives a grievance in writing shall be established by each department head for their department, and shall include review of the grievance by the immediate supervisor and such successively higher levels of management as may be determined by the department head. A cumulative record of the decision and the reason for the decision at each level of review shall be maintained. The ultimate decision shall be that of the department head. The decision must be reported to the employee in writing within ten business days of the date that the request for departmental review was submitted to the supervisor.

21.7 Mediation

If, within ten working days after receipt of the written decision of the Department Head the employee is still dissatisfied, they may request the services of a mediator from the State Mediation and Conciliation Service. CITY is not bound by the determination and/or recommendations of said mediator.

21.8 Appeal to the City Manager

In the event the employee does not obtain satisfaction by means of the mediator, employee and/or their representative shall submit the grievance in writing to the City Manager within ten days after notification of the mediator's determination is given to the employee. The City Manager may meet with the employee and/or their representative, the mediator and the department head before making a decision; or may waive administrative review and refer the grievance directly to a committee of the City Council appointed to hear grievances. A copy of the City Manager's decision on the matter must be presented to the employee within ten business days of the date the grievance was filed with the City Manager.

21.9 Submission to a Committee of the City Council

In the event that the employee does not obtain satisfaction by means of the administrative procedures outlined above, they may request a hearing by a committee of the City Council. The hearing shall be held by the committee within fifteen business days of the date of receipt of the request at the convenience of all parties, unless waived by mutual consent of the employee and the department head. The hearing shall be informal. The employee and/or their representative, the department head and/or the City Manager shall appear before the committee to present the facts pertinent to the case. The burden of proof shall rest with the employee. The committee shall limit its review of the grievance to the subject matter contained in the previous steps of the grievance procedure and shall make its decision within thirty days after the termination of the hearing unless of the hearing unless a reasonable time extension is deemed necessary and all parties are notified.

21.10 Time Limits

In case the time limits outlined above are not observed by the representative of the CITY, the employee and/or their representative shall have the right to carry the grievance directly to the next higher level of review.

21.11 Group Grievance Procedure

The recognized employee organizations may present a general grievance (affecting several employees) in writing directly to the City Manager. Upon receipt of such grievance, the City Manager shall establish a time for a hearing, at which time all affected parties may appear before the City Manager to present facts pertinent to the issue. The decision of the City Manager shall be presented to all parties concerned within fifteen business days and, within five business days of receipt of the City Manager's decision which is unacceptable, shall be appealable by the group to a committee of the City Council for their findings and recommendations within thirty days thereafter. If either party wishes to appeal, they may file an appeal with the City Council as a whole within five business days of the final decision of the committee of the City Council.

ARTICLE 22 - NO STRIKE, NO LOCK-OUT

22.1 During the term of this MOU, the CITY will not lockout any employees nor will UNIT employees or the UNION cause, authorize, advise or encourage any interruption of work or any other concerted action. The term "interruption of work" shall mean any work stoppage, "sick out," or strike (including economic, sympathy, and unfair labor practice strikes) or any intentional slowdown of work. The term "other concerted action" includes picketing or boycott activities by the UNION.

22.2 There shall be no refusal to work on, handle or produce any materials or equipment because of a labor dispute.

22.3 Any employee engaging in any action prohibited by this Article shall be subject to immediate discharge or such other discipline as the CITY may assess. Such discharge or discipline shall not be reviewable through the Grievance Procedure.

ARTICLE 23 - FULL UNDERSTANDING, MODIFICATION, WAIVER

23.1 This MOU sets forth the full and entire understanding of the parties regarding the matters set forth herein, and any other prior or existing understanding or agreements by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

23.2 It is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right to negotiate, and agrees that the other party shall not be required to negotiate, with respect to any matter covered herein. Notwithstanding the foregoing, it is agreed that from time-to-time the CITY may introduce changes in its Personnel Rules and offer the Union an opportunity to meet and confer prior to implementing changes within the scope of bargaining.

23.3 No agreement, alteration, understanding, variation, waiver, or modification of any of the terms or provisions contained herein shall in any manner be binding upon the parties hereto unless made and executed in writing by all parties hereto, and if required, approved by the CITY and ratified by the membership of the UNION.

23.4 The waiver of any breach of any term, or condition of this MOU by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

24.4 The City agrees to meet and confer regarding any change in job titles and descriptions of represented employees.

ARTICLE 24 - SEVERABILITY

If any provision(s) are held to be contrary to law by a court of competent jurisdiction, such provision(s) will not be deemed valid and subsisting except to the extent permitted by law, but all other provisions will continue in full force and effect.

ARTICLE 25 – JOINT DRAFTING

Each party has cooperated in the drafting and preparation of this MOU. Hence, in any legal construction or interpretation to be made of this MOU, the same shall not be construed against any party.

ARTICLE 26 – CITY COUNCIL APPROVAL

The CITY's labor relations representatives and the UNION's representatives have met and conferred in good faith on wages, hours and other terms and conditions of employment for the UNIT members represented by the UNION and have reached agreements which are set forth in this MOU. This MOU, when executed by the CITY's labor relations representatives and the UNION's representatives, constitutes a joint recommendation therefrom, after ratification of the UNION's membership, to be submitted to the City Council for its determination and approval by resolution. This MOU is of no force or effect unless or until approved and adopted by a resolution of the City Council.

SEIU LOCAL 620

Robert MacLeod, Field Representative

Lori Stilts, Shop Steward

Kyle Quaglino, Team Member

Dylan Pruitt, Team Member

Dana Stein, Team Member

CITY OF MORRO BAY

Scott Collins, City Manager

Colin Tanner, Negotiator, Aleshire & Wynder

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EXHIBIT A

CITY OF MORRO BAY

EFF 01/01/2021 SEIU REPRESENTED CLASSIFICATIONS & SALARY SCHEDULES

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ACCOUNT CLERK IN-TRAINING	32,460	34,083	35,787	37,577	39,455
ACCOUNT CLERK I	39,243	41,205	43,265	45,429	47,700
CONS MAINTENANCE WORKER I	39,243	41,205	43,265	45,429	47,700
OFFICE ASSISTANT III	39,243	41,205	43,265	45,429	47,700
OFFICE ASSISTANT IV	42,428	44,549	46,777	49,116	51,571
ACCOUNT CLERK II	44,079	46,283	48,597	51,027	53,578
CONS MAINTENANCE WORKER II	44,079	46,283	48,597	51,027	53,578
PERMIT TECHNICIAN	45,143	47,400	49,770	52,259	54,872
ACCOUNT CLERK III	47,210	49,571	52,049	54,651	57,384
CONS MAINTENANCE WORKER III	47,210	49,571	52,049	54,651	57,384
ADMINISTRATIVE TECHNICIAN	48,044	50,446	52,969	55,617	58,398
PERMIT TECHNICIAN - CERTIFIED	48,044	50,446	52,969	55,617	58,398
SUPPORT SERVICES TECHNICIAN	48,044	50,446	52,969	55,617	58,398
PROPERTY EVIDENCE CLERK	48,044	50,446	52,969	55,617	58,398
MECHANIC	49,581	52,060	54,663	57,396	60,266
RECREATION COORDINATOR	49,581	52,060	54,663	57,396	60,266
HARBOR PATROL OFFICER	54,777	57,516	60,392	63,411	66,582
ENGINEERING TECHNICIAN III	56,158	58,966	61,914	65,010	68,260
RECREATION SUPERVISOR	56,158	58,966	61,914	65,010	68,260
UTILITY OPERATOR	56,245	59,057	62,010	65,111	68,366
ASSISTANT PLANNER	56,508	59,333	62,300	65,415	68,686
BUILDING INSPECTOR	58,765	61,703	64,788	68,028	71,429
UTILITY OPERATOR MC (MULTIPLE CERT)	60,182	63,191	66,351	69,668	73,152
HARBOR BUSINESS COORDINATOR	61,169	64,227	67,439	70,811	74,351
HARBOR PATROL SUPERVISOR	64,523	67,749	71,137	74,693	78,428

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ENGINEERING TECH IV	65,765	69,053	72,506	76,131	79,938
ASSISTANT ENGINEER	65,765	69,053	72,506	76,131	79,938
ASSOCIATE PLANNER	65,765	69,053	72,506	76,131	79,938
BUILDING INSPECTOR/PLANS EXAMINER	65,765	69,053	72,506	76,131	79,938
CONS MAINTENANCE FIELD SUPV	65,765	69,053	72,506	76,131	79,938
LEAD UTILITY OPERATOR	67,080	70,434	73,956	77,653	81,536
ASSOCIATE CIVIL ENGINEER	75,629	79,410	83,381	87,550	91,928
WASTEWATER SYSTEMS SUPV	75,629	79,410	83,381	87,550	91,928

EXHIBIT B

CITY OF MORRO BAY

EFF 07/01/2021 SEIU REPRESENTED CLASSIFICATIONS & SALARY SCHEDULES

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ACCOUNT CLERK IN-TRAINING	34,083	35,787	37,577	39,455	41,428
ACCOUNT CLERK I	41,205	43,265	45,429	47,700	50,085
CONS MAINTENANCE WORKER I	41,205	43,265	45,429	47,700	50,085
OFFICE ASSISTANT III	41,205	43,265	45,429	47,700	50,085
OFFICE ASSISTANT IV	44,549	46,777	49,116	51,571	54,150
ACCOUNT CLERK II	46,283	48,597	51,027	53,578	56,257
CONS MAINTENANCE WORKER II	46,283	48,597	51,027	53,578	56,257
PERMIT TECHNICIAN	47,400	49,770	52,259	54,872	57,615
ACCOUNT CLERK III	49,571	52,049	54,651	57,384	60,253
CONS MAINTENANCE WORKER III	49,571	52,049	54,651	57,384	60,253
ADMINISTRATIVE TECHNICIAN	50,446	52,969	55,617	58,398	61,318
PERMIT TECHNICIAN - CERTIFIED	50,446	52,969	55,617	58,398	61,318
SUPPORT SERVICES TECHNICIAN	50,446	52,969	55,617	58,398	61,318
PROPERTY EVIDENCE CLERK	50,446	52,969	55,617	58,398	61,318
MECHANIC	52,060	54,663	57,396	60,266	63,279
RECREATION COORDINATOR	52,060	54,663	57,396	60,266	63,279
ENGINEERING TECHNICIAN III	58,966	61,914	65,010	68,260	71,673
RECREATION SUPERVISOR	58,966	61,914	65,010	68,260	71,673
UTILITY OPERATOR	59,057	62,010	65,111	68,366	71,784
ASSISTANT PLANNER	59,333	62,300	65,415	68,686	72,120
HARBOR PATROL OFFICER	60,255	63,267	66,431	69,752	73,240
BUILDING INSPECTOR	61,703	64,788	68,028	71,429	75,001
UTILITY OPERATOR MC (MULTIPLE CERT)	63,191	66,351	69,668	73,152	76,809
HARBOR BUSINESS COORDINATOR	67,286	70,650	74,183	77,892	81,786
ENGINEERING TECHNICIAN IV	69,053	72,506	76,131	79,938	83,935

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
ASSISTANT ENGINEER	69,053	72,506	76,131	79,938	83,935
ASSOCIATE PLANNER	69,053	72,506	76,131	79,938	83,935
BUILDING INSPECTOR/PLANS EXAMINER	69,053	72,506	76,131	79,938	83,935
CONS MAINTENANCE FIELD SUPV	69,053	72,506	76,131	79,938	83,935
LEAD UTILITY OPERATOR	70,434	73,956	77,653	81,536	85,613
HARBOR PATROL SUPERVISOR	70,975	74,524	78,250	82,163	86,271
ASSOCIATE CIVIL ENGINEER	79,410	83,381	87,550	91,928	96,524
WASTEWATER SYSTEMS SUPV	79,410	83,381	87,550	91,928	96,524

RESOLUTION NO. 33-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, APPROVING A TENTATIVE AGREEMENT AND SUCCESSOR MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY FIRE FIGHTERS ASSOCIATION, IAFF LOCAL 3725, FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2022

THE CITY COUNCIL
Morro Bay, California

WHEREAS, the City of Morro Bay ("City") has, and continues to recognize, the Morro Bay Fire Fighters Association, IAFF Local 3725 ("MBFFA"), as the exclusive employee organization representing the City's fire fighting employees as defined in the parties in their labor agreements, for all matters concerning wages, hours and other terms and conditions of employment; and

WHEREAS, the current Memorandum of Understanding between the City and MBFFA, which was duly approved by the City Council on September 26, 2017, expired by its own terms on June 30, 2020; and

WHEREAS, the City and MBFFA subsequently met and conferred to negotiate a Side Letter Agreement to the MBFFA MOU 2017-2020 implementing a temporary salary reduction in light of the COVID-19 pandemic and thereafter jointly prepared and executed the Side Letter Agreement to the MBFFA MOU 2017-2020 (Side Letter Agreement), which was ratified by MBFFA on September 23, 2020 and approved by the City Council by Resolution No. 85-20 on September 24, 2020; and

WHEREAS, the City and MBFFA have continued to negotiate a two-year agreement for the period of July 1, 2020 through June 30, 2022, with a five percent (5%) base salary increase cost of living adjustment for FY 21-22 and, in recognition for the financial and overall sacrifices made during the COVID-19 health emergency, also includes a potential one-time lump sum payment contingent upon satisfaction of specified financial terms and conditions; and

WHEREAS, the City's labor relations representatives and MBFFA representatives successfully met and conferred to negotiate the two-year MOU between the parties, pursuant to both the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Section 3500-3511) and the City's Employer-Employee Relations Resolution, Resolution No. 08-17, and have jointly prepared and executed both the attached Tentative Agreement ("MBFFA MOU 2020-2022 Tentative Agreement") and successor MOU between the City and MBFFA, for the period July 1, 2020 through, and including, June 30, 2022 ("MBFFA MOU 2020-2022"), which was ratified by the MBFFA; and

WHEREAS, both the MBFFA MOU 2020-2022 Tentative Agreement and MBFFA MOU 2020-2022 are subject to City Council acceptance and approval, which is made a part hereof by this reference; and

WHEREAS, once approved by the City Council, the MBFFA MOU 2020-2022 shall become a binding agreement between the City and MBFFA.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The City Council approves, adopts and implements the MBFFA MOU 2020-2022 Tentative Agreement between the City and MBFFA for the period of July 1, 2020 through, and including, June 30, 2022, a copy of which is attached hereto as Exhibit 1.

Section 3. The City Council approves, adopts and implements the successor MOU between the City and MBFFA for the period of July 1, 2020 through, and including, June 30, 2022, a copy of which is attached hereto as Exhibit 2.

Section 4. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

Section 5. This resolution shall be effective immediately upon its passage and adoption.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

TENTATIVE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND THE MORRO BAY FIREFIGHTERS ASSOCIATION, IAFF LOCAL 3725 FOR A SUCCESSOR MEMORANDUM OF UNDERSTANDING APRIL 12, 2021

The current Memorandum of Understanding (MOU) between the City of Morro Bay (City) and the Morro Bay Firefighters Association, IAFF Local 3725 (MBFFA or Association), Resolution No. 52-17, approved September 26, 2017, covering the period July 1, 2017 through June 30, 2020 (MBFFA MOU 2017-20), expired by its own terms on June 30, 2020. The MBFFA represents 12 total City employees, including 1 Firefighter, 1 Fire Marshal, 7 Engineer/Paramedics, and 3 Fire Captain/Paramedics. Pursuant to the Meyers-Milias-Brown Act ("MMBA") (Gov't Code Sections 3500 - 3511), the City and the Association have been in negotiations for a successor MOU since June of 2020 to present. During that negotiation time period, the parties negotiated, ratified and signed a Side Letter that was subsequently approved by City Council as Resolution No. 85-20 providing for a 5% salary reduction for represented employees commencing October 2020 and which continued through December 31, 2020.

The City and the Association have reached a Tentative Agreement on the deal terms for a successor MOU, which is represented by this document. The following deal terms have been ratified by the Association, but remains subject to formal approval/adoption by the City Council per California Government Code Section 3505.1, which provides:

> "If a tentative agreement is reached by the authorized representatives of the public agency and a recognized employee organization or recognized employee organizations, the governing body shall vote to accept or reject the tentative agreement within 30 days of the date it is first considered at a duly noticed public meeting. A decision by the governing body to reject the tentative agreement shall not bar the filing of a charge of unfair practice for failure to meet and confer in good faith. If the governing body adopts the tentative agreement, the parties shall jointly prepare a written memorandum of understanding."

All terms and conditions of the prior MBFFA MOU 2017-20 and Resolution No. 85 shall be maintained unless expressly modified or changed herein until the successor MOU is jointly prepared by the parties, ratified by the Association and accepted, approved and adopted by City Council, which shall then supersede and replace this Tentative Agreement.

TENTATIVE AGREEMENT DEAL POINTS

Article No.	Subject	Existing MOU Language	Agreed Upon Changes to MOU
4., 4.5	New Hire Information and Orientation per AB 119	NEW	The CITY will notify MBFFA's designated representative in writing or via email regarding all new hires at least ten (10) days prior to the employee's orientation unless there is an urgent need that was not reasonably foreseeable. Within the earlier of thirty (30) days after the date of hire or by the first pay period of the month following the hire of each newly hired employee, the CITY will provide the MBFFA's designated representative with the new employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers. The new hire will receive a copy of the MOU with his/her new employee orientation packet. MBFFA shall be permitted one (1) hour for each orientation session to talk to new bargaining unit members to explain the rights and benefits under the MOU. The CITY will provide MBFFA's designated representative a quarterly list of all employees in the represented bargaining unit, including the employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

			Notwithstanding the foregoing, the CITY will not provide MBFFA with the home address, home telephone number, personal cellular telephone number, or personal email address or date of birth of any employee who has made a written request to the CITY regarding non-disclosure of said information. The parties will mutually agree on a form to use to track said employee information and whether any employee requests that such information not be disclosed. MBFFA shall indemnify and hold harmless the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Article.
6., 6.1	MBFFA Dues [New Dues Checkoff provisions per SB 866]	It is agreed that CITY will withhold MBFFA dues and MBFFA group insurance premiums from the monthly pay of each regular CITY employee, who is a member of the MBFFA. MBFFA agrees to provide CITY with individual MBFFA member authorizations signed by the individual MBFFA member, authorizing CITY to make agreed deductions, specifying the amount of each deduction, and authorizing CITY to issue a check, payable to MBFFA, for the collective	As the recognized majority and/or exclusive employee organization, the MBFFA requests that the CITY deduct membership dues, initiation fees, and general assessments, as well as payment of any other membership benefit program sponsored by the MBFFA, from the wages and salaries of members of the MBFFA. The MBFFA hereby certifies that it has and shall maintain all such deduction authorizations signed by the individual from whose salary or wages the deduction is to be made and shall not be required to provide a copy of an individual authorization to the CITY unless a dispute arises about the existence or terms of the authorization. The MBFFA membership dues shall be deducted each pay period in

		amount of the individual deductions. CITY does not accept responsibility for computing the amounts of deductions or for meeting payment dates, which may not coincide with established pay periods. CITY will issue a single check to the MBFFA for the total amount of deductions withheld from the individual employees' pay. The MBFFA will be responsible for the accounting and disbursing of all such funds received from CITY. MBFFA will be responsible for properly notifying CITY of any changes in deductions, and will be the sole agent, through which CITY will act, in explaining, initiating, executing, or terminating the provisions of this Article. Such notification must be received by the CITY at least two weeks prior to the effective date of the change. Also, such change notice must include a copy of the notice sent to the employees officially, telling them of the change.	accordance with CITY procedures and provisions of applicable law from the salary of each employee whose name is provided by the MBFFA. CITY does not accept responsibility for computing the amounts of deductions or for meeting payment dates, which may not coincide with established pay periods. CITY will issue a single check to the MBFFA for the total amount of deductions withheld from the individual employees' pay. The MBFFA will be responsible for the accounting and disbursing of all such funds received from CITY. MBFFA will be responsible for properly notifying CITY of any changes in deductions, and will be the sole agent, through which CITY will act, in explaining, initiating, executing, or terminating the provisions of this Article. Such notification must be received by the CITY at least two weeks prior to the effective date of the change. Also, such change notice must include a copy of the notice sent to the employees officially, telling them of the change.

7	Term	Except as otherwise specifically provided herein, the term of this MOU shall be from July 1, 2017, through June 30, 2020.	Except as otherwise specifically provided herein, the term of this MOU shall be from July 1, 2020, through June 30, 2022.
8., 8.1	Renegotiations	In the event either party wants to renegotiate a successor MOU, such party shall serve upon the other, during the period of December 1, 2019 to January 31, 2020, its written request to begin negotiations, as well as its full and entire written proposals amending this MOU. Negotiations shall commence no later than March 15, 2020.	In the event either party wants to renegotiate a successor MOU, such party shall serve upon the other, during the period of December 1, 2021 to January 31, 2022, its written request to begin negotiations, as well as its full and entire written proposals amending this MOU. Negotiations shall commence no later than March 15, 2022.
8., 8.3	Renegotiations	Should the parties be unable to reach agreement on a new contract before the current contract expires, all applicable provisions of this MOU shall remain in full force and effect until such time as a new MOU is reached, or September 30, 2020, whichever first occurs.	Should the parties be unable to reach agreement on a new contract before the current contract expires, all applicable provisions of this MOU shall remain in full force and effect until such time as a new MOU is reached, or September 30, 2022, whichever first occurs.
12	Sick Leave	12.5.2 Credits added to the Sick Leave Accrual account for full-time employees, after the date above, shall be 11.2 hours per month	Increase Sick Leave Accrual Credits by 2 hours credit per month for full-time employees effective upon City Council approval of tentative agreement or MOU and expiring/sunsetting December 31, 2021.
14., 14.2	Health Insurance	For 2017, MBFFA shall receive a cafeteria plan contribution, including the minimum contribution amount required by CalPERS, as follows:	For 2020 and 2021, MBFFA shall receive a cafeteria plan contribution, including the minimum contribution amount required by CalPERS, as follows:

		Employee only - up to $715/month or cost of insurance, whichever is less Employee + 1 – up to $1,109/month or cost of insurance, whichever is less Employee + family - up to $1,421/month or cost of insurance, whichever is less For 2018, MBFFA shall receive a cafeteria plan contribution, including the minimum contribution amount required by CalPERS, as follows: Employee only - up to $715/month or cost of insurance, whichever is less Employee + 1 – up to $1,135/month or cost of insurance, whichever is less Employee + family - up to $1,460/month or cost of insurance, whichever is less	Employee only - up to $715/month or cost of insurance, whichever less Employee + 1 – up to $1,135/month or cost of insurance, whichever less Employee + family - up to $1,460/month or cost of insurance, whichever is less
14., 14.3	Dental/Life & Vision Insurance	See existing language and rates from 2017 below.	2020 and 2021 rates are shown as updated MOU language below.
14., 14.4	Health Benefits	The provisions of this ARTICLE shall be binding on the parties through the remainder of this MOU, and for the term of the MOU, which will be effective upon	The provisions of this Article shall be binding on the parties through the remainder of this MOU, and for the term of the MOU, which will be effective upon City Council approval. The parties agree herewith to re-open discussion

		City Council approval. The parties agree herewith to re-open discussion with respect to this ARTICLE, for any changes to the 2019 and 2020 health rates.	with respect to this Article, for any changes to the 2022 health rates.
16., 16.1	Salaries	Effective July 1, 2017, the CITY shall provide a COLA increase to base salaries for all Unit classifications in the amount of two percent (2%).	**Salary Reduction End Date** The parties ceased the 5% salary reduction for Association represented employees implemented through the parties' Side Letter adopted by Resolution No. 85-20 effective the end of the day on December 31, 2020. The successor MOU shall state the original salary tables for FY 2020-21 and reference that the parties agreed to a salary reduction during this period which has already occurred, with the current salary table being attached to the successor MOU as Exhibit A. **5% COLA Year Two** Association represented employees shall receive a 5% Cost of Living Adjustment increase to their base salary effective the payroll period including July 1, 2021. The updated salary schedule to be attached as Exhibit B to the successor MOU. **Lump Sum Payment Year Two** In recognition of the financial and overall sacrifices made during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, the CITY shall provide a one-time lump sum equal to $500 to all members of MBFFA employed with the City of Morro Bay during the period October 3, 2020 through December 31, 2020 (duration of the financial concessions by

			MBFFA) and who is still employed when the lump-sum payments are issued by the City (anticipated to be around October 1, 2021): A. Total of three major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that that is collected at any time during Fiscal Year 2020-21. B. The CITY does not become responsible for any state / federally imposed unfunded mandates from any external source(s) that require significant unplanned/un-forecasted General Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020-21 budget (page A-11). This shall include but is not be limited to significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic or a human-made disaster affecting the CITY. Any such expenditure(s), cumulatively totaling $125,000 in a fiscal year or more, will be

			counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting in no one-time lump-sum payment being awarded to MBFFA members. C. Should SEIU or POA negotiate different financial triggers or pre-conditions for their lump sum payment, then the City agrees to re-open the successor MOU solely on the issue of the difference in financial triggers. This provision shall not apply to the amount of the lump sum payment provided either to SEIU or POA members.
16., 16.5-7	Salaries	2018-2019 COLAs	Delete
21	Layoffs	The parties agree to use the layoff procedure as set forth in 2.32.120 of the CITY's Municipal Code along with the CITY Layoff Policy.	The parties agree to use the layoff procedure as set forth in 2.32.120 of the CITY's Municipal Code and the City's Personnel Rules.
Exh. A	FY 20/21 Salary Schedule	FY 17/18 Salary Schedule	Update MOU with current salary schedule and with salary schedule for FY 2021-22 effectuating a 5% COLA for the fiscal year for each represented employee.

14.3 Existing Language

Life Insurance is provided at $50,000 per employee. The following rates were effective January 1, 2017:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$8.86	$55.47	$8.15	$72.48	$69.50	$2.93
Employee + 1	$16.59	$143.09	$8.15	$167.83	$156.08	$11.75
Employee + 2+	$22.59	$143.09	$8.15	$173.83	$ 161.62	$12.21

14.3 Proposed Replacement Language

Life Insurance is provided at $50,000 per employee. The following rates were effective January 1, 2020 and continue through June 30, 2022 unless other renegotiated between the parties by means of a re-opener:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$8.73	$56.68	$8.70	$74.11	$71.18	$2.93
Employee + 1	$16.40	$156.84	$8.70	$ 181.94	$170.19	$11.75
Employee + 2+	$23.34	$156.84	$8.70	$188.88	$176.67	$12.21

This Tentative Agreement is dated April 12, 2021 and shall be effective only upon adoption by the City Council of the City of Morro Bay. Subject to the foregoing, this Tentative Agreement is hereby executed by the authorized representatives of the City and the Association.

City of Morro Bay

Scott Collins, City Manager

Dana Swanson, City Clerk/HR Mngr.

Colin J. Tanner, Deputy City Attorney

Morro Bay Firefighter Ass'n, IAFF LOCAL 3725

Michael Hoese

Scott Subler

Travis Hasch

EXHIBIT A

CITY OF MORRO BAY
FY 20/21 MBFFA SALARY SCHEDULE

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
FIREFIGHTER	59,065	62,018	65,119	68,375	71,794
FIRE ENGINEER	64,573	67,802	71,192	74,751	78,489
FIRE CAPTAIN	74,227	77,938	81,835	85,927	90,223
FIRE MARSHAL	88,114	92,520	97,146	102,003	107,103

EXHIBIT B

CITY OF MORRO BAY
FY 21/22 MBFFA SALARY SCHEDULE

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
FIREFIGHTER	62,018	65,119	68,375	71,794	75,384
FIRE ENGINEER	67,802	71,192	74,751	78,489	82,413
FIRE CAPTAIN	77,938	81,835	85,927	90,223	94,735
FIRE MARSHAL	92,520	97,146	102,003	107,103	112,458

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MORRO BAY

FIREFIGHTERS ASSOCIATION,

IAFF LOCAL 3725

AND

THE CITY OF MORRO BAY

JULY 1, 2020 – JUNE 30, 2022

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MEMORANDUM OF UNDERSTANDING
BETWEEN THE MORRO BAY FIRE FIGHTERS ASSOCIATION, IAFF LOCAL 3725 AND THE CITY OF MORRO BAY 2020 - 2022

ARTICLE I PURPOSE

WHEREAS, the City of Morro Bay is a municipal corporation, existing under the laws of the State of California as a general law city (hereinafter referred to as the "CITY"); and

WHEREAS, the CITY is limited, insofar as funds are concerned, because of a fixed tax rate, and in structure because it is a public entity, rather than a profit-making business; and

WHEREAS, the Morro Bay Fire Fighters Association (hereinafter referred to as the "MBFFA") is an unincorporated association under the laws of the State of California, and is affiliated with the International Association of Fire Fighters (IAFF) as IAFF Local 3725; and

WHEREAS, the CITY and the MBFFA recognize that the mission and the purpose of the CITY are to provide high-quality and economical municipal services and facilities to the residents of the City of Morro Bay; and

WHEREAS, the prior Memorandum of Understanding between the CITY and MBFFA, which was approved September 26, 2017 pursuant to Resolution No. 52-17 and covered the period of July 1, 2017 through June 30, 2020 (MBFFA MOU 2017-20), expired by its own terms on June 30, 2020; and

WHEREAS, the CITY and MBFFA entered into a temporary side letter agreement, which was adopted by the City Council on September 24, 2020 by Resolution No. 85-20, whereby MBFFA agreed to a five percent (5%) salary reduction for all MBFFA represented employees from October 3, 2020 until a tentative agreement was reached on a successor MOU; and

WHEREAS, the CITY and MBFFA now desire to enter into a successor MOU to the MBFFA MOU 2017-2020.

THEREFORE, this Memorandum of Understanding (hereinafter referred to as the "MOU") is entered into as of July 1, 2020, between the CITY and the MBFFA.

It is the intent and purpose of this MOU to assure sound and mutually-beneficial working and economic relations and conditions between the parties hereto, to provide for an orderly and peaceable method and manner of resolving any differences, which may arise, and to negotiate any misunderstanding, which could arise, and to set forth, herein, the basic and full agreement between the parties, concerning the pay, wages, hours of employment, and other terms and conditions of employment.

ARTICLE 2 MANAGEMENT

2.1 In order to ensure that the CITY shall continue to carry out its public safety functions, programs, and responsibilities to the public, imposed by law, and to maintain efficient public safety service for the citizens of Morro Bay, the CITY continues to reserve and retain solely and exclusively all management rights, regardless of the frequency of use, including those rights and responsibilities set forth by law, and those CITY rights set forth in the CITY's Personnel Rules and Regulations and including, but not limited to, the following:

2.1.1 To manage the Fire Department, and determine policies and procedures and the right to manage the affairs of the Department.

2.1.2 To determine the existence, or nonexistence, of facts which are the basis of the management decision, in compliance with State law.

2.1.3 To determine the necessity, organization, implementation, and termination of any service or activity conducted by the CITY or other government jurisdiction, and to expand or diminish fire services.

2.1.4 To direct, supervise, recruit, select, hire, evaluate, promote, transfer, discipline, discharge, terminate, demote, reduce, suspend, reprimand, withhold salary increases and benefits for disciplinary reasons, or otherwise discipline employees, in accordance with Department or CITY Rules, Regulations, or Ordinances.

2.1.5 To determine the nature, manner, means, extent, type, time, quantity, quality, technology, standard, and level of fire services to be provided to the public.

2.1.6 To require performance of other public safety services not specifically stated herein, in the event of emergency or disaster, as deemed necessary by the CITY.

2.1.7 To lay off employees of the Fire Department because of lack of work or funds or under conditions where continued work would be inefficient or nonproductive or not cost effective, as determined by the CITY.

2.1.8 To determine and/or change the fire facilities, methods, technology, equipment, operations to be performed, organization structure, and allocate or assign work by which the CITY fire operations and services are to be conducted.

2.1.9 To determine method of financing.

2.1.10 To plan, determine, and manage Department's budget, which includes, but is not limited to, changes in the number of locations and types of operations, processes, and materials to be used in carrying out all Fire Department functions and the right to contract or subcontract any work or operations of the Fire Department.

2.1.11 To determine the size and composition of the Fire Department work force, assign work to employees of the Fire Department, in accordance with requirements determined by the Fire Department, and to establish and require compliance to

work hours and changes to work hours, work schedules, including call back, standby, and overtime, and other work assignments, except as otherwise limited by this MOU, or subsequent MOUs.

2.1.12 To establish and modify goals and objectives related to productivity and performance programs and standards, including, but not limited to, quality and quantity, and required compliance therewith.

2.1.13 To determine qualifications, skills, abilities, knowledge, selection procedures and standards, job classification, job specifications, and to reallocate and reclassify employees, in accordance with division and/or CITY Rules and Regulations.

2.1.14 To determine the issues of public policy, and the overall goals and objectives of the Fire Department, and to take necessary action to achieve the goals and objectives of the Fire Department.

2.1.15 To hire, transfer (intra- or inter- Department), promote, reduce in rank, demote, reallocate, terminate and take other personnel action for non-disciplinary reasons, in accordance with Department and/or CITY Rules, Regulations and Ordinances.

2.1.16 To determine policies, procedures and standards for recruiting, selecting, training, and promoting employees.

2.1.17 To establish, implement, and/or modify rules and regulations, policies, and procedures, related to productivity, performance, efficiency, personal appearance standards, code of ethics and conduct, safety, health, and order, and to require compliance therewith.

2.1.18 To maintain order and efficiency in Fire facilities and operation.

2.1.19 To restrict the activity of an employee organization on CITY facilities, except as set forth in this MOU.

2.1.20 To take any, and all, necessary steps and actions to carry out the service requirements and mission of the CITY in emergencies or any other time deemed necessary by the CITY, and not specified above.

2.2 Nothing herein is meant to diminish CITY rights provided by the Government Code.

2.3 Nothing herein is meant to diminish employee rights as provided by the Government Code, including the right to meet and confer on changes in standards for promotion.

ARTICLE 3 MBFFA RECOGNITION

3.1 Pursuant to Resolution No. 08-17, the Employer-Employee Relations Resolution of the City of Morro Bay and applicable state law, the MBFFA was designated by the CITY as

the representative of CITY fire fighting employees. The term "employee" or "employees" as used herein is comprised of the following classifications:

Captain/Paramedic
Captain
Engineer/Paramedic
Engineer
Fire Marshal
Firefighter/Paramedic
Firefighter

3.2 Employees working on a regular basis in a classified position, but less than full-time, shall receive vacation and sick leave accruals on a pro-rated basis, commensurate with hours worked. All benefits for new hires, including insurance benefits, will be allocated on a pro-rated basis, commensurate with hours worked.

3.3 FIRE ENGINEER RATING

3.3.1 It is recognized, in principle, as long as the full-time MBFFA personnel complement of the Morro Bay Fire Department remains at ten (10) or less, that efficient operation of the Department requires an increase in the authorized number of Fire Engineers. Accordingly, CITY agrees to promote to Fire Engineer all personnel classified as Fire Fighter hired after the effective date of this MOU provided that they have served for eighteen (18) months with the CITY in the Fire Fighter classification; that at the completion of eighteen months of employment, they have been recommended by the Fire Chief for promotion and have demonstrated, through successful completion of written and practical examinations that they have successfully completed six semester units of Fire Science courses at an institution approved by the Fire Chief. The CITY shall make every effort to schedule the examination to be completed prior to the expiration of eighteen months. The content and passing grade of the written and practical examinations will be determined by the Fire Chief subject to the approval of the City Manager.

3.3.2 An individual recommended for promotion, and failing to attain a passing grade in either the written or practical examination, shall not be eligible for reexamination until six (6) months after the date of failure.

ARTICLE 4 MBFFA BUSINESS

4.1 Employee representatives, designated by the MBFFA, shall be granted time off, without loss of pay, to attend "meet and confer" sessions with the City Manager, and/or their designee(s), on subjects within the scope of representation, when such meetings are scheduled during regular working hours. Should such meeting extend beyond an employee representative's regular working hours, the employee representative shall be paid for only the regular working hours.

4.2 It is understood that this time-off provision shall only apply to a maximum of two employees attending any one meeting between CITY and MBFFA; where exceptional circumstances warrant, the City Manager may approve the attendance, at such meetings, of additional employee representatives. The MBFFA shall, whenever practicable, submit the names of all employee representatives to the City Manager, or their designee(s), at least two working days in advance of such meetings. Provided further: 1) no employee representative shall leave his or her duty or work station or assignment without specific approval of the department head or other authorized CITY management official; and 2) any such meeting is subject to scheduling by CITY management, in a manner consistent with operational needs and work schedules.

4.3 Off-duty employees will not be paid for attending meet and confer sessions, nor will over-time be paid for same. The parties agree to consider the shift schedules of team members in scheduling meetings.

4.4 MBFFA may hold unit meetings at the Fire Station, 715 Harbor Street, after 1700 hours, with two days' prior notice to Fire Chief. The Fire Chief has the authority to deny and/or cancel said meeting, if it conflicts with official CITY activities for MBFFA duties.

4.5 New Hire Information and Orientation per AB 119. The CITY will notify MBFFA's designated representative in writing or via email regarding all new hires at least ten (10) days prior to the employee's orientation unless there is an urgent need that was not reasonably foreseeable. Within the earlier of thirty (30) days after the date of hire or by the first pay period of the month following the hire of each newly hired employee, the CITY will provide the MBFFA's designated representative with the new employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

The new hire will receive a copy of this MOU with their new employee orientation packet. MBFFA shall be permitted one (1) hour for each orientation session to talk to new Unit members to explain the rights and benefits under this MOU.

The CITY will provide MBFFA's designated representative a quarterly list of all employees in the represented bargaining unit, including the employee's name, job title, department, work location, home mailing address, personal email, and work, home and personal cell phone numbers.

Notwithstanding the foregoing, the CITY will not provide MBFFA with the home address, home telephone number, personal cellular telephone number, or personal email address or date of birth of any employee who has made a written request to the CITY regarding non-disclosure of said information.

The parties will mutually agree on a form to use to track said employee information and whether any employee requests that such information not be disclosed.

MBFFA shall indemnify and hold harmless the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Article.

ARTICLE 5 AUTHORIZED AGENTS

For the express purpose of administering the terms and provisions of this MOU:

5.1 Management's principal authorized agent shall be the City Manager, or their duly authorized representative(s), (address: 595 Harbor Street, Morro Bay, CA 93442; telephone (805) 772-6201), except where a particular management representative is specifically designated in the MOU.

5.2 The MBFFA principal authorized representative shall be the shop steward of the unit, or their duly authorized representative(s) (address 715 Harbor St., Morro Bay, CA 93442).

ARTICLE 6 WITHHOLDING OF MBFFA DUES AND INSURANCE

6.1 As the recognized majority and/or exclusive employee organization, the MBFFA requests that the CITY deduct membership dues, initiation fees, and general assessments, as well as payment of any other membership benefit program sponsored by the MBFFA, from the wages and salaries of members of the MBFFA. The MBFFA hereby certifies that it has and shall maintain all such deduction authorizations signed by the individual from whose salary or wages the deduction is to be made and shall not be required to provide a copy of an individual authorization to the CITY unless a dispute arises about the existence or terms of the authorization. The MBFFA membership dues shall be deducted each pay period in accordance with CITY procedures and provisions of applicable law from the salary of each employee whose name is provided by the MBFFA. CITY does not accept responsibility for computing the amounts of deductions or for meeting payment dates, which may not coincide with established pay periods. CITY will issue a single check to the MBFFA for the total amount of deductions withheld from the individual employees' pay. The MBFFA will be responsible for the accounting and disbursing of all such funds received from CITY. MBFFA will be responsible for properly notifying CITY of any changes in deductions, and will be the sole agent, through which CITY will act, in explaining, initiating, executing, or terminating the provisions of this Article. Such notification must be received by the CITY at least two weeks prior to the effective date of the change. Also, such change notice must include a copy of the notice sent to the employees officially, telling them of the change.

6.2 MBFFA shall indemnify and hold harmless the CITY, its officers, agents, and employees from any and all claims, demands, damages, costs, expenses, or liability arising out of this Article.

6.3 It is agreed that CITY will deposit payroll deductions made payable to a CITY-approved Credit Union, providing the MBFFA makes arrangements for such services that are acceptable to both members and CITY.

ARTICLE 7 TERM

Except as otherwise specifically provided herein, the term of this MOU shall be from July 1, 2020 through June 30, 2022.

ARTICLE 8 RENEGOTIATIONS

8.1 In the event either party wants to renegotiate a successor MOU, such party shall serve upon the other, during the period of December 1, 2021 to January 31, 2022, its written request to begin negotiations, as well as its full and entire written proposals amending this MOU. Negotiations shall commence no later than March 15, 2022.

8.2 The parties agree that, except by mutual agreement, no new subjects may be introduced into the process after the third (3rd) negotiations meeting.

8.3 Should the parties be unable to reach agreement on a new contract before the current contract expires, all applicable provisions of this MOU shall remain in full force and effect until such time as a new MOU is reached, or September 30, 2022, whichever first occurs.

ARTICLE 9 ANTI-DISCRIMINATION

The CITY and MBFFA mutually agree they will not discriminate against employees for the exercise of their rights under the State of California Government Code Section 3502.

ARTICLE 10 WORK SCHEDULE (FOR FIRE MARSHAL, SEE ARTICLE 29)

This article is intended to define the normal hours of work, and shall not be construed as a guarantee of work per day or work per week or of days of work per week.

10.1 WORKDAY

The normal workday shall be a twenty-four (24) consecutive hour period, except in cases of emergency or for reasons of attendance at extended training opportunities, or temporary duty assignments while on light duty, when other shifts may be assigned by the Chief, provided there is mutual agreement between the parties.

10.2 WORKSHIFT

Employees shall be scheduled to work on regular work shifts having regular starting and quitting times. Except for emergencies, employees' work shifts shall not be changed without four days (96 hours) prior written notice to the employee. Call out or overtime does not constitute a change in work shift.

10.3 WORKWEEK

The normal workweek shall average fifty-six (56) hours of work in a seven (7) consecutive day period, except in cases of emergency.

10.4 OVERTIME

10.4.1 Overtime is defined as all hours worked in excess of 106 hours worked in a 14-day work period. For those assigned to an 8-hour day, overtime shall be defined as all hours worked in excess of forty hours per week. Vacation time and compensatory time off shall be treated as hours worked.

10.4.2 All overtime, as defined above, shall be paid at one and one-half (1.5) times the employee's regular rate of pay. Compensatory time off earned, pursuant to 10.4.4 below, will accrue at one and one-half (1.5) times hours worked.

10.4.3 Employees, required to return to work on a scheduled vacation day, shall be paid at the rate of 1.5 times their regular rate of pay for the hours actually worked.

10.4.4 Employees may elect compensatory time off (CTO) in lieu of paid overtime, subject to the following provisions.

10.4.4.1 CTO may be elected for overtime incurred due to training time only.

10.4.4.2 Maximum CTO accrual will be 140 hours. All overtime earned after CTO is accrued to the 140-hour maximum will be paid in cash.

10.4.4.3 Accrued CTO may be cashed out upon the request of the employee and the approval of the department. CTO accrued at time of separation will be paid off.

10.4.4.4 CTO may be taken off upon employee request and department approval. CTO will not be approved if it will require overtime.

10.4.4.5 Other overtime provisions notwithstanding, employees forced to hold over for 12 hours or more will receive time and one-half compensation for the hours worked on that day.

10.5 EMERGENCIES

10.5.1 Nothing herein shall be construed to limit or restrict the authority of management to make temporary assignments to different or additional locations, shifts, or duties for the purpose of meeting an emergency.

10.5.2 Such emergency assignments shall not extend beyond the period of said emergency.

10.5.3 Short–staffing, caused solely by absences due to employees taking approved paid leave, shall not be considered an emergency.

ARTICLE 11 VACATIONS AND HOLIDAYS

11.1 CITY and MBFFA agree that difficulties exist in equating the work schedules of fire fighters to the work schedule of non-shift personnel, i.e., shift periods compared to hours and days worked by other CITY employees. Therefore, a formula is agreed to for computing the vacations and holiday periods for fire fighters. Such formula is agreed to be a ratio as follows: Fire Fighter's total available shifts per year is to the general employees' total available work days per year (260) as X is to the number of authorized vacation and holidays days of the general employees, when X equals the amount of shifts off for Fire Fighters comparing Fire Fighters to employees of equal tenure.

11.2 Pursuant to Section 11.1, the following lists the vacation and holiday annual accrual schedule for members of the MBFFA assigned to shift work:

SERVICE YEARS	VACATION ACCRUAL	HOLIDAY ACCRUAL	TOTAL ANNUAL ENTITLEMENT	SHIFTS/ YEAR
0 thru 2	112.0 hrs.	146.96 hrs.	258.96 hrs.	10.792
3 thru 4	123.2 hrs.	146.96 hrs.	270.16 hrs.	11.257
5 thru 6	134.4 hrs.	146.96 hrs.	281.36 hrs.	11.723
7 thru 8	145.6 hrs.	146.96 hrs.	292.52 hrs.	12.19
9 thru 10	156.8 hrs.	146.96 hrs.	303.76 hrs.	12.657
11 thru 12	168.0 hrs.	146.96 hrs.	314.96 hrs.	13.123
13 thru 14	179.2 hrs.	146.96 hrs.	326.16 hrs.	13.59
15 thru 16	190.4 hrs.	146.96 hrs.	337.36 hrs.	14.057
17 thru 18	201.6 hrs.	146.96 hrs.	348.56 hrs.	14.523
19 thru 20	212.8 hrs.	146.96 hrs.	359.76 hrs.	14.99
21 +	224.0 hrs.	146.96 hrs.	370.96 hrs.	15.547

11.3 MAXIMUM ACCUMULATION

It is recognized long-standing accumulations of vacation/holiday time exist for some employees. In order to compensate employees for this unused time, CITY and MBFFA agree on the following policy:

11.3.1 Unused vacation/holiday leave may be carried over into the following year to a maximum of two times an employee's annual accumulation of vacation time plus one year of holiday time. Employees exceeding the maximum, as of the pay period containing November 1 of each year, will be paid off for time exceeding the maximum. The CITY shall make said payment with the pay period containing December 1 of each year. Payment shall be computed, based upon the employee's base hourly rate of pay as of June 30 of the same calendar year.

11.3.2 Employees separating from the CITY are entitled to pay for the accumulated vacation based upon employee's base hourly rate of pay at separation.

11.3.3 A member of the MBFFA may exercise an option to convert into cash a maximum of one hundred twelve (112) hours of accrued vacation leave each fiscal year. Such conversion shall be computed at the employee's current base hourly rate, on an hour-per-hour basis.

11.4 The following holidays are used in Section 11.2 above, to determine total annual entitlement. Employees may be scheduled to work on holidays. All employees, except those assigned to 8-hour shifts, shall be compensated for holidays as provided in 11.2 above.

New Year's Day	January 1
Martin Luther King, Jr., Day	3rd Monday in January
Lincoln's Birthday	February 12
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Veteran's Day	November 11
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving Day	4th Friday in November
Christmas Day	December 25
Floating Holiday	Varies
Floating Holiday	Varies

11.5 For any additional holiday proclaimed by the Mayor, shift employees shall be paid (not banked) for 11.2 hours of work, and employees assigned to eight-hour duty shall receive the holiday off. Employees may be scheduled to work on such holidays.

ARTICLE 12 SICK LEAVE

12.1 It is agreed that the firefighters will earn sick leave per month at the same ratio that their assigned shift schedule compares to other full-time employees (1.4:1) for 24-hour shift workers or (1.0:1) for eight-hour shift employees. There shall be no maximum number of sick leave hours that a member of MBFFA may accrue.

12.2 All use of sick leave shall be charged on an hour-for-hour basis.

12.3 At termination, accumulated in the sick leave accrual is not compensable; however, upon retirement, sick leave accrual may be converted to additional time, as provided by California Public Employees Retirement System (CalPERS) unused sick leave credit.

12.4 Any use of sick leave, covering a period beyond seven calendar days, may require approval by a qualified medical authority for release to resume regular duties.

12.5 Recognizing Section 12.1 above requires a transition from the method of accruing and charging sick leave contained in earlier Memoranda of Understanding, the following conversion of previously accrued sick leave shall be made:

12.5.1 For shift workers, all Sick Leave hours accrued, but unused, as of December 31, 2002, shall be multiplied by a factor of three (3) and shall become the employee's Sick Leave Accrual account, until utilized on an hour for hour basis.

12.5.2 Credits added to the Sick Leave Accrual account for full-time employees, after the date above, shall be 11.2 hours per month, or 0.046154 hours, for each regular hour worked for part-time employees on shift work or eight (8) hours per month for employees assigned to an eight-hour day. Effective upon City Council approval of this MOU until December 31, 2021, sick leave accrual credits shall be increased by 2 hours credit per month for full-time employees.

12.6 Based on individual utilization of paid sick leave in the preceding calendar year, employee may convert unused accumulated sick leave into paid vacation leave once per calendar year, pursuant to the formula below:

Maximum Conversion Sick Leave Utilization	Sick Leave	To	Vacation Leave
0 hours	96 hours		48 hours
.25 to 8 hours	72 hours		36 hours
8.25 to 16 hours	48 hours		24 hours
16.25 to 25 hours	24 hours		12 hours
Over 25 hours	0 hours		0 hours

At least 160 accrued hours must remain in employee's sick leave bank for any employee to be eligible for conversion, or for any conversion to be authorized. In addition, the right to convert does not carry over or rollover from calendar year to calendar year; failure to request conversion, in the current calendar year, eliminates the right to do so for that calendar year, and does not permit employees to aggregate conversion hours in any other calendar year.

ARTICLE 13 RETIREMENT BENEFITS

13.1 It is the employee's obligation to contribute the employee's contribution to CalPERS. The employee shall pay their own contribution by payroll deduction, consistent with the provisions of 414 (h) 2 of the Internal Revenue Code (9% CalPERS Safety for *classic members*; 50% of the expected normal cost, which is currently 23% (employee pays 11.5%), for *new members*).

13.2 The CITY agrees to continue to provide MBFFA, hired prior to March 19, 2011, with a retirement benefit program through the CalPERS as follows:

13.2.1 3% @ 50 formula (Section 21362.2)

13.2.2 Unused Sick Leave Credit (Section 20965)
13.2.3 Military Service Credit (Section 21023.5, 21024 & 21027)
13.2.4 Final Compensation 1 year (Section 20042)
13.2.5 1959 Survivor Benefit Level 4 (Section 21574)
13.2.6 Pre-Retirement Death Benefits (Section 21548 Option 2W & 21551)
13.2.7 Retired Death Benefit $500 (Section 21620)
13.2.8 Prior Service (Section 20055)
13.2.9 Public Service Credit for Periods of Layoff (Section 21022)

13.3 All employees, hired on or after March 19, 2011, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the definition of *classic member*, pursuant to the California Public Employee's Pension Reform Act of 2013 (PEPRA), in the regular, full-time classifications listed in Article 3.1 of this MOU between the CITY and the MBFFA, shall be provided with the following CalPERS retirement benefits:

13.3.1 3% @ 55 formula (Section 21363.1)
13.3.2 Unused Sick Leave Credit (Section 20965)
13.3.3 Military Service Credit (Section 21023.5, 21024 & 21027)
13.3.4 Final compensation 3 Year (Section 20037)
13.3.5 1959 Survivor Benefit Level 4 (Section 21574)
13.3.6 Pre-Retirement Death Benefits (Section 21548 Option 2W & 21551)
13.3.7 Retired Death Benefit $500 (Section 21620)
13.3.8 Prior Service (Section 20055)
13.3.9 Public Service Credit for Periods of Layoff (Section 21022)

13.4 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, Sworn employees hired, who meet the definition of *new member* under PEPRA and are not eligible for reciprocity, will be provided the following CalPERS benefits:

13.4.1 2.7% @ 57 formula (Section 7522.25(d))
13.4.2 Unused Sick Leave Credit (Section 20965)
13.4.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
13.4.4 Final compensation 3 Year (Section 20037)
13.4.5 1959 Survivor Benefit Level 4 (Section 21574)
13.4.6 Pre-Retirement Death Benefits (Section 21548 Option 2W and 21551)
13.4.7 Retired Death Benefit $500 (Section 21620)
13.4.8 Prior Service (Section 20055)
13.4.9 Public Service Credit for Periods of Layoff (Section 21022)

13.5 CITY and MBFFA to jointly explore the establishment of an employee-funded Retirement Health Savings Account.

ARTICLE 14 HEALTH BENEFITS

14.1 CITY shall pay, to each active employee by each pay period, the monthly sum of the health plan selected by the employee, and dental/life and vision plans. CITY and MBFFA agree that CITY payment of this lump sum is to be used to provide medical care coverage for the employee and/or employees dependents, and that the employees hold harmless the CITY, its officers and agents, including, but not limited to, liability arising out of this MOU. Employees will be supplied with the current division of payment for medical, dental/life, and vision insurance between CITY and each employee in MBFFA, as changes occur during this MOU.

14.2 HEALTH INSURANCE

For 2020 and 2021, MBFFA shall receive a cafeteria plan contribution, including the minimum contribution amount required by CalPERS, as follows:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,135/month or cost of insurance, whichever is less
Employee + family - up to $1,460/month or cost of insurance, whichever is less

14.3 DENTAL/LIFE AND VISION INSURANCE

Life Insurance is provided at $50,000 per employee. The following rates were effective January 1, 2020 and continue through June 30, 2022 unless other renegotiated between the parties by means of a re-opener:

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	$ 8.73	$ 56.68	$8.70	$ 74.11	$ 71.18	$ 2.93
Employee + 1	$ 16.40	$156.84	$8.70	$ 181.94	$ 170.19	$11.75
Employee + 2+	$ 23.34	$156.84	$8.70	$ 188.88	$ 176.67	$12.21

CITY will pay the remaining premium for dental, life and vision.

14.4 The provisions of this ARTICLE shall be binding on the parties through the remainder of the term of this MOU, which will be effective upon City Council approval. The parties agree herewith to re-open discussion with respect to this ARTICLE, for any changes to the 2022 health rates.

ARTICLE 15 UNIFORM ALLOWANCE

The uniform for the Fire Department is a two-piece work uniform and two T-shirts, of a style, material and manufacture determined by the Fire Chief. Two (2) complete uniforms will be provided upon initial employment with the Fire Department, and replacements provided are on an "as needed basis," as determined by the Fire Chief. The CITY will provide safety footgear of a type, style, and manufacture, as recommended by the Fire Chief. CITY is responsible for normal upkeep, i.e., heels and soles, with replacement as determined by the Fire Chief.

ARTICLE 16 SALARIES

16.1 The base salaries in effect as of June 30, 2020 through October 2, 2020 and effective January 1, 2021 shall be as shown in Exhibit A. (The CITY and MBFFA agreed through a side letter to a five percent (5%) salary reduction for Unit members for the period of October 3, 2020 through December 31, 2020.) Effective July 1, 2021, the CITY shall provide a cost of living adjustment ("COLA") increase to base salaries for all Unit classifications in the amount of five percent (5%), as shown in Exhibit B.

16.2 Any and all education/ special pay incentives will be added to base salary.

16.3 Electronic Deposit. All employees hired after January 1, 2003, shall receive their pay by electronic methods. New hires must present account information for a checking or a savings account, with an ACH member financial institution.

16.4 Lump Sum Payment Year Two. In recognition of the financial and overall sacrifices made during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, the CITY will provide a one-time lump sum equal to $500 to all Unit members employed with the CITY during the period October 3, 2020 through December 31, 2020 (duration of the financial concessions by MBFFA) and who are still employed when the lump-sum payments are issued by the CITY (anticipated to be around October 1, 2021):

A. Total of three major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1.0% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that that is collected at any time during Fiscal Year 2020-21.

B. The CITY does not become responsible for any state / federally imposed unfunded mandates from any external source(s) that require significant unplanned/un-forecasted General Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020-21 budget (page A-11). This shall include but is not limited to significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic or a human-made disaster affecting the CITY. Any such expenditure(s), cumulatively totaling $125,000 in a fiscal year or more, will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based, resulting in no one-time lump-sum payment being awarded to Unit members.

C. Should SEIU or POA negotiate different financial triggers or pre-conditions for their lump sum payment, then the CITY agrees to re-open this MOU solely on the

issue of the difference in financial triggers. This provision shall not apply to the amount of the lump sum payment provided either to SEIU or POA members.

ARTICLE 17 SPECIAL PAY PRACTICES

17.1 MEDIC DIFFERENTIAL

17.1.1 An employee, certified as an EMT-P (Paramedic), shall receive an annual incentive of $6,088.68. This incentive is calculated as 9% of a Step 5 firefighter's salary ($67,652 x 9%). The incentive will be paid on a bi-weekly payroll in the amount of $234.18.

17.1.2 The CITY may require any employee to attend EMT-P training.

17.2 CALL-OUT PAY

17.2.1 It is agreed that the CITY will guarantee a minimum of three (3) hours pay, computed at straight hourly rates, for any MBFFA member called back to duty from an off-duty status.

17.2.2 If an employee is called to return to duty, such call-out shall not be canceled until the employee reports to the Fire Station. To be eligible to receive the minimum, the employee must report to the Fire Station.

17.2.3 If an employee is on-duty and held beyond the end of the work period, time worked will be paid as actual hours worked, under Section 10.4 of this MOU. Such holdover shall not qualify for Call-out Pay.

17.3 WORKING OUT-OF-CLASS

Employees may be worked on an out-of-class assignment only as provided in the Personnel Rules and Regulations of the CITY, except as provided herein below:

17.3.1 Employees shall receive an additional 5% compensation for out-of-class assignments that last 24 consecutive hours. Such additional 5% pay shall start on the 25th hour, retroactive to the first hour of the out-of-class assignment. Such additional compensation shall be paid during the first six (6) months of the out-of-class assignment.

17.3.2 If the assignment is extended by six (6) months, then starting on the first day of the extension:

17.3.2.1 The employee shall continue to receive the 5% compensation, if the out-of-class assignment is required to fill an absence due to an employee who is out on 4850 leave.

17.3.2.2 The employee shall receive an additional 5% for a total of 10% additional compensation, if the out-of-class assignment is required to fill a vacant position.

17.3.3 An employee placed in an out-of-class assignment will not be taken off that assignment for the sole purpose of avoiding the payment provided above.

17.3.4 Whenever possible, CITY intends to fill vacancies with qualified employees.

17.3.5 Short-term out-of-class assignments (such as acting captain) will be paid on an hour-for-hour basis.

17.4 STANDBY PAY

Compensation for standby duty for acting Fire Chief position, when not called back to duty, shall be paid two (2) hours of overtime pay (acting rate) per full 24-hour shift.

17.5 SPECIAL ASSIGNMENT PAY

17.5.1 Unit members, possessing the appropriate certification as determined by the City, and assigned to work as part of the Rescue Water Craft program operating specialized equipment, shall receive additional compensation of two percent (2%) of base pay. This incentive is limited to a maximum of six (6) designated employees, starting upon approval of this MOU, but may be expanded to eight (8) designated employees, upon approval of City Manager and City Council approval of the additional budgeted funds. City makes no representations as to whether this special pay may be included in a Unit member's "compensation earnable" for purposes of determining the Unit member's CalPERS retirement allowance.

17.5.2 Unit members, possessing the appropriate certification as determined by the City, and assigned to work as part of the San Luis Obispo County Hazardous Materials Team shall receive additional compensation of two percent (2%) of base pay. This incentive is limited to a maximum of two (2) designated employees, starting upon approval of this MOU.

ARTICLE 18 HEALTH AND SAFETY ARTICLE

18.1 Management shall provide and maintain safe and healthy work facilities and equipment.

18.2 Safety and health conditions in employment in the CITY are subject to the provisions of State and Federal legislation, which regulates the health environment and safety conditions of the work place.

18.3 A Citywide Safety/Loss Control Committee shall be established, and shall review accidents, review alleged safety deficiencies, and recommend safety training and safety equipment. The MBFFA may appoint one Unit representative to serve on the committee.

If the committee meets, during the designated employee's normal working hours, the employee shall receive paid release time to attend the meeting.

18.4 If an employee becomes alerted to an unsafe condition or health hazard, they shall report such condition to their immediate supervisor. If such conditions cannot be satisfactorily remedied by the immediate supervisor, an employee has the right to submit the matter either personally, or through the steward, to their Department Head, or designated safety representative. On any matter of safety not resolved, after proceeding through the above process, consultation will take place between management and the MBFFA, if requested.

18.5 A first aid kit shall be furnished and maintained at work facilities readily and conveniently accessible to MBFFA employees.

18.6 Management agrees to provide to employees, who are exposed to potentially toxic agents or toxic materials, the appropriate medical services at no cost to the employee.

18.7 Any safety equipment required by the CITY shall be furnished by the CITY.

ARTICLE 19 MINIMUM STAFFING

19.1 CITY agrees to provide minimum staffing of three full-time personnel except in cases of emergency as determined by the Fire Chief.

a. Exception: For brief transitional periods lasting 10 hours or less, minimum staffing may be allowed to drop to a minimum of two with the Chief's approval.

19.2 Prior City Strategic Plans have recommended the CITY provide 4-person daily staffing in the Fire Department.

a. The CITY and MBFFA agree that 4-person full-time minimum staffing will be provided in the MOU, when a second fire station or second company is staffed and operational. The 4-person minimum refers to the total on-duty staffing of full-time firefighters in the CITY.

b. The CITY currently staffs a single, two-piece suppression company consisting of an engine and a rescue. This response configuration is not affected by item a. above.

19.3 The CITY agrees to cap the total number of part-time, unrepresented firefighters to one per scheduled 24-hour shift.

a. Exception: In an emergency, and for mutual aid response coverage, the CITY may have more than one reserve firefighter working 24-hour shifts, provided the CITY is meeting its minimum staffing requirements.

19.3.1 The Fire Chief may assign the least senior qualified Engineer as a floater to fill shifts when other Unit members are off on leave, training, or otherwise unable to

cover their assigned shifts. There may also be some situations whereby it may be a benefit to both parties wherein the Fire Chief may assign a represented member who may need to flex their schedule as the floater upon the agreement of both the Fire Chief and the member.

19.3.2 The CITY will post a work schedule every 30 days for the vacation relief position, and provide 96 hours notice prior to making schedule changes. There will be no more than two schedule changes within each 30-day schedule.

ARTICLE 20 PERSONNEL RULES

Parties recognize the applicability and agreement with the Personnel Rules utilized by the CITY for all employees. From time to time, the Personnel Rules may be amended, and the CITY will offer the opportunity to meet and confer on those items, within the scope of bargaining. Nothing in this article shall make the CITY's Personnel Rules subject to the Grievance Procedure.

ARTICLE 21 LAYOFFS

The parties agree to use the layoff procedure as set forth in 2.32.120 of the CITY's Municipal Code and the CITY's Personnel Rules.

For purposes of workforce reductions, as outlined by the CITY's Personnel Rules and Regulations, shifts worked by part-time, unrepresented employees will be eliminated prior to a reduction in full-time MOU-represented personnel.

ARTICLE 22 PROCESSING OF FORMAL GRIEVANCES

22.1 The MBFFA agrees that whenever investigation or processing of a grievance is to be transacted during working hours, only the amount of time necessary to bring about a prompt disposition of the matter will be utilized. It is further agreed that the time spent on an investigation and processing of grievances will not interfere with the normal operation of the department. CITY agrees to provide a reasonable amount of time for the investigation and the processing of a grievance, but by so agreeing does not imply that the processing or investigation of a grievance shall take priority over normal functions of the department.

22.2 CITY further agrees that any payment of overtime arising because of MBFFA personnel's involvement in grievance investigation or processing shall not be authorized. Time spent on the investigation and processing of grievances will be recorded on a form provided by CITY. Stewards will be permitted reasonable time-off with pay for the investigation and processing of grievances provided, however, stewards shall first obtain permission from the department head and/or their designee and inform him/her of the nature of their business. CITY shall grant such permission promptly unless such absence would cause an undue interruption of work or would require the CITY to pay overtime in order to maintain the normal operation of the department.

22.3 Upon entering the work location, the steward shall inform the department head and supervisor of the nature of their business. Permission to leave a job will be granted to the employee involved unless such absence would cause an interruption of work. If the employee cannot be made available, the steward will seek an alternate time for employee availability with the department head or supervisor.

22.4 It is agreed that in some instances the investigation and processing of a grievance may be accomplished on the employee's time. This MOU is in recognition of the mutual sharing of costs involved in the handling of employee-initiated actions.

22.5 Procedures shall be in accordance with Resolution No. 46-74 and any amendments thereto.

ARTICLE 23 ELIMINATION OF FIRE SERVICE

If the fire service function of the CITY is merged into another agency, or if another agency assumes said function, then prior to such action, the CITY shall meet and confer with MBFFA concerning the effects of such action.

ARTICLE 24 NO STRIKE, NO LOCK-OUT

24.1 During the life of this MOU, the CITY will not lock out any employees nor will the MBFFA cause, authorize, advise or encourage any interruption of work or any other concerted refusal to render services or to work, including overtime or any other curtailment or restriction of work at any time during the term of this MOU. The term "interruption of work" shall mean any work stoppage or strike (including economic and unfair labor practice strikes) or any intentional slow down of work.

24.2 There shall be no refusal to work on, handle or produce any materials or equipment because of a labor dispute.

24.3 Any employee engaging in any action prohibited by this Article shall be subject to immediate discharge or such other discipline as the CITY may assess. Such discharge or discipline shall not be reviewable through the Grievance Procedure.

ARTICLE 25 FULL UNDERSTANDING, MODIFICATION, WAIVER

25.1 This MOU sets forth the full and entire understanding of the parties, regarding the matters set forth herein, and any other prior or existing understanding or MOUs by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

25.2 It is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right to negotiate, and agrees that the other party shall not be required to negotiate, with respect to any matter covered herein.

25.3 No agreement, alteration, understanding, variation, waiver, or modification of any of the terms or provisions contained herein shall in any manner be binding upon the parties hereto unless made and executed in writing by all parties hereto, and if required, approved by the CITY and ratified by the membership of the MBFFA.

25.4 The waiver of any breach of any term, or condition of this MOU by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

ARTICLE 26 SEVERABILITY

If any provision(s) are held to be contrary to law by a court of competent jurisdiction, such provisions will not be deemed valid and subsisting except to the extent permitted by law, but all other provisions will continue in full force and effect.

ARTICLE 27 – JOINT DRAFTING

Each party has cooperated in the drafting and preparation of this MOU. Hence, in any legal construction or interpretation to be made of this MOU, the same shall not be construed against any party.

ARTICLE 28 – CITY COUNCIL APPROVAL

The CITY's labor relations representatives and the MBFFA's representatives have met and conferred in good faith on wages, hours and other terms and conditions of employment for the unit members represented by the MBFFA and have reached agreements which are set forth in this MOU. This MOU when executed by the CITY's labor relations representatives and the MBFFA's representatives constitutes a joint recommendation therefrom, after ratification of the MBFFA's membership, to be submitted to the City Council for its determination and approval by resolution, as the City Council may deem fit and proper. This Memorandum of Understanding is of no force or effect unless or until approved and adopted by a resolution of the City Council.

ARTICLE 29 WORK SCHEDULE AND LEAVE PROVISIONS SPECIFIC TO THE POSITION OF FIRE MARSHAL

The foregoing sections in this Article 29 shall apply only to the position of Fire Marshal. The Fire Marshal's work schedule, and entitlement to overtime, compensatory time off, vacation leave, and holiday leave shall only be as provided in this Article 29.

29.1 Work Schedule.

29.1.1. Workday. The normal workday shall be eight hours of work in a 24-consecutive hour period, except in cases of emergencies. That work schedule may be altered to conduct inspections during special CITY events and is subject to call back for emergencies. In no case shall the Fire Marshal cover 24-hour shifts.

29.1.2. Work Shift. The Fire Marshal shall be scheduled to work on regular work shifts having regular starting and quitting times.

29.1.3. Work Week. The normal workweek shall be five workdays and two consecutive days of rest in a seven-day period, beginning Saturday, 12:00 a.m., and ending seven days later on Friday night at 11:59 p.m., except in cases of special CITY events or emergencies, or at the specific request of the Fire Marshal and approval of the fire chief.

29.1.4. Overtime Compensation. Overtime for the Fire Marshal is defined as all work required by the CITY, and actually performed beyond 40 hours worked in a workweek, as defined by FLSA, and shall be compensated at one and one-half times the employee's regular rate of pay, as defined by FLSA. The Fire Marshal shall not be eligible for daily overtime. Vacation time and compensatory time off shall be treated as hours worked. The Fire Marshal shall not be entitled to a premium rate of pay for work on Saturdays, Sundays, holidays, or regular days of rest, provided they do not work beyond 40 hours in a workweek. (For example, if due to a special CITY event, the Fire Marshal works five, eight-hour work days from Wednesday through Sunday, they will not be entitled to any premium rate of pay.)

29.1.5 Compensatory Time. The Fire Marshal shall be eligible to elect for compensatory time off (CTO) in lieu of paid overtime, subject to the foregoing requirements and restrictions. Compensatory time off earned will accrue at one and one-half (1.5) times hours worked. CTO may be elected for overtime incurred due to professional training time only. Maximum CTO accrual will be 100 hours. All overtime earned after CTO is accrued to the 100-hour maximum will be paid in cash. Accrued CTO may be cashed out upon the request of the Fire Marshal and the approval of the department. CTO accrued at time of separation will be paid off. CTO may be taken off upon Fire Marshal request and department approval. CTO will not be approved if it will require overtime.

29.2. Vacation Leave. All leave time (vacation, sick leave, holiday, etc.) must be taken on an hour-for-hour basis, equaling actual time off, regardless of accumulation rates.

During the term of this AGREEMENT, paid vacation leave for the Fire Marshal position shall be earned at the following rate:

SERVICE YEARS	ENTITLEMENT IN DAYS
1 thru 2	10
3 thru 4	11
5 thru 6	12
7 thru 8	13
9 thru 10	14
11 thru 12	15
13 thru 14	16

15 thru 16	17
17 thru 18	18
19 thru 20	19
21 or more	20

The standard for vacation time is eight (8) hours equals one (1) day.

The Fire Marshal may exercise an option to convert into cash a maximum of forty (40) hours of accrued vacation leave each fiscal year. Such conversion shall be computed at the employee's current base hourly rate, on an hour-per-hour basis.

Unused vacation leave may be carried over, into the following year, to a maximum of two hundred twenty (220) hours. In the event the Fire Marshal exceeds the 220-hour maximum as of the pay period containing November 1 of each year, they will have the following options related to the excess hours:

a. Cash out;
b. Convert hours to sick leave on an hour-for-hour basis; and/or
c. Paid to deferred compensation.

The CITY shall take said action(s) with the pay period containing December 1 of each year. Payment shall be computed, based upon the employee's base hourly rate of pay as of June 30 of the same calendar year.

In the event of separation from the CITY, the Fire Marshal shall be entitled to pay for accumulated vacation, prior to separation, at their current base hourly rate of pay.

29.3 Holiday Leave. For the purpose of this AGREEMENT, the following days are the holidays for the employee in the Fire Marshal position:

Independence Day	July 4
Labor Day	1st Monday in September
Veteran's Day	November 11
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving Day	4th Friday in November
Christmas Day	December 25
New Year's Day	January 1
Martin Luther King, Jr., Day	3rd Monday in January
Lincoln's Birthday	February 12
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Floating Holiday	Varies
Floating Holiday	Varies

Holidays falling on Saturday shall be observed on the preceding Friday and holidays falling on Sunday shall be observed on the following Monday. Such observed holidays shall be considered designated holidays for purposes of overtime.

One holiday equals eight (8) hours. It is agreed that when a holiday is proclaimed by the Mayor of the CITY, the Fire Marshal shall be granted time-off in the same number of equivalent work hours. Such time-off shall authorized by the Fire Chief.

The Fire Marshal may accumulate up to a maximum of forty-eight (48) hours of holiday time. Hours of holiday time, accumulated over 48 hours will be paid off. When the Fire Marshal terminates employment with the CITY, they shall receive pay for their current holiday balance, up to a maximum of 48 hours, at their current base hourly rate.

CITY's denial of requested holiday time off shall be neither arbitrary nor capricious.

The first payroll including July 1, the Fire Marshal's leave bank will be credited with 16 hours floating holiday.

MORRO BAY FIRE FIGHTERS ASS'N, IAFF LOCAL 3725

Michael Hoese

Travis Hasch

Scott Subler

CITY OF MORRO BAY

Scott Collins, City Manager

Colin Tanner, Deputy City Attorney/Lead Negotiator

Dana Swanson, City Clerk

Laurie Goforth, Human Resources Analyst

Holidays falling on Saturday shall be observed on the preceding Friday and holidays falling on Sunday shall be observed on the following Monday. Such observed holidays shall be considered designated holidays for purposes of overtime.

One holiday equals eight (8) hours. It is agreed that when a holiday is proclaimed by the Mayor of the CITY, the Fire Marshal shall be granted time-off in the same number of equivalent work hours. Such time-off shall authorized by the Fire Chief.

The Fire Marshal may accumulate up to a maximum of forty-eight (48) hours of holiday time. Hours of holiday time, accumulated over 48 hours will be paid off. When the Fire Marshal terminates employment with the CITY, they shall receive pay for their current holiday balance, up to a maximum of 48 hours, at their current base hourly rate.

CITY's denial of requested holiday time off shall be neither arbitrary nor capricious.

The first payroll including July 1, the Fire Marshal's leave bank will be credited with 16 hours floating holiday.

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EXHIBIT A

CITY OF MORRO BAY

FY 20/21 MBFFA SALARY SCHEDULE

Effective July 1, 2020 through October 2, 2020 and January 1, 2021 through June 30, 2021

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
FIREFIGHTER	59,065	62,018	65,119	68,375	71,794
FIRE ENGINEER	64,573	67,802	71,192	74,751	78,489
FIRE CAPTAIN	74,227	77,938	81,835	85,927	90,223
FIRE MARSHAL	88,114	92,520	97,146	102,003	107,103

Note: The parties agreed to a 5% salary reduction for Unit members for the period of October 3, 2020 through December 31, 2020 pursuant to the Side Letter Agreement between the CITY and MBFFA Regarding Successor MOU Negotiations and Temporary Salary Negotiations. The 5% salary reduction for Unit members ceased on December 31, 2020.

EXHIBIT B

CITY OF MORRO BAY

FY 21/22 MBFFA SALARY SCHEDULE

Effective July 1, 2021

TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
FIREFIGHTER	62,018	65,119	68,375	71,794	75,384
FIRE ENGINEER	67,802	71,192	74,751	78,489	82,413
FIRE CAPTAIN	77,938	81,835	85,927	90,223	94,735
FIRE MARSHAL	92,520	97,146	102,003	107,103	112,458

RESOLUTION NO. 34-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AMENDING AND RESTATING THE PREVIOUSLY ADOPTED
COMPENSATION AND BENEFITS FOR THE UNREPRESENTED CONFIDENTIAL
DESIGNATED EMPLOYEES OF THE CITY OF MORRO BAY**

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, Section 36506 of the California Government Code requires the City Council to fix the compensation of all appointive officers and employees by resolution or ordinance; and

WHEREAS, Morro Bay Municipal Code Section 2.20.020 also provides the salaries and compensation of officers and employees of the City of Morro Bay ("City") shall be as fixed and determined by resolution of the City Council, except as specifically fixed in Chapter 2.20 of the Morro Bay Municipal Code; and

WHEREAS, the City has established a system of classification for all positions within the City service with descriptive occupational titles, used to identify and distinguish classifications and/or positions from one another, based on job duties, essential functions, knowledge, skills, abilities and minimum requirements; and

WHEREAS, the Meyers-Milias-Brown Act ("MMBA") (Government Code sections 3500 *et seq.*)[1] governs labor relations between local government employers and employees and Section 3507.5 thereof permits a public agency to adopt local rules and regulations providing for the designation of the "confidential" employees of the public agency and restricting such employees from representing any employee organization, which represents other employees of the public agency, on matters within the scope of representation; and

WHEREAS, the City's Employer-Employee Relations Resolution, Resolution No. 08-17, represents the City's adoption of local rules and regulations for the administration of employer-employee relations, including but not limited to the designation of "confidential" employees, defined as meaning those employees who are "privy to decisions of City management affecting employer-employee relations;" and

WHEREAS, the City has designated such "confidential" employees as more fully identified and listed herein below; and

WHEREAS, the "confidential" employees identified and listed herein are "unrepresented," meaning that they are not part of any City Council determined appropriate bargaining unit nor represented by any recognized employee organization as defined by the City's Employer-Employee Relations Resolution and the MMBA; and

WHEREAS, the City Council deems it is in the best interest of the City to adjust the compensation of the unrepresented confidential employees, whose titles are listed herein, by a Cost of Living Adjustment (COLA) salary increase established by City Council for these employees for FY 2021/22; and

NOW, THEREFORE, BE IT RESOLVED that the Morro Bay City Council does hereby adopt this Resolution, amending and restating the previously adopted and amended schedule of compensation and benefits for the City of Morro Bay's unrepresented confidential employees and superseding and replacing

1 Unless otherwise stated, references to Sections will be to the Government Code.

any prior compensation and benefits resolutions, contracts, agreements or memorandum for such employees, including but not limited to Resolution No. 34-17 as follows:

A. POSITION LIST

The following are the FY 2021/22 authorized confidential positions:

1. Human Resources Analyst I
2. Human Resources Analyst II
3. Senior Accounting Technician
4. Executive Assistant/Deputy City Clerk

B. NORMAL WORK HOURS

Confidential employees work eight hours per day, five days per week consistent with City business hours (unless participating in an alternative work schedule) and are subject to overtime compensation.

C. COMPENSATORY TIME OFF ("CTO")

Confidential employees may take CTO in-lieu of paid overtime. CTO may be accrued up to a maximum of sixty (60) hours. Once the maximum accrual is reached, excess overtime is paid at the time it is incurred, until the CTO accrual balance falls below the maximum accrual limit. CTO must be approved in advance by the employee's Department Director.

D. ADMINISTRATIVE LEAVE

Confidential employees receive up to forty-five (45) hours annually in paid administrative leave in a lump sum accrual at the beginning of each fiscal year. The administrative leave bank may never accrue more than sixty-nine (69) total hours which may limit the number of hours credited to the employee's administrative leave bank on July 1st of each year.

New confidential employees will be provided a pro-rata share of the annual forty-five (45) hour accrual of administrative leave upon employment.

Administrative leave time must be taken off on an hour-for-hour basis equaling employee actual time off, regardless of accumulation rates. Administrative leave is a compensable leave, and any remaining hours in the employee's bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

E. VACATION LEAVE

Confidential employees accrue vacation, based on the schedule below:

Service Years	Entitlement in Days
1 thru 2	10
3 thru 4	11
5 thru 6	12
7 thru 8	13
9 thru 10	14
11 thru 12	15
13 thru 14	16

15 thru 16	17
17 thru 18	18
19 thru 20	19
21 or more	20

Confidential employees are subject to a maximum leave accumulation of two hundred twenty (220) hours. Any hours exceeding the maximum accumulation as of November 1st of each year will be paid out in the pay period including December 1st, based on the following options for those excess hours, as selected by the employee:

1. Cash out;
2. Convert hours to sick leave on an hour-for hour basis;
3. Paid to deferred compensation account; or
4. Any combination of the above.

Confidential employees may exercise the option to convert into cash a maximum of forty (40) hours of accrued vacation leave each fiscal year, at the employee's current hourly rate of pay.

Vacation accrual is a compensable leave; any hours remaining in the employee's vacation bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

Vacation leave time must be taken off on an hour-for-hour basis equaling employee actual time off, regardless of accumulation rates.

F. HOLIDAYS

The following days are paid holidays for confidential employees:

Independence Day	July 4th
Labor Day	1st Monday in September
Veteran's Day	November 11th
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Friday after Thanksgiving
Christmas Day	December 25th
New Year's Day	January 1st
Martin Luther King, Jr. Day	3rd Monday in January
Spring Break Holiday	Observed the Friday before Easter weekend
Washington's Birthday	3rd Monday in February
Memorial Day	Last Monday in May
Floating Holiday	Varies
Floating Holiday	Varies

Any holiday, which falls on a Saturday or Sunday, will be officially designated as a "HOLIDAY" on the prior Friday (if Saturday) or Monday (if Sunday).

For confidential employees, one holiday equals eight hours, unless the employee is working the 9/80 alternative work schedule where one holiday may equal eight or nine hours depending on the normally scheduled work day being either an eight- or nine-hour work day for that employee.

When a holiday is proclaimed by the Mayor of the City, each employee shall be granted time-off in the same number of equivalent hours. Such time off shall be authorized by the Department Head.

Floating holiday hours are recorded in a bank in July of each fiscal year and may be carried over to the next fiscal year, to a maximum accumulation of forty-eight (48) hours holiday time. Hours of holiday time accumulated over forty-eight (48) hours will be paid out in December.

Floating holiday pay is a compensable leave, and any remaining hours in the employee's bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

G. SICK LEAVE

All employees accrue ninety-six (96) hours per year in a sick leave bank to be used for employee illness, forty-eight (48) hours of which may be used in the care of the employee's family member for illness or for any other reason mandated by law.

Upon retirement from City service, remaining unused sick leave converts to time served under the applicable contract between the City and the California Public Employees' Retirement System ("CalPERS"), if any.

Based on individual utilization of paid sick leave in the preceding calendar year, confidential employees may convert unused accumulated sick leave into paid vacation leave once per calendar year, pursuant to the formula below:

Sick Leave Utilization	Sick Leave	Maximum Conversion to Vacation Leave
0 hours	96 hours	48 hours
.25 to 8 hours	72 hours	36 hours
8.25 to 16 hours	48 hours	24 hours
16.25 to 25 hours	24 hours	12 hours
Over 25 hours	0 hours	0 hours

At least one hundred sixty (160) accrued hours must remain in the confidential employee's sick leave bank for an employee to be eligible for conversion or for a conversion to be authorized. In addition, the right to convert does not carry over or rollover from calendar year to calendar year; failure to request conversion in any calendar year eliminates the right to do so for that calendar year.

Upon the Service Retirement of a confidential employee, who has more than ten years of service with the City, said employee shall be entitled to receive payment for up to the first ninety days of their accrued sick leave at twenty-five percent of the employee's rate of pay, as of the date of service retirement. Unused sick leave converted to service credit for CalPERS purposes cannot be compensated (converted to dollars). Service Retirement is defined as service retirement from both the City and CalPERS. Voluntary separation or termination actions are excluded from this benefit.

H. RETIREMENT BENEFITS

All employees, enrolled in the CalPERS retirement system, bear the risk of payment of any increases in the employee contribution, above the current percentage, made by action of

CalPERS, the California Public Employees Pension Reform Act of 2013 ("PEPRA") or related legislation, and/or the State Legislature.

All employee CalPERS contributions are paid to CalPERS, based upon tax treatment currently permitted by the State Franchise Tax Board and the Internal Revenue Service ("IRS").

The following is descriptive information on City CalPERS-contracted Miscellaneous retirement plans:

CalPERS Miscellaneous Plans
All employees pay 100% of the employee contribution to CalPERS, which is currently:

1. Tier 1 Classic members = 8%
2. Tier 2 Classic members = 7%
3. Tier 3 PEPRA members = one-half the normal cost of retirement (currently 6.75%)

Tier 1: All employees, who were hired prior to December 10, 2011, receive the following CalPERS retirement formula and optional benefits (existing Tier 1 employees, promoted to another position within the City, will not be considered new hires, with respect to retirement formulas):

1. 2.7% @ 55 formula (Section 21354.5)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 1 Year (Section 20042)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 2: All employees, who were hired on or after December 10, 2011, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the CalPERS definition of *classic member* as determined by CalPERS under PEPRA and related legislation receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 60 formula (benefit factor increases to 2.418% @ 63+) (Section 21353)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 3 Years (Section 20037)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 3: All employees, who were hired on or after January 1, 2013, and meet the definition of *new member*, as determined by CalPERS under PEPRA and related legislation pursuant to PEPRA, receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 62 formula (benefit factor increases to 2.5% @ 67+) (Section 7522.20)
2. Final Compensation 3 Years (Section 20037)
3. Member contribution rate of fifty percent of the expected normal cost rate, which is currently 13.5% (6.75% is employee's portion)
4. Unused Sick Leave Credit (Section 20965)
5. Military Service Credit (Section 21024 and 21027)
6. 1959 Survivor Benefit, Level 4 (21574)
7. Pre-Retirement Option 2W Death Benefit (Section 21548)

I. HEALTH/LIFE/VISION/DENTAL INSURANCE
Effective July 1, 2021, all employees receive the following contribution toward the purchase of CalPERS health insurance, which includes the required CalPERS monthly contribution:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,135/month or cost of insurance, whichever is less
Employee + family - up to $1,460/month or cost of insurance, whichever is less

Life insurance is provided at $50,000 and is paid for by the City for the employee only.

Effective July 1, 2021, all employees receive the following contribution toward the purchase of Life, Vision and Dental insurances:

	Life	**Vision**	**Dental**	**Total**	**Bank**	**EE Pays**
Employee only	$8.70	$ 8.73	$ 56.68	$ 74.11	$ 71.18	$ 2.93
Employee + 1	$8.70	$ 16.40	$156.84	$181.94	$170.19	$11.75
Employee + 2+	$8.70	$ 23.34	$156.84	$188.88	$716.67	$12.21

City will pay the remaining premium for life, vision and dental.

For retired employees, City contributes the required CalPERS monthly contribution towards CalPERS health plans, as selected by retiree.

J. DEFERRED COMPENSATION PROGRAM
Confidential employees receive a matching contribution up to $1,500, per calendar year, paid to employee's deferred compensation plan, or approved retiree medical savings plan. City matching contributions are paid on a 2:1 basis (e.g., employee contributes $2, City matches $1).

K. EDUCATION INCENTIVE
City will reimburse its confidential employees for costs associated with job-related and job-required certifications, correspondence courses, and/or licenses (except Class III driver's license), upon successful completion of the examination or course by the employee. Written authorization, from the employee's Department Director, is required in advance. Reimbursement includes application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by City. This provision does not apply to continuing education requirements.

City will provide a City vehicle, when available, for required transportation, and will permit paid time for employee to take examinations, scheduled during normal working hours. If no City vehicle is available, employee may take their personal vehicle; however, no mileage payments are authorized of the use of personal transportation. Time spent, outside normal working hours, shall not be compensated.

L. COLLEGE DEGREES
Confidential employees, hired on or after January 1, 1998, shall not be eligible for this incentive.

For confidential employees, hired prior to January 1, 1998, City will pay the following education incentives, on base salary, for an Associate of Arts ("AA") or Bachelor's degree, unless the employee's job description requires an AA or Bachelor's degree, or the employee is promoted to a position requiring an AA or Bachelor's degree:

1. AA degree = $600 annually

2. Bachelor's Degree = $1,200 annually

M. COMPENSATION ADJUSTMENTS
Annual Cost of Living Adjustments (COLA) and/or equity adjustments may be given to confidential employees, as recommended by the City Manager and approved by the City Council; though neither is guaranteed.

1. For fiscal year 2021/2022, City will provide a five percent (5%) COLA base salary increase to the confidential employees' salary ranges as reflected in Attachment A hereto, effective with the pay period containing July 1, 2021.

2. Potential One-Time Lump Sum Payment. In recognition of the financial and overall sacrifices made during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, the City shall provide a non-PERSable one-time lump sum payment of one thousand dollars ($1,000) to each unrepresented Confidential member employed with the City of Morro Bay during the period May 2, 2020, through December 31, 2020, and who is still employed when the lump-sum payments are issued by the City after verifying the following conditions precedent have been satisfied (anticipated to be around October 1, 2021):

   A. Total of three major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) must meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that is collected at any time during Fiscal Year 2020-21.

   B. The CITY must not become responsible for any state or federally imposed unfunded mandates from any external source(s) that require significant unplanned and/or un-forecasted General Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020-21 budget (page A-11). This shall include but is not limited to significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic or a human-made disaster affecting the City. Any such expenditure(s) cumulatively totaling $125,000 in a fiscal year or more will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based resulting in no one-time lump-sum payment being awarded.

N. SPECIAL PAY
Confidential employees, who are required by their supervisor to attend meetings, outside the normal work schedule, for the purpose of taking minutes of said meetings, shall be paid a minimum of four (4) hours at time and one-half, without regard for hours actually worked during the work week. Minutes, taken at meetings during regular work hours, shall be included in employee's regular rate of pay, and not compensated beyond that.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

ATTACHMENT A

CONFIDENTIAL SALARY SCHEDULE EFFECTIVE 7/1/2021

POSITION	ANNUAL COMPENSATION RANGE 1	2	3	4	5
Human Resources Analyst II	69,053	72,506	76,131	79,938	83,935
Senior Accounting Technician	64,141	67,348	70,716	74,252	77,964
Executive Asst/Deputy City Clerk	61,703	64,788	68,028	71,429	75,001
Human Resources Analyst I	57,425	60,296	63,311	66,476	69,800

RESOLUTION NO. 35-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
AMENDING AND RESTATING THE PREVIOUSLY ADOPTED
COMPENSATION AND BENEFITS FOR THE UNREPRESENTED MANAGEMENT
DESIGNATED EMPLOYEES OF THE CITY OF MORRO BAY**

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

WHEREAS, Section 36506 of the California Government Code requires the City Council to fix the compensation of all appointive officers and employees by resolution or ordinance; and

WHEREAS, Morro Bay Municipal Code Section 2.20.020 also provides the salaries and compensation of officers and employees of the City of Morro Bay ("City") shall be as fixed and determined by resolution of the City Council, except as specifically fixed in Chapter 2.20 of the Morro Bay Municipal Code; and

WHEREAS, the City has established a system of classification for all positions within the City service with descriptive occupational titles, used to identify and distinguish classifications and/or positions from one another, based on job duties, essential functions, knowledge, skills, abilities and minimum requirements; and

WHEREAS, the Meyers-Milias-Brown Act ("MMBA") (Government Code sections 3500 *et seq.*)[1] governs labor relations between local government employers and employees and Section 3507.5 thereof permits a public agency to adopt local rules and regulations providing for the designation of the "management" employees of the public agency and restricting such employees from representing any employee organization, which represents other employees of the public agency, on matters within the scope of representation; and

WHEREAS, the City's Employer-Employee Relations Resolution, Resolution No. 08-17, represents the City's adoption of local rules and regulations for the administration of employer-employee relations, including, but not limited to, the designation of "management" employees, summarized in brief from that resolution as generally defined as meaning those employees who are have significant responsibilities for formulating and administering City policies and programs and the authority to exercise independent judgment to hire, discipline, promote, discharge; assign, or transfer other employees or who have responsibility to use independent judgment to direct such employees, adjust their grievances, or recommend personnel action; and

WHEREAS, the City has designated such "management" employees as more fully identified and listed herein below; and

WHEREAS, the "management" employees identified and listed herein are "unrepresented," meaning that they are not part of any City Council determined appropriate

1 Unless otherwise stated, references to Sections will be to the Government Code.

bargaining unit nor represented by any recognized employee organization as defined by the City's Employer-Employee Relations Resolution and the MMBA; and

WHEREAS, the City Council deems it is in the best interest of the City to adjust the compensation of the unrepresented management employees, whose titles are listed herein, by a Cost of Living Adjustment (COLA) salary increase established by City Council for these employees for FY 2021/22.

NOW, THEREFORE, BE IT RESOLVED the Morro Bay City Council does hereby adopt this Resolution, amending and restating the previously adopted and amended schedule of compensation and benefits for the City of Morro Bay's unrepresented management employees and superseding and replacing any prior compensation and benefits resolutions, contracts, agreements or memorandum for such employees, including, but not limited to, Resolution No. 33-17 as follows:

A. CLASSIFICATION/POSITION LIST

The following is a list of authorized management classifications:

1. Police Commander
2. Fire Marshal/Division Chief
3. Utility Division Manager
4. City Engineer
5. City Clerk/Human Resources Manager
6. Finance Manager
7. Planning Manager
8. Senior Civil Engineer
9. Senior Administrative Services Analyst
10. Consolidated Maintenance Superintendent
11. Information Systems Technician
12. Environmental Programs Manager
13. Senior Planner
14. Recreation Services Manager
15. Management Analyst
16. Support Services Manager

B. NORMAL WORK HOURS

Management employees are expected to work during normal City business hours and may be required to work longer hours (more than an eight-hour day and more than five days per week), but are not subject to overtime compensation, as they are considered *exempt* employees, within the definition of FLSA. The occasional use of alternative work schedules can be implemented upon approval of the City Manager.

C. EXEMPT TIME OFF

As stated in B above, management employees are considered *exempt* employees. However, the City provides various leave banks for employees' use, with accrual and use record-keeping being required to properly maintain the leave banks.

Time off of less than two continuous hours in a day does not need to be recorded by exempt employees. Abuses of this exception, such as daily use or random periods within

a day, will not be allowed. This exception is also not allowed to be combined with any leaves.

D. ADMINISTRATIVE LEAVE

Management employees receive up to seventy-two (72) hours annually in paid administrative leave in a lump sum accrual at the beginning of each fiscal year. The City Manager, or designee, upon recommendation by the management employee's Department Head, may grant additional administrative leave to the management employee. The administrative leave bank may never accrue more than ninety-six (96) total hours which may limit the number of hours credited to the employee's administrative leave bank on July 1st of each year.

New management employees will be provided a pro-rata share of the annual seventy-two-hour administrative leave bank upon employment.

Administrative leave time must be taken off on an hour-for-hour basis equaling employee actual time off, regardless of accumulation rates. Administrative leave is a compensable leave, and any remaining hours in the employee's bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

E. VACATION LEAVE

Management employees accrue vacation, based on the schedule below:

Service Years	Entitlement in Days
1 thru 2	10
3 thru 4	11
5 thru 6	12
7 thru 8	13
9 thru 10	14
11 thru 12	15
13 thru 14	16
15 thru 16	17
17 thru 18	18
19 thru 20	19
21 or more	20

Vacation leave time must be taken off on an hour-for-hour basis equaling employee actual time off, regardless of accumulation rates.

Management employees are subject to a maximum leave accumulation of three hundred (300) hours. Any hours exceeding the maximum accumulation, will be paid out in December of each fiscal year, unless the management employee has a specific need to retain the hours beyond the maximum accumulation. This need must be written and approved by both the employee's Department Head and the City Manager, or designee.

All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour-for-hour basis equaling employee actual time off from work during normal business hours, regardless of accumulation rates.

Management employees may exercise the option to convert, into cash, a maximum of forty hours of accrued vacation leave each fiscal year, at the employee's current hourly rate of pay.

Vacation accrual is a compensable leave, and any hours remaining in the employee's vacation bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

F. HOLIDAYS

The following days are paid holidays for management employees:

Independence Day	July 4
Labor Day	1st Monday in September
Veteran's Day	November 11
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Friday after Thanksgiving
Christmas Day	December 25
New Year's Day	January 1
Martin Luther King, Jr. Day	3rd Monday in January
Spring Break Holiday	Observed the Friday before Easter weekend
Washington's Birthday	3rd Monday in February
Memorial Day	Last Monday in May
Floating Holiday	Varies
Floating Holiday	Varies

Any holiday, which falls on a Saturday or Sunday, will be officially designated as a "HOLIDAY" on the prior Friday (if Saturday) or Monday (if Sunday).

For management employees, one holiday equals eight hours, unless the employee is working the 9/80 alternative work schedule where one holiday shall equal nine hours.

Floating holiday hours are recorded in a bank in July of each fiscal year and may be carried over to the next fiscal year, to a maximum accumulation of forty-eight-hours of holiday time. Hours of holiday time accumulated over forty-eight hours will be paid out in December. All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour-for-hour basis equaling employee actual time off from work during normal business hours, regardless of accumulation rates.

Floating holiday pay is a compensable leave, and any remaining hours in the employee's bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

G. SICK LEAVE

All employees accrue ninety-six (96) hours per year in a sick leave bank to be used for employee illness, forty-eight (48) hours of which may be used in the care of the employee's family member for illness or for any other reason mandated by law. All leave time (vacation, sick leave, holiday, etc.) will be taken off on an hour-for-hour basis equaling employee actual time off from work during normal business hours, regardless of accumulation rates.

Upon retirement from City service, remaining unused sick leave converts to time served under the applicable contract between the City and the California Public Employees' Retirement System ("CalPERS"), if any. Sick leave converted to service credit for CalPERS purposes cannot be compensated (converted to dollars).

Based on individual utilization of paid sick leave in the preceding calendar year, management employees may convert unused accumulated sick leave into paid vacation leave once per calendar year, pursuant to the formula below:

Sick Leave Utilization	Sick Leave	Maximum Conversion to Vacation Leave
0 hours	96 hours	48 hours
.25 to 8 hours	72 hours	36 hours
8.25 to 16 hours	48 hours	24 hours
16.25 to 25 hours	24 hours	12 hours
Over 25 hours	0 hours	0 hours

At least one-hundred sixty (160) accrued hours must remain in the management employee's sick leave bank for an employee to be eligible for conversion or for a conversion to be authorized. In addition, the right to convert does not carry over or rollover from calendar year to calendar year; failure to request conversion in any calendar year eliminates the right to do so for that calendar year.

Upon the Service Retirement of a management employee, who has more than ten years of service with the City, said employee shall be entitled to receive payment for up to the first seven hundred twenty hours of their accrued sick leave at thirty-five percent of the employee's rate of pay, as of the date of service retirement. Service Retirement is defined as service retirement from both the City and CalPERS. Voluntary separation or termination actions are excluded from this benefit.

H. RETIREMENT BENEFITS

All employees, enrolled in the CalPERS retirement system, bear the risk of payment of any increases in the employee contribution, above the current percentage, made by action of CalPERS, the California Public Employees Pension Reform Act of 2013 ("PEPRA") or related legislation, and/or the State Legislature.

All employee CalPERS contributions are paid to CalPERS, based upon tax treatment currently permitted by the State Franchise Tax Board and the Internal Revenue Service ("IRS").

The following is descriptive information on City CalPERS-contracted retirement plans:

CalPERS Miscellaneous Plans
All employees pay 100% of the employee contribution to CalPERS, which is currently:

1. Tier 1 Classic members = 8%
2. Tier 2 Classic members = 7%
3. Tier 3 PEPRA members = one-half the normal cost of retirement (currently 6.75%)

Tier 1: All employees, who were hired prior to December 10, 2011, receive the following CalPERS retirement formula and optional benefits (existing Tier 1 employees, promoted to another position within the City, will not be considered new hires, with respect to retirement formulas):

1. 2.7% @ 55 formula (Section 21354.5)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 1 Year (Section 20042)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 2: All employees, who were hired on or after December 10, 2011, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the CalPERS definition of *classic member*, as determined by CalPERS under PEPRA and related legislation, receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 60 formula (benefit factor increases to 2.418% @ 63+) (Section 21353)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 3 Years (Section 20037)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 3: All employees, who were hired on or after January 1, 2013, and meet the definition of *new member*, as determined by CalPERS under PEPRA and related legislation, receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 62 formula (benefit factor increases to 2.5% @ 67+) (Section 7522.20)
2. Final Compensation 3 Years (Section 20037)
3. Member contribution rate of fifty percent of the expected normal cost rate, which is currently 13.5% (6.75% is employee's portion)
4. Unused Sick Leave Credit (Section 20965)
5. Military Service Credit (Section 21024 and 21027)
6. 1959 Survivor Benefit, Level 4 (21574)
7. Pre-Retirement Option 2W Death Benefit (Section 21548)

<u>CalPERS Safety Plans</u>
All employees pay 100% of the employee contribution to CalPERS, which is currently:

1. Tier 1 and Tier 2 Classic members = 9%
2. Tier 3 PEPRA members = 13.0% (50% of the normal contribution rate)

Tier 1: All employees, who were hired prior to September 17, 2011, receive the following CalPERS retirement formula and optional benefits (existing Tier 1 employees, promoted to another position within the City, will not be considered new hires, with respect to retirement formulas):

1. 3% @ 50 formula (Section 21362.2)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 1 Year (Section 20042)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 2: All employees, who were hired on or after September 17, 2011, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the definition of *classic member*, as determined by CalPERS under PEPRA and related legislation, receive the following CalPERS retirement formula and optional benefits:

1. 3% @ 55 formula (Section 21363.1)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 3 Years (Section 20037)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 3: All employees, who were hired on or after January 1, 2013, and meet the definition of *new member*, as determined by CalPERS under PEPRA and related legislation, receive the following CalPERS retirement formula and optional benefits:

1. 2.7% @ 57 formula
2. Final Compensation 3 Years (Section 20037)
3. Member contribution rate of fifty percent of the expected normal cost rate, which is currently 26% (13.0% is employee's portion)
4. Unused Sick Leave Credit (Section 20965)
5. Military Service Credit (Section 21024 and 21027)
6. 1959 Survivor Benefit, Level 4 (21574)
7. Pre-Retirement Option 2W Death Benefit (Section 21548)

I. HEALTH/LIFE/VISION/DENTAL INSURANCE

Effective July 1, 2021, all employees receive the following contribution toward the purchase of CalPERS health insurance, which includes the required CalPERS monthly contribution:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,135/month or cost of insurance, whichever is less
Employee + family - up to $1, 460/month or cost of insurance, whichever is less

Life insurance is provided at $50,000 and is paid for by the City for the employee only.

Effective July 1, 2021, all employees receive the following contribution toward the purchase of Life, Vision and Dental insurances:

	Life	**Vision**	**Dental**	**Total**	**Bank**	**EE Pays**
Employee only	$8.70	$ 8.73	$ 56.68	$ 74.11	$ 71.18	$ 2.93
Employee + 1	$8.70	$ 16.40	$156.84	$181.94	$170.19	$11.75
Employee + 2+	$8.70	$ 23.34	$156.84	$188.88	$176.67	$12.21

For retired employees, City contributes the required CalPERS monthly contribution towards CalPERS health plans, as selected by retiree.

J. LONG-TERM DISABILITY ("LTD") INSURANCE PROGRAM

Management employees do not participate in the California State Disability Insurance program. City provides LTD to its management employees and pays the cost for the plan.

K. DEFERRED COMPENSATION PROGRAM
Management employees receive a matching contribution up to $1,500, per calendar year, paid to employee's deferred compensation plan, or approved retiree medical savings plan. City matching contributions are paid on a 2:1 basis (e.g., employee contributes $2, City contributes $1).

L. SPECIAL PAY
Management employees may receive up to $150 reimbursement per fiscal year, to purchase steel-toed shoes, as required in the performance of their job duties. Proof of purchase is required, and reimbursement is based on price paid, not to exceed $150 per fiscal year. Once purchased, footwear must be worn while working.

M. COMPENSATION ADJUSTMENTS
Annual Cost of Living Adjustments (COLA) and/or equity adjustments may be given to management employees, as recommended by the City Manager and approved by the City Council, though neither is guaranteed.

1. For the fiscal year 2021/22, City will provide a five percent (5%) COLA base salary increase to the management employees' salary ranges, as reflected in Attachment A hereto, effective with the pay period containing July 1, 2021.

2. Potential One-Time Lump Sum Payment. In recognition of the financial and overall sacrifices made during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, the City shall provide a non-PERSable one-time lump sum payment of one thousand dollars ($1,000) to each unrepresented Management member employed with the City of Morro Bay during the period May 2, 2020, through December 31, 2020, and who is still employed when the lump-sum payments are issued by the City after verifying the following conditions precedent have been satisfied (anticipated to be around October 1, 2021):

   A. Total of three major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) must meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that is collected at any time during Fiscal Year 2020-21.

   B. The CITY must not become responsible for any state or federally imposed unfunded mandates from any external source(s) that require significant unplanned and/or un-forecasted General Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020-21 budget (page A-11). This shall include but is not limited to significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic or a human-made disaster affecting the City. Any such expenditure(s) cumulatively totaling $125,000 in a fiscal year or more will be counted as a reduction in the combined revenue amount discussed in this section

on which the various conditions are based resulting in no one-time lump-sum payment being awarded.

N. EDUCATION REIMBURSEMENT
City will reimburse its management employees for costs associated with job-related and job-required certifications, correspondence courses, and/or licenses (except Class III driver's license), upon successful completion of the examination or course by the employee. Written authorization, from the employee's Department Director, is required in advance. Reimbursement includes application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by City. This provision does not apply to continuing education requirements.

City will provide a City vehicle, when available, for required transportation, and will permit paid time for employee to take examinations, scheduled during normal working hours. If no City vehicle is available, then City will reimburse mileage for the use of the management employee's personal vehicle, at current IRS mileage rates.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22tnd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

ATTACHMENT A

MANAGEMENT SALARY SCHEDULE

	ANNUAL COMPENSATION RANGE				
POSITION	**1**	**2**	**3**	**4**	**5**
Police Commander	120,015	126,016	132,317	138,932	145,879
Fire Marshal/Division Chief	110,187	115,696	121,481	127,555	133,933
Utility Division Manager **City Engineer**	106,898	112,243	117,855	123,748	129,936
City Clerk/HR Manager	105,633	110,915	116,461	122,284	128,398
Finance Manager *Planning Manager* *Senior Civil Engineer*	90,706	95,242	100,004	105,004	110,254
Sr. Admin. Services Analyst **Information Systems Tech** **Environmental Programs Manager** **Senior Planner** **Recreation Services Manager** *Consolidated Maintenance Supt.*	82,459	86,582	90,911	95,456	100,229
Management Analyst **Police Support Services Mgr.**	70,511	74,036	77,738	81,625	85,706

Note: Classifications shown in italics are not budgeted or proposed to be filled in the FY 21-22 budget

RESOLUTION NO. 36-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AMENDING AND RESTATING THE PREVIOUSLY ADOPTED MAXIMUM COMPENSATION
AND BENEFITS FOR CERTAIN CITY DEPARTMENT HEAD POSITIONS**

**T H E C I T Y C O U N C I L
City of Morro Bay, California**

WHEREAS, Section 36506 of the California Government Code requires that a city council fix the compensation of all appointive officers and employees by resolution or ordinance; and

WHEREAS, Morro Bay Municipal Code Section 2.20.020 also provides that the salaries and compensation of officers and employees of the City of Morro Bay ("City") shall be as fixed and determined by resolution of the City Council, except as fixed in Chapter 2.20 of the Morro Bay Municipal Code; and

WHEREAS, the Morro Bay City Manager has authority to appoint, remove, promote and demote any officers and employees of the City, including Directors, except the city attorney, pursuant to Morro Bay Municipal Code Section 2.12.090; and

WHEREAS, the City currently has department heads that include the Administrative Services Director/Assistant City Manager, Community Development Director, Fire Chief, Harbor Director, Police Chief, and Public Works Director (hereinafter collectively referred to as "Directors"); and

WHEREAS, the salaries and compensation of the Directors have been fixed pursuant to the Combined Salary Schedule adopted by the City as part of the fiscal year budget process as updated from year to year; and

WHEREAS, the City Council now desires to approve the compensation range and benefits for the City's Directors such that the City Manager shall be authorized to appoint Directors and provide for salary and benefits within the limitations of this resolution, without requiring the City Council to individually approve each Director's employment contract; and

WHEREAS, the City Council now desires to adopt a resolution of salaries, compensation and benefits for the Directors.

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

Section 1. The City Council hereby approves the Executive Salary Schedule effective July 1, 2021 attached as **Attachment A.**

Section 2. Annual Cost of Living Adjustments (COLA) and/or equity adjustments may be given to Director employees, as recommended by the City Manager and approved by the City Council, though neither is guaranteed.

1. For the fiscal year 2021/22, City Council hereby approves a five percent (5%) COLA base salary increase to the Director employees' salary ranges, as reflected in Attachment A hereto, effective with the pay period containing July 1, 2021.

2. Potential One-Time Lump Sum Payment. In recognition of the financial and overall sacrifices made during the COVID-19 health emergency, contingent upon satisfaction of the following financial terms and conditions, City Council hereby approves a non-PERSable one-time lump sum payment of one thousand dollars ($1,000) to each Director employed with the City of Morro Bay during the period April 4, 2020, through December 31, 2020, and who is still employed when the lump-sum payments are issued by the City after verifying the following conditions precedent have been satisfied (anticipated to be around October 1, 2021):

   A. Total of three major General Fund Revenues (Property Tax, Sales Tax and Transient Occupancy Tax) must meet or exceed the combined Fiscal Year 2020/21 forecasted amount of $7,757,301 adopted by Council on June 23, 2020. This figure shall be based on current tax rates (currently 1% Property Tax, 1% CITY Sales Tax, 10% TOT). In the event of increased tax rates, such increased rates would not count towards increased revenue receipts for this purpose. Sales tax shall exclude any consideration of Measure Q, Measure E and Cannabis Tax that is collected at any time during Fiscal Year 2020-21.

   B. The CITY must not become responsible for any state or federally imposed unfunded mandates from any external source(s) that require significant unplanned and/or un-forecasted General Fund expenditure(s) of more than $125,000 above the projected use of General Fund unassigned Reserves equal to $1,248,000 in the Adopted FY 2020-21 budget (page A-11). This shall include but is not limited to significant natural disaster(s), worsening financial conditions related to the COVID-19 pandemic or a human-made disaster affecting the City. Any such expenditure(s) cumulatively totaling $125,000 in a fiscal year or more will be counted as a reduction in the combined revenue amount discussed in this section on which the various conditions are based resulting in no one-time lump-sum payment being awarded.

Section 3. Directors with an existing employment contract with the City are entitled only to the level of salary and benefits contained herein or already existing in their respective contracts prior to the adoption of this resolution should those pre-existing contracts be amended or replaced with new contracts. Accordingly, this resolution shall not be deemed to limit compensation or benefits provided for in an existing employment contract with the City that is inconsistent with this resolution. Implementation of the accrual caps herein shall not result in loss of existing or vested leave balances as of the date of adoption of this resolution.

Section 4. The City Council hereby approves the maximum level of benefits and other compensation, not including salary, for Directors as set forth below. In the event the City Manager desires to exceed any of the parameters set forth herein, City Council authorization shall be required.

A. Workweek and Hours. Directors are expected to engage in the hours of work that are necessary to fulfill the obligations of the position, must be available at all times, and must devote a great deal of time outside the normal office hours to the business of the City. The proper performance of duties will require Directors to generally observe normal business hours (currently 8:00 a.m. to 5:00 p.m., Monday through Friday, including a standard one-hour lunch period), as set by the City and as may be duly revised from time-to-time and approved by the City Manager, and will also often require the performance of necessary services outside of normal business hours.

B. At-Will Employment. The employment of Directors with the City is "at-will," and Directors serve at the pleasure of the City Manager pursuant to Section 2.12.090 of the Morro Bay Municipal Code. As such, subject to Section 4 of this resolution, the City Manager may terminate a Director's employment at any time, with or without cause and with or without advance notice.

C. Exempt Status. Employees subject to this resolution are considered to be "exempt" employees within the definition of the Fair Labor Standards Act (FLSA) and shall not receive overtime compensation for time worked outside of the regular work schedule.

D. Professional Development and Professional Dues.

1. Professional development. Subject to the prior written approval of the City Manager, the City shall pay for travel and subsistence expenses of Directors for official travel, meetings and seminars necessary to continue professional development, and to adequately pursue necessary official and other functions for the City in accordance with approved budgetary limitations.

2. Professional dues. Subject to the prior written approval of the City Manager, the City shall pay the professional dues and subscriptions necessary for Directors' participation in such national, regional, state, and/or local associations and organizations as are necessary and desirable for continued professional participation growth and advancement and for the good of the City, in accordance with approved budgetary limitations.

E. Vacation Leave.

1. Accrual rate. Directors shall be entitled to paid vacation leave as provided below. City Manager shall have the authority to decide service years as the City Manager sees fit.

Service Years	**Vacation Days**
0-2	12
2-4	14
4-6	16
6-8	18
8+	20

2. Advances. The City Manager shall have the authority, in his or her discretion, to advance up to a total of ten (10) vacation days to a new Director at the start of the Director's appointment and at no other time.

3. Other Vacation Leave Requirements. All other contract language relating to vacation leave, including Accrual Caps, Cash Out and Usage, will be consistent with the adopted City Council Management Employees Compensation and Benefit Resolution in force at the time the Department Head contract is executed. Vacation leave time must be taken off on an hour-for-hour basis equaling employee actual time off, regardless of accumulation rates.

F. Holiday Leave.

1. The following days are paid holidays for Director employees:

New Year's Day
Martin Luther King Day
Spring Break Holiday
President's Day
Memorial Day
Independence Day
Labor Day
Veteran's Day
Thanksgiving Day
Day after Thanksgiving Day
Christmas Day
Two (2) floating holidays

2. Employees may accumulate up to a maximum of forty-eight (48) hours holiday time. Hours of holiday accumulated over forty-eight (48) hours will be paid off. Holiday time is a compensable leave, and any hours remaining in the employee's holiday bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

G. Administrative Leave.

1. Accrual rate. Each Director is eligible to earn up to eighty (80) hours of administrative leave per fiscal year. The time during the fiscal year, at which an employee may take administrative leave, shall be determined by the City Manager. The City Manager may, due to exceptional and documented circumstances warranting additional administrative leave, grant administrative leave in excess of the eighty (80) hour limit but no more than one hundred twenty (120) hours.

2. Accrual cap/cash-out. The administrative leave bank may never accrue more than one hundred twenty (120) total banked hours which may limit the number of hours credited to the employee's administrative leave bank on July 1st of each year. Administrative leave is a compensable leave, and any hours remaining in the employee's administrative leave bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

3. Advances. The City Manager shall have the authority, in his or her discretion, to advance up to a total of five (5) days administrative leave to a new Director.

4. Usage. Administrative leave time must be taken off on an hour-for-hour basis equaling employee actual time off, regardless of accumulation rates. Up to eighty (80) hours of administrative leave per fiscal year may be taken by a Director, subject to written advance approval of the City Manager.

H. Sick Leave.

1. Accrual rate. Directors shall accrue one (1) day paid sick leave per month. Directors shall be entitled to receive cash payment for up to 50% of unused sick leave upon termination of employment, provided that such amount shall not exceed $4,500. Directors are entitled to payment for unused sick leave, pursuant to this section, upon resignation, only if thirty (30) days written notice of intent to resign is given to the City.

2. Conversion. Directors may convert up to ninety-six (96) hours of unused, accumulated sick leave into paid vacation once during the following fiscal year on a ration of two sick leave hours for one vacation hour. At least twenty-four (24) hours shall remain in a Director's sick leave bank after any conversion is authorized. In addition, the right to convert does not carry over or rollover from calendar year to calendar year; failure to request conversion, in any calendar year, eliminates the right to do so for that calendar year. Sick leave that is compensated or converted to vacation cannot be used towards the California Public Employees' Retirement System ("CalPERS") sick leave credit option at retirement.

3. Advances. The City Manager shall have the authority, in his or her discretion, to advance up to a total of five (5) days sick leave to a new Director.

4. Usage. Sick leave time must be taken off on an hour-for-hour basis equaling employee actual time off during normal City business hours, regardless of accumulation rates.

I. Retirement Benefits

1. City contributions. The City will pay the employer portion of retirement contribution to the California Public Employees' Retirement System (CalPERS). Employees are required to pay their full member contributions for whichever plan they are eligible for pursuant to the City's contract with CalPERS. (As of the date of adoption of this resolution, contributions rates are as follows: 1) classic members, Tier 1 - 8% Miscellaneous/9% Safety; 2) classic members, Tier 2 - 7% Miscellaneous/9% Safety; or 3) PEPRA members, Tier 3 — 6.25% Miscellaneous/11.5% Safety.)

2. CalPERS contract provisions.

(a) Tier I Miscellaneous– Miscellaneous Directors who were hired prior to January 1, 2012 shall be provided with the following CalPERS retirement formula and optional benefits (existing employees promoted to another position within the City will not be considered new hires with respect to retirement formulas):

(i) 2.7% @ 55 formula (Section 21354.5)
(ii) Unused Sick Leave Credit (Section 20965)
(iii) Military Service Credit (Section 21024 & 21027)
(iv) Final Compensation 1 Year (Section 20042)
(v) 1959 Survivor Benefit, Level 4 (Section 21574)
(vi) Pre-Retirement Option 2W Death Benefit (Section 21548)

(b) Tier II Miscellaneous– Miscellaneous Directors who were hired on or after January 1, 2012, but before January 1, 2013, and those hired on or after January 1, 2013

who are determined to be a "classic" member by CalPERS shall be provided with the following CalPERS retirement formula and optional benefits:

(i) 2% @ 60 formula (benefit factor increases to 2.418% @ 63+) (Section 21353)
(ii) Unused Sick Leave Credit (Section 20965)
(iii) Military Service Credit (Section 21024 & 21027)
(iv) Final Compensation 3 Years (Section 20037)
(v) 1959 Survivor Benefit, Level 4 (Section 21574)
(vi) Pre-Retirement Option 2W Death Benefit (Section 21548)

(c) Tier III (PEPRA) Miscellaneous- Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, Directors hired, who meet the definition of "new" member under PEPRA as determined by CalPERS, will be covered by following retirement formula and receive the following CalPERS optional benefits:

(i) 2% @ 62 formula (benefit factor increases to 2.5% @ 67+) (Section 7522.20)
(ii) Final Compensation 3 Years (Section 20037)
(iii) Member contribution rate of fifty (50) percent of the expected normal cost rate, which is currently 13.5% (6.75% is employee's portion)
(iv) Unused Sick Leave Credit (Section 20965)
(v) Military Service Credit (Section 21024 and 21027)
(vi) 1959 Survivor Benefit, Level 4 (21574)
(vii) Pre-Retirement Option 2W Death Benefit (Section 21548)

(d) Tier I Safety– CalPERS Safety Directors, who were hired prior to September 17, 2011, shall be provided the following CalPERS retirement formula and optional benefits (existing employees, promoted to another position within the City, will not be considered new hires, with respect to retirement formulas):

(i) 3% @ 50 plan (Section 21362.2)
(ii) Unused Sick Leave Credit (Section 20965)
(iii) Military Service Credit (Section 21024 & 21027)
(iv) Final Compensation 1 Year (Section 20042)
(v) 1959 Survivor Benefit, Level 4 (Section 21574)
(vi) Pre-Retirement Option 2W Death Benefit (Section 21548)

(e) Tier II Safety– CalPERS Safety Directors, who were hired on or after September 17, 2011, and those hired on or after January 1, 2013 who meet the definition of a "classic" member under PEPRA as determined by CalPERS, shall be provided the following CalPERS retirement formula and optional benefits:

(i) 3% @ 55 plan (Section 21363.1)
(ii) Unused Sick Leave Credit (Section 20965)
(iii) Military Service Credit (Section 21024 & 21027)
(iv) Final Compensation 3 Years (Section 20037)
(v) 1959 Survivor Benefit, Level 4 (Section 21574)
(vi) Pre-Retirement Option 2W Death Benefit (Section 21548)

(f) Tier III (PEPRA) Safety- Pursuant to PEPRA, effective January 1, 2013, Safety Directors hired, who meet the definition of "new" member under PEPRA as determined by CalPERS, will be covered by following retirement formula and receive the following CalPERS optional benefits:

(i) 2.7% @ 57 formula (benefit increases to …)
(ii) Final Compensation 3 Years (20037)
(iii) Member contribution rate of fifty (50) percent of the expected normal cost rate (currently 13%)
(iv) Sick Leave Option (Section 20965)
(v) Military Service Credit (Section 21024)
(vi) 1959 Survivor Benefit Level 4 (Section 21574)
(vii) Pre-Retirement Death Option 2W (Section 21548)

J. Health, Life, Dental and Vision. Effective July 1, 2021, all Directors shall receive the following contribution toward the purchase of CalPERS health insurance, which includes the required CalPERS monthly contribution:

Employee only - up to $715/month or cost of insurance, whichever is less
Employee + 1 – up to $1,135/month or cost of insurance, whichever is less
Employee + family - up to $1,460/month or cost of insurance, whichever is less

Life insurance is provided at $50,000 and is paid for by the City for the employee only.

Effective July 1, 2021, all Directors shall receive the following contribution toward the purchase of Life, Vision and Dental insurances:

	Life	**Vision**	**Dental**	**Total**	**Bank**	**EE Pays**
Employee only	$8.70	$ 8.73	$ 56.68	$ 74.11	$ 71.18	$ 2.93
Employee + 1	$8.70	$ 16.40	$156.84	$181.94	$170.19	$11.75
Employee+ 2+	$8.70	$ 23.34	$156.84	$188.88	$176.67	$12.21

For retired Directors, City contributes the required CalPERS monthly contribution towards CalPERS health plans, as selected by retiree.

K. Long-Term Disability ("LTD") Insurance Program. Management employees do not participate in the California State Disability Insurance program. City provides LTD to its management employees and pays the cost for the plan.

L. Deferred Compensation. Directors shall have the option to participate in the deferred compensation program offered by the City, subject to the terms and conditions of the 1978 Revenue Act and Section 457 of the Internal Revenue Code. The City will contribute up to $3,500 per calendar year to the deferred compensation program. Any required match, from no match to a 2:1 match, will be negotiated by the City Manager.

M. Automobile Allowance. Directors shall receive $250.00 per month or the use of a take home City vehicle as determined by the City Manager.

N. Cost of Living Adjustments (COLA). Salary increases to the established salary ranges in Attachment A shall only be as dictated and approved by City Council. The movement between steps of a salary range are entirely within the purview of the City Manager.

O. Uniforms. The Police Chief and Fire Chief shall receive uniform allowances in an amount consistent with the highest-ranking subordinate classification in their Department.

P. Bonding. The City shall bear the full cost of any fidelity or other bonds required for a Director under any law or ordinance.

Q. Education Incentives. The City shall reimburse the costs for job-related and job-required certifications, correspondence courses, and licenses upon successful completion of the examination or course by the employee, having written authorization in advance from the City Manager. This shall include application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by the City. This provision does not apply to continuing education requirements.

R. Severance. Directors shall be entitled to severance only as provided in this section. Any and all severance rights are conditioned upon and in consideration for execution of a standard agreement of separation, severance, and general release in a form acceptable to and approved by the City Attorney. The severance rights provided for herein shall constitute the sole and only entitlement of a Director with respect to severance pay in the event of the termination, other than for cause.

1. Amount. In the event a Director is terminated without cause and does not challenge such termination, including but not limited to by means of appeal or civil or administrative claim, then the City shall pay severance in an amount equal to the monthly base salary of the Director then in effect (excluding the value of any other benefits) multiplied by four (4). The severance payment shall not include the monetary value of benefits during said time, but salary only. Prior to such termination, in order to be eligible for severance as provided in this Section, a Director must have worked for the City a minimum of six (6) months.

Should a Director be terminated for cause, as defined in this section below, the City shall have no obligation to pay the severance provided for above. Additionally, should a Director resign or otherwise initiate termination of his or her employment with the City, then the City shall have no obligation to pay the severance provided for above.

2. "Cause" defined. For the purposes of this resolution, "cause" for termination shall include, but not be limited to, the following: (1) willful or persistent material breach of duties or inattention to duties, (2) résumé fraud or other acts of material dishonesty, (3) unauthorized or excessive absence or leave, (4) conviction of a misdemeanor involving moral turpitude (i.e., offenses contrary to justice, honesty, or morality), (5) conviction of a felony under California law, (6) violation of the City's anti-harassment policies and/or a finding that legally prohibited personal acts of harassment against a City official or employee or legally prohibited personal acts of discrimination against a City official or employee has occurred, (7) violation of state law or the City's Municipal Code or ordinances, rules, and regulations, (8) use or possession of illegal drugs in violation of state law and/or City policy, (9) engaging in conduct tending to bring embarrassment or disrepute to the City, (10) any illegal or unethical act involving personal gain, including conviction of theft or attempted theft, (11) significant mismanagement of

City finances, (12) any pattern of repeated, willful and intentional failure to carry out materially significant and legally constituted directions or policy decisions of the City Council or City Manager, (13) gross misfeasance or gross malfeasance, or (14) any similar cause. For any of the foregoing, the City may, in its discretion, place a Director on paid or unpaid administrative leave until resolution.

3. Limitation. Government Code Section 53260 provides that all contracts of employment with a city must include a provision limiting the maximum cash settlement for the termination of the contract to the monthly salary (excluding benefits) multiplied by the number of months left on the unexpired term, but not more than eighteen (18) months if the unexpired term exceeds eighteen (18) months. Accordingly, should such proposed severance payment exceed the amount authorized to be paid under Government Code Section 53260, then the amount paid to Employee shall be reduced in the amount necessary to comply with such statute. (For example, if termination occurs with two (2) months left in the term, severance would be equal to the monthly base salary multiplied by two (2) rather than the four (4) months provided herein.)

S. Relocation Reimbursement. The City Manager shall have the discretion to reimburse a newly hired Director for the Director's actual costs of relocation in order to work for the City, up to $5,000 for in-state relocations, and up to $10,000 for out of state relocations. Prior to such reimbursement, the newly hired Director shall provide to the City Manager receipts or other reasonable proof documenting the costs incurred in relocation. The expenses eligible for reimbursement shall be only those expressly stated herein and only include the following items/categories: hiring of a moving service or rental of a moving truck or equipment; renting a temporary home, apartment or hotel costs while house-hunting for a more permanent residence; lease cancelation fees; shipping and temporary storage of personal belongings and furniture; ad travel costs from prior residence to new residence, whether temporary or not.

If, following reimbursement for relocation expenses as provided in this section, a Director voluntarily leaves City employment, then Director shall be responsible for repayment to the City the amount of relocation reimbursement as follows:

Duration of employment	Percentage of relocation reimbursement owed to City
Less than one year	100%
1 – 2 years	50%
2 – 3 years	25%
3 + years	0%

Any relocation reimbursement repayment required pursuant to this section shall be made to the City no later than the Director's last day of City employment. The City shall have the right but is not limited to this form of recovery only, to deduct any relocation reimbursement amount owed to the City pursuant to this section from a Director's accrued leave to be paid out upon separation.

In the event a Director is terminated, then no repayment to the City for relocation reimbursement shall be required.

Section 5. The position of Police Chief remains entitled to all protections and rights afforded under California law, including, but not limited to, those set forth in the Public Safety Officers Procedural Bill of Rights Act (Gov't Code 3300-3313). The position of Fire Chief remains

entitled to all protections and rights afforded under California law, including, but not limited to, those set forth in the Firefighters Procedural Bill of Rights Act (Gov't Code 3250-3262).

PASSED AND ADOPTED by the City Council, City of Morro Bay at a regular meeting thereof held on the 22nd day of June 2021 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

ATTACHMENT A

DIRECTORS SALARY SCHEDULE EFFECTIVE 7/1/2021

POSITION	ANNUAL SALARY RANGE 1	2	3	4	5
Fire Chief Harbor Director Police Chief	138,446	145,368	152,636	160,268	168,282
Administrative Services Dir/ACM Public Works Director	135,911	142,706	149,842	157,334	165,201
Community Development Dir *Finance Director*	131,024	137,575	144,454	151,677	159,261

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AGENDA NO: A-4

MEETING DATE: June 22, 2021

Staff Report

TO: Honorable Mayor and City Council **DATE: June 17, 2021**

FROM: Eric Endersby, Harbor Director

SUBJECT: COVID-Related Deferred Master Lease Rent Payback Program

RECOMMENDATION

Staff recommend Council adopt Resolution No. 37-21, setting forth a repayment program for any remaining deferred Tidelands Trust Master Tenant waterfront lease site rents, and authorizing, in arrears, the deferment of Tidelands Trust Master Tenant rents from July, 2020 through July, 2021, inclusive, without penalty or interest.

ALTERNATIVE

Council could opt to implement a deferred rent payback program other than the staff recommendation, including but not limited to the proposal being set forth by the Embarcadero Master Leaseholders (EML) group.

FISCAL IMPACT

Should the payback program as-proposed for all outstanding deferred rents on the books as of the writing of this staff report be taken maximum advantage of today, the Harbor Fund would see a net loss of ~$27,500 in lease income from two fiscal years ($4,550 from Fiscal Year 2019/20 and $22,950 from Fiscal Year 2020/21).

BACKGROUND

At a special meeting of the Council on April 28, 2020, due to the ongoing effects of the COVID-19 pandemic the Council adopted Resolution No. 39-20, which authorized deferment of Tidelands lease rent payments from our Master Tenants (MTs) for the months of March, April, May and June of 2020 without penalties or late fees.

Approximately seven MTs (with a total of nine leases) took advantage of the deferral in the initial months, while only three remain with deferred rents as of the writing of this staff report. Throughout the remainder of last year as the pandemic and its effects continued, staff began negotiation with the newly re-formed EML on how the deferred rents would be repaid, and/or for consideration of possible additional rent relief in the future. Staff and the EML met approximately six times, and while the negotiations were underway, staff allowed the continuance of deferent rents without penalty or interest.

In addition, as part of last year's budgeting process, Council approved the removal of the fiscal year's annual CPI adjustments to all the Tidelands leases, which amounted to approximately $34,000 of rent relief (and loss to the Harbor Fund) across the waterfront. Further, the City provided small business grants (for the pandemic impacts) in the total amount of $130,000. These grant funds were made available to small businesses in Morro Bay on a needs basis during the

pandemic. Finally, the various outside aid packages made available to businesses by the State and Federal governments made and continue to make a positive difference for our local businesses.

In addition to working with the EML group, staff sought other agencies with similar situations, and while two agencies did provide some degree of rent relief (Port San Luis and Santa Barbara), no widespread or across-the-board rent relief by public agencies was identified.

On April 28, 2021, in closed session Council considered several options, including the EML's. The purpose was, in part, to find closure with the then four MTs with rent amounts still deferred. The now three MTs remaining with deferred rents, owe a total amount of $275,350 (rounded).

DISCUSSION

Because the pandemic's economic effects on our waterfront leaseholders' bottom lines ranged from very significant in some cases to non-existent in others (several businesses reported having their best years on record during the pandemic), and that by early last summer there were already signs of a speedy economic recovery in Morro Bay, a fair, equitable and across-the-board rent relief program based on actual revenue data illustrating the need did not appear to be justifiable.

Therefore, based largely on the methodology used in Santa Barbara with their waterfront leaseholders where any deferred rent on the books was allowed to be paid back over time, with a discount incentive if the amounts owed were paid off sooner rather than later, staff are proposing the following deferred rent payback program:

A. MTs who can demonstrate, with hard, confirmable data, their gross revenues were down 25% or more in calendar 2020 compared to the three-year average of calendar 2017-2018-2019 can qualify as an "economic hardship" by the following metrics:
    1. Revenues to calculate the 25% shall include businesses owned/operated by the MT, rents received from subtenants and any other leases or rents.
    2. Subtenants/renters will be contacted by staff to confirm data provided by the MTs.
    3. MTs shall make their books and necessary records available to confirm revenues.
    4. MTs must demonstrate that any rent deferral or relief they availed themselves to was/will be provided their subtenants.
    5. MTs must demonstrate the economic necessity of why they deferred the rents they did, and the deferred rents were used for reasons directly related and beneficial to their lease site, or if not for their lease site, for some other compelling reason related to protection of health and safety or some other legal obligation that takes precedence over the obligation to pay the City rent.
B. For a MT qualifying as an "economic hardship," past-due rents may be paid back as-follows:
    1. Any deferred amount paid before August 1, 2021 would receive an additional 10% credit toward the deferred amount owed.
    2. Any deferred amount paid on August 1 through October 31, 2021, would receive an additional 5% credit.
    3. No reduction on amounts paid after October 31, 2021, and all deferred amounts would have to be paid in full before December 31, 2021, with interest and penalties applying after that date per the applicable lease agreement.
C. MT's taking advantage of any "economic hardship" payback reduction must demonstrate that a similar reduction is being provided to their subtenants or other lessees or renters, if any.
D. Any MT with outstanding deferred rent that does not qualify as a "hardship" must pay back their deferred rent in full by August 1, 2021, with interest and penalties applying after that

date per the applicable lease agreement.

CONCLUSION

In addition to the rent relief and aid provided by the City as previously described, Resolution No. 37-21 sets forth a MT deferred rent payback program that provides additional relief commensurate with the pandemic's average economic effects along the waterfront, and will bring closure to the City's COVID-deferred lease rents. In addition, Resolution No. 37-21 will memorialize the authorization beyond June, 2020 for those MTs that were administratively allowed to continue deferring their rents beyond that month.

ATTACHMENT

1. Resolution No. 37-21

RESOLUTION NO. 37-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING A PAST-DUE RENT PAYBACK PROGRAM
FOR TIDELANDS TRUST MASTER TENANTS
WITH RENTS DEFERRED DUE TO THE COVID-19 PANDEMIC**

**T H E C I T Y C O U N C I L
City of Morro Bay, California**

WHEREAS, the City of Morro Bay has 30 Master Leases on the Morro Bay Waterfront that it oversees and collects revenues from in order to provide public access, infrastructure, public safety and other services to the Morro Bay waterfront, bay and beaches; and

WHEREAS, 2020 saw unprecedented social and economic effects due to the worldwide COVID-19 pandemic that caused a significant downturn in Master Lease revenues in some cases; and

WHEREAS, due to those effects the City Council approved deferral of Master Lease rents due the City for the months of March, April, May and June, 2021 without penalties or late fees, in addition to waiving the annual CPI Master Lease rent adjustments normally effective on July 1; and

WHEREAS, several Master Tenants continue to carry deferred Master Lease rent amounts on their books as the COVID-19 pandemic business restrictions and closures have eased and the signs of a speedy economic recovery are present.

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

SECTION 1. Extends, in arrears, the deferral of Master Lease rent payments authorized by Resolution No. 39-20 for the months of July, 2020 through July 2021, inclusive, without penalties or late fees being assessed.

SECTION 2. Approves the COVID-Related Deferred Master Lease Rent Payback Program as illustrated in the attached policy document.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of June, 2021 on the following vote:

AYES:
NOES:
ABSENT:

_____
John Headding, Mayor

ATTEST:

_____
Dana Swanson, City Clerk

COVID-Related Deferred Master Lease Rent Payback Program

Adopted by the Morro Bay City Council
on June 22, 2021

This payback program applies to all Master Tenants holding a Master Lease, as-defined in the City of Morro Bay's Harbor Department Lease Management Policy, for payback of any rents deferred due to the COVID-19 pandemic of 2020-2021.

A. Master Tenants who can demonstrate, with hard, confirmable data, their gross revenues were down 25% or more in calendar 2020 compared to the three-year average of calendar 2017-2018-2019 can qualify as an "economic hardship" by the following metrics:
    1. Revenues to calculate the 25% shall include businesses owned/operated by the Master Tenant, rents received from subtenants and any other leases or rents.
    2. Subtenants/renters will be contacted by staff to confirm data provided by the Master Tenants.
    3. Master Tenants shall make their books and necessary records available to confirm revenues.
    4. Master Tenants must demonstrate that any rent deferral or relief they availed themselves to was/will be provided their subtenants.
    5. Master Tenants must demonstrate the economic necessity of why they deferred the rents they did, and the deferred rents were used for reasons directly related and beneficial to their lease site, or if not for their lease site, for some other compelling reason related to protection of health and safety or some other legal obligation that takes precedence over the obligation to pay the City rent.
B. For a Master Tenant qualifying as an "economic hardship," past-due rents may be paid back as-follows:
    1. Any deferred amount paid before August 1, 2021, will receive an additional 10% credit toward the deferred amount owed.
    2. Any deferred amount paid on August 1 through October 31, 2021, will receive an additional 5% credit.
    3. No additional credit will be given for the deferred amounts paid after October 31, 2021; and all deferred amounts have to be paid in full before December 31, 2021, with interest and penalties applying after that date per the applicable lease agreement.
C. Master Tenants taking advantage of any "economic hardship" payback reduction must demonstrate that a similar reduction is being provided to their subtenants or other lessees or renters, if any.
D. Any Master Tenant with outstanding deferred rent that does not qualify as a "hardship" must pay back their deferred rent in full by August 1, 2021, with interest and penalties applying after that date per the applicable lease agreement.

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AGENDA NO: A-5

MEETING DATE: June 22, 2021

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 15, 2021**

FROM: **Rob Livick, PE/PLS – City Engineer**

SUBJECT: **Adoption of Resolution No. 38-21 Authorizing acceptance of a Local Road Safety Plan (LRSP) Grant Through the California Department of Transportation (CalTrans), District 5 and Execution of the Master and Supplemental Agreements**

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 38-21 authorizing staff accept a $40,000 Local Road Safety Plan (LRSP) Grant provided by the California Department of Transportation (CalTrans), District 5 and authorize the City Manager or designee to execute the Master and Supplemental Agreements, and expend $5,000 in City matching funds.

ALTERNATIVES

Staff does not recommend any alternatives.

FISCAL IMPACT

The State's LRSP grant program is a reimbursement grant with a maximum grant of $40,000. The grant also requires a match of $5,000 with local funds. As previously stated, this LRSP grant reimburses the City up to $40,000 for the cost of the preparation of the plan and "in-kind" services or staff time are match eligible costs.

BACKGROUND

Federal regulations require that each State have a Strategic Highway Safety Plan (SHSP). An SHSP is a statewide data-driven traffic safety plan that coordinates the efforts of a wide range of organizations to reduce traffic accident fatalities and serious injuries on all public roads. In coordination with federal, state, local and private sector safety stakeholders, the SHSP establishes goals, objectives, and emphasis (or challenge) areas. The SHSP address the 4Es of traffic safety: Engineering, Enforcement, Education, and Emergency Services.

While the SHSP is used as a statewide approach for improving roadway safety, a Local Road Safety Plan (LRSP) can be a means for providing local and rural road owners with an opportunity to address unique highway safety needs in their jurisdictions while contributing to the success of the SHSP. The process of preparing an LRSP creates a framework to systematically identify and analyze safety problems and recommend safety improvements. Preparing an LRSP facilitates the development of local agency partnerships and collaboration, resulting in a prioritized list of improvements and actions that can demonstrate a defined need and contribute to the statewide plan. The LRSP offers a proactive approach to addressing safety needs and demonstrates agency responsiveness to safety challenges. An LRSP provides a framework for organizing stakeholders to identify, analyze, and prioritize roadway

Prepared By: ____RL___ Dept Review: __GK___

City Manager Review: ___SC_____ City Attorney Review: __CFN _____

safety improvements on local and rural roads. The process of developing an LRSP can be tailored to local protocols, needs, and issues.

In the future Highway Safety Improvement Project (HSIP) Calls-for-Projects, an LRSP (or its equivalent such as Systemic Safety Analysis Report (SSAR) or Vision Zero Action Plan) will be preferred or required for an agency to be eligible to apply for federal HSIP funds:

- HSIP Cycle 10 (around April 2020): an LRSP (or its equivalent) was highly recommended but not required for an agency to apply;
- HSIP Cycle 11 (around April 2022) and into the future: an LRSP (or its equivalent) will be required for an agency to be eligible to apply.

DISCUSSION

Morro Bay application was not funded in the first round of limited State funding available for local agencies for developing their LRSPs. Based on discussions with the Caltrans District Local Assistance Engineer, the City reapplied for the second round and was successful in being awarded a $40,000 grant to assist in the preparation of the LRSP. This grant requires a $5,000 match in local funds that can be achieved through the use of in-kind services, such as City staff time. The grant requires the City execute a new master agreement and supplemental agreement with the State. This execution requires authorization in the form of a resolution from City Council. The resolution contains specific language as required by the State.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 38-21 authorizing staff accept a $40,000 Local Road Safety Plan (LRSP) Grant provided by the California Department of Transportation (CalTrans), District 5 and authorize the City Manager or designee to execute the Master and Supplemental Agreements, and expend $5,000 in City matching funds.

ATTACHMENT

1. Resolution No. 38-21

RESOLUTION NO. 38-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING ACCEPTANCE OF A LOCAL ROAD SAFETY PLAN (LRSP) GRANT THROUGH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS), DISTRICT 5 AND DELEGATION OF EXECUTION OF MASTER AND SUPPLEMENTAL AGREEMENTS**

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

WHEREAS, Federal regulations require each State has a Strategic Highway Safety Plan (SHSP); and

WHEREAS, an SHSP is a statewide data-driven traffic safety plan that coordinates the efforts of a wide range of organizations to reduce traffic accident fatalities and serious injuries on all public roads; and

WHEREAS, the SHSP addresses the 4Es of traffic safety: Engineering, Enforcement, Education, and Emergency Services; and

WHEREAS, the SHSP is used as a statewide approach for improving roadway safety, and a Local Road Safety Plan (LRSP) can be a means for providing local and rural road owners with an opportunity to address unique highway safety needs in their jurisdictions while contributing to the success of the SHSP; and

WHEREAS, the process of preparing an LRSP creates a framework to systematically identify and analyze safety problems and recommend safety improvements; and

WHEREAS, preparing an LRSP facilitates the development of local agency partnerships and collaboration, resulting in a prioritized list of improvements and actions that can demonstrate a defined need and contribute to the statewide plan; and

WHEREAS, the LRSP provides a framework for organizing stakeholders to identify, analyze, and prioritize roadway safety improvements on local and rural roads. The process of developing an LRSP can be tailored to local protocols, needs, and issues; and

WHEREAS, beginning April 2020 the Highway Safety Improvement Program (HSIP) Cycle 11 will preference having an LRSP, or its equivalent, when considering applications for federal Highway Safety Improvement Program (HSIP) funds; and

WHEREAS, beginning April 2022 the Highway Safety Improvement Program (HSIP) Cycle 11 will require an LRSP, or its equivalent, to be eligible to apply for federal Highway Safety Improvement Program (HSIP) funds; and

WHEREAS, to assist local agencies developing their safety plans, a total of $10 million from the HSIP was set aside and exchanged for state funds; and

WHEREAS, the funds will be awarded to the applicants on a "first come first serve" basis. Caltrans will continue to accept applications as long as the funding is available; and

WHEREAS, the City of Morro Bay is eligible to receive Federal and/or State funding for certain transportation projects, through the California Department of Transportation; and

WHEREAS, master agreements, program supplemental agreements, fund exchange agreements and/or fund transfer agreements need to be executed with the California Department of Transportation before such funds can be claimed; and

WHEREAS, the City of Morro Bay wishes to delegate authorization to execute these agreements and any amendments thereto to the City Manager or designee.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Morro Bay hereby:

1. Accepts the reimbursable grant from the State of California Department of Transportation for the preparation of a Local Roads Safety Plan (LRSP) in the amount of $40,000.

2. Authorizes the expenditure of up to $5,000 in City Transportation Impact Fees or the appropriate amount of in-kind services for the required $5,000 match for the preparation of a Local Road Safety Plan (LRSP) with the referenced grant of $40,000 from the State of California Department of Transportation.

3. Authorizes the City Manager or designee to execute all Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, Fund Transfer Agreements, related documents, and any amendments thereto with California Department of Transportation as needed to accept State grant funds from the State of California Department of Transportation for the preparation of a Local Roads Safety Plan (LRSP) in the amount of $40,000 .

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting held on this 22nd day of June 2021 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

AGENDA NO:	**A-6**
MEETING DATE:	**June 22, 2021**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 9, 2021**

FROM: **Katie Lichtig, Interim Finance Director**

SUBJECT: **Authorize the City Manager to Execute an Agreement with Brown Armstrong Accountancy Corporation to perform Annual Financial Audits of the City of Morro Bay for fiscal years ending June 30, 2021 through 2025 and two possible one-year extensions for fiscal years ending June 30, 2026 and 2027, with cost of $45,740 per year. Agreement includes a single audit of the Construction of New Water Reclamation Facility.**

RECOMMENDATION

Authorize the City Manager to Execute an Agreement with Brown Armstrong Accountancy Corporation (BAAC) to perform annual comprehensive financial audits of the City of Morro Bay for fiscal years ending June 30, 2021 through 2025 and two possible one-year extensions for fiscal years ending June 30, 2026 and 2027, and a single financial audit of the construction of the new Water Reclamation Facility.

FISCAL IMPACT

The Fiscal Year 2021/22 (FY 2021/22) adopted budget includes sufficient funding for the audit services in the Administrative Services Department. All elements in the scope of services will be performed within the annual cost of $45,740. Over the five-year term the contract value is $228,700. If the contract is extended for the additional two years, the total cost to the City will be $320,180. The City has confirmed with BAAC that the contract amount does not have an associated cost escalator over the term of the contract.

DISCUSSION

Keeping with the accounting best practices to ensure independence of the auditors, it is recommended to rotate audit firms every five to seven years. Staff published a Request For Proposal (RFP) on March 4, 2021, with a closing date of April 30, 2021, to seek qualified accounting firms to submit sealed proposals for Audit Services and Preparation of the Annual Comprehensive Financial Statements. The RFP solicited proposal for fiscal years ending on June 30, 2021, 2022, 2023, 2024, 2025 and two possible one-year extensions for fiscal years ending June 30, 2026 and 2027. The City received seven proposals in response to the RFP.

City staff assembled an evaluation panel to conduct a technical review of the proposals and conduct finalist interviews. The panels consisted of members of City staff representing Administrative Services and Public Works Departments. In addition, the Accounting Manager/Controller for the City of San Luis Obispo served as a panelist in ranking and interviewing the finalist. Lastly, given the importance of the selection of the auditing firm, the incoming Assistant City Manager/Administrative

Prepared By: ___DH_____	**Dept Review: _KEL_____**
City Manager Review: _SC_____	**City Attorney Review: _BWB_____**

Services Director participated in the interviews and selection of BAAC.

The City conducted a tiered evaluation approach, with the first round of evaluations being technical in nature and focused on the firm's approach, background and expertise, communication and quality of proposal submitted, ability to meet City's timeline and level of experience. The cost proposals were opened separately and were reviewed as a separate phase of the process, upon completion of the technical evaluation. The technical panel recommended the top three finalists be invited to participate in oral interviews.

An interview panel conducted interviews of the top three proposers on Friday, June 4, 2021, and recommended the City proceed with Brown Armstrong Accountancy Corporation (BAAC). The panelists believe that BAAC is the most responsive to the task at hand, given transition happening on the team in the Finance Department. Each of the three finalists are very competent and the panel agreed that BAAC will be able to meet the deadlines and provide a smooth transition.

The City has consistently received clean audit opinions and in the most recent three fiscal years has had no major audit adjustments proposed. Internal control recommendations for improvement starting in fiscal year 2016 have all been implemented by fiscal year 2019 and no new findings were identified in the most recent audit for fiscal year ending June 30, 2020. The City has applied for and received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for fiscal years ending June 30, 2018 and 2019 and has submitted the financial statements for evaluation for the period ending June 30, 2020.

In 2018 the City Council of the City of Morro Bay affirmed the City's Goals. City Goal #1 is Financial Sustainability and Economic Sustainability. Keeping the City's Goal of Financial Sustainability and Economic Sustainability in mind, the purpose of the requested services is to ensure the City maintains internal control procedures to protect from fraud or misappropriation and accurately reports the financial position of the City's funds.

Established in 1974, Brown Armstrong is a full-service accounting firm. Their accountants have the expertise to provide audit, accounting, tax, and bookkeeping services to government entities, nonprofits corporations, partnerships and individuals. References were checked and the firm received very positive references.

CONCLUSION

Staff recommends the City Council authorize the City Manager to execute the agreement with Brown Armstrong Accountancy Corporation to conduct the City's annual financial audits and reports in an amount not to exceed $45,740 for each of the fiscal years ending in June 30, 2021-2025 mentioned including two possible one-year extensions to 2026 and 2027, and includes a single financial audit of the construction of the new Water Reclamation Facility.

ATTACHMENT

1. Agreement for Audit Services between the City of Morro Bay and Brown Armstrong Accountancy Corporation.

CITY OF MORRO BAY

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into this 22nd day of June, 2021, by and between, the City of Morro Bay, a California municipal corporation ("City") and Brown Armstrong Accountancy Corporation, a California corporation ("Consultant"). City and Consultant are sometimes hereinafter individually referred to as "party" and hereinafter collectively referred to as the "parties." In consideration of the mutual covenants and conditions set forth herein the parties agree as follows:

1. TERM

This Agreement shall commence on July 1, 2021 and shall remain and continue in effect until tasks described herein are completed, but in no event later than December 31, 2025, unless sooner terminated pursuant to the provisions of this Agreement. City may choose to offer to Consultant one or two extensions of additional one-year periods.

2. SERVICES

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

3. PERFORMANCE

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

4. CITY MANAGEMENT

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

5. PAYMENT

(a) City agrees to pay Consultant in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B, attached hereto and incorporated herein by this reference as though set forth in full, and based upon actual time spent on the above tasks. That amount shall not exceed Two Hundred Twenty-Eight Thousand Seven Hundred Dollars and No Cents ($228,700.00) for the total term of the Agreement, unless additional payment is approved as provided in this Agreement; provided, that if this Agreement is extended by City as authorized hereunder, the total amount for the extensions shall not exceed Ninety-One Thousand Four Hundred Eighty Dollars and No Cents ($91,480.00).

(b) Consultant shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and Consultant at the time City's written authorization is given to Consultant for the performance of said services. The City Manager (or written designee) may approve additional work but may not approve an addition to the total compensation of more than Fifty Thousand Dollars ($50,000). Any additional work in excess of this amount shall be approved by the City Council.

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

(d) Each invoice submitted to City shall be in a form approved by City's Assistant City Manager/Administrative Services Director and shall include:

i. Line items for all the work performed, and at request of City the number of hours worked.

ii. Line items for all materials and equipment properly charged to City.

iii. Line items for all other approved reimbursable expenses claimed, with supporting documentation.

iv. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to City.

6. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

(a) City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon Consultant at least ten-days' (10-days') prior

written notice. Upon receipt of said notice, Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If City suspends or terminates a portion of this Agreement, then such suspension or termination shall not make void or invalidate the remainder of this Agreement.

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

7. DEFAULT OF CONSULTANT

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

(b) If the City Manager of his/her delegate determines that Consultant is in default in the performance of any of the terms or conditions of this Agreement, then he/she shall cause to be served upon Consultant a written notice of the default. Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that Consultant fails to cure its default within such period of time, City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

8. OWNERSHIP OF DOCUMENTS

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

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

9. INDEMNIFICATION

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

(b) Indemnification for Other than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subconsultants of Consultant.

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

10. INSURANCE

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

11. INDEPENDENT CONSULTANT

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

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

12. LEGAL RESPONSIBILITIES

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

13. UNDUE INFLUENCE

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

14. NO BENEFIT TO ARISE TO LOCAL EMPLOYEES

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

15. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

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

(b) Consultant shall promptly notify City if Consultant, or any of its officers, employees, agents, or subconsultants are served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within City. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate with City by providing the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

16. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To City:	City of Morro Bay 595 Harbor Street Morro Bay, CA 93442 Attention: Sarah Johnson-Rios
To Consultant:	Brown Armstrong Accountancy Corporation 4200 Truxton Avenue, Suite 300

Bakersfield, CA 93309

17. ASSIGNMENT

Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of City.

18. LICENSES

At all times during the term of this Agreement, Consultant shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

19. GOVERNING LAW

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 Agreement and also govern the interpretation of this Agreement. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Luis Obispo, State of California. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of San Luis Obispo, State of California.

20. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

21. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES

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

22. SEVERABILITY

In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall

not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

23. WAIVER

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

24. INTERPRETATION

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

25. AUTHORITY TO EXECUTE THIS AGREEMENT

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

26. COUNTERPARTS

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

[SIGNATURES ON FOLLOWING PAGE]

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

CITY OF MORRO BAY

By: _____
Scott Collins, City Manager

Attest:

_____
Dana Swanson, City Clerk

Approved As To Form:

_____
Chris Neumeyer, City Attorney

CONSULTANT (2 signatures required)

By: _____
Lindsey McGuire, CPA/Partner

By: _____
Ryan Nielsen, CPA/Partner/Secretary

EXHIBIT A

SCOPE OF WORK

Consultant will perform financial statement audits for the City of Morro Bay for the fiscal years ending June 30, 2021, 2022, 2023, 2024, and 2025. City, in its discretion, may also request audits for fiscal years ending June 30, 2026 and 2027. This scope of work will be performed in accordance with the following:

The audits will be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act of 1984 and the U.S. Office of Management and Budget U.S. Office of Management and Budget (OMB) Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations or latest versions thereof, and the applicable laws, rules and regulations of the Transportation Development Act (TDA). The financial statements are to be prepared in accordance with the latest Governmental Accounting Standard Board (GASB) pronouncements and the audit is to be performed in accordance with generally accepted auditing standards, as required.

In accordance with *Government Auditing Standards*, we will perform a compliance audit by selecting necessary procedures for testing to express an opinion regarding compliance with the provisions of any and all Federal, State, and City Statutes, Ordinances Administrative Code and rules and regulations.

Preliminary Schedule

Following is our detailed audit work plan to be followed to perform the services included in your request for proposal.

We will begin with scheduling an entrance conference with City Management as soon as possible after award issuance. During this time, we will begin the following procedures:

Planning

During this phase of the audit, we will:

- Confer with management to coordinate our efforts with the City's efforts in terms of confirmations, schedules to be prepared, and critical dates to be met to ensure a smooth flow of the audit process;
- Prepare a preliminary assessment of the City's internal control structure utilizing the City's manuals and programs, including controls over federal and state financial assistance programs;
- Perform review of the Electronic Data Processing (EDP) controls relating to the City's computer system;
- Perform planning analytical procedures consisting of: (1) Comparative analytics (current balances versus budget and prior year); and (2) Predictive analysis (revenues and expenditures/expenses susceptible to such testing based on our expectations);
- Confer with management regarding the results of our planning;
- Submit requests for information to management regarding internal control. Our approach will emphasize transaction processing; investments, cash receipts, cash disbursements, payroll, capital assets, and external reporting;
- Obtain an understanding of general ledger and related reports available for audit; and
- Obtain basic information from management relating to risk assessment, including fraud risks.

Internal Control Evaluation and Audit Risk Assessment

During this phase we will obtain an understanding of and evaluate key components of the City's internal control structure. We will also assess risk factors, including fraud risk relating to significant audit areas and transaction cycles. Procedures will consist of:

- Reviewing documents obtained from management regarding the internal control structure.
- Performing walk-throughs (test of design) and tests of compliance with policies and procedures on site.
- Performing test of controls (test of operating effectiveness) for key areas for the City on site,
- Identifying risk factors, including fraud risk, relating to significant audit areas and transaction cycles.
- Interviewing key management personnel to verify or resolve complicated issues.
- Summarizing potential significant deficiencies and opportunities for efficiencies and improvements for discussion with management before we leave the field.

Establishment of Final Audit Plan

Our audit plan will be based on the following:

- Results of our compliance and control testing;
- Analytical procedures applied to interim financial statements of the City;
- Results of our risk assessment;
- Results of audit brainstorming and team discussions; and
- Discussions with management.

Final Field Work

We expect to begin the final stages of the work in September/October (subject to the City's approval).

During this phase, we will perform both analytical and substantive procedures such as variance analysis between prior year actual balances vs. current year actual balances and between current year actual balances vs. budget balances, predictive testing, confirming account balances, vouching revenues and expenditures and reviewing estimates for unpaid claims.

At the end of our field work, we will discuss any proposed adjustments with management, and we will request a representation letter from management regarding the audit.

Completion of the Audit

At the completion of all of the above procedures, we will review the financial statements for GAAP compliance at our manager and partner level. We will then issue drafts of all required reports, draft financial statements, and discuss these drafts with appropriate City personnel. Upon approval by the City, we will issue our reports in final form and be available for a presentation to the Administration Committee. Present all reports to City Council at the meeting of their choice.

We will prepare and issue the following reports for the City:

1. Annual Comprehensive Financial Report
2. Transportation Development Act (TDA) Funds and Annual Financial Report
3. Single Audit Report, if required
4. State Controller's Office Report for the City's Financial, Streets and Roads, and Transit
5. Gann Limit Review Report
6. Management Letter

Statistical Sampling

Based on our preliminary assessment of the internal control structure and risk factors, we anticipate performing internal control testing in the following areas:

Review Area	Sample Size
Receipts and revenues	40-60
Disbursements and accounts payable	40-60
Payroll and related liabilities	40-60
Controls over requirements of federal and state grants	40-60 (per major program)

Staff will perform internal control testing in October, with direct supervision by Ms. Cabezzas. Sample sizes will depend on the extent of reliance placed on the given sample and the volume of transactions involved. Statistical and random sampling will be used to ensure that all samples truly represent the population being tested. We will use audit command language (ACL) software and your on-site automated data system on an "inquiry only" basis for purposes of identifying the postings of items selected for testing. Findings will be discussed with management for accuracy and the process of recommendations immediately started.

Approach for Drawing Audit Samples for Compliance Tests

Compliance test samples will be drawn usually by statistical sampling techniques. The universe from which the sample is drawn begins at the beginning of the year under audit, and ends with the end of that year. If a null is picked, it is replaced in draw sequence until sufficient live items comprise the planned sample size.

Extent of Electronic Data Processing (EDP) Software in the Engagement

Each staff person has access to a personal computer, and has knowledge of CCH Pfx Engagement software we have purchased for auditing municipalities and report writing. We use this software in the beginning, inputting all prior year actual numbers, and the client current year budget, including amendments. We then input year-to-date numbers and run analytical work at the end of the audit comparing appropriation-expenditure numbers to prior year and budget amounts. All significant differences are investigated. Our software is capable of complete report writing, including combining statements and footnotes.

Type and Extent of Analytical Procedures

We will perform analytical procedures during all phases of our audit (audit planning, field work and audit completion). We will build our expectations based on historical experience and known current year factors and will investigate significant departures at the financial statement level to decide if we can reach our comfort level for certain audit areas. We will also perform substantive analytical procedures, where we use analytical procedures as the principal substantive test of a significant financial statement assertion, based on the auditor's judgment and on the expected effectiveness and efficiency of available procedures.

Approach to be Taken to Understand Internal Control Structure

This is the cornerstone of the engagement. Internal accounting control generally comprises the plan of organization and procedures and records that are concerned with the safeguarding of assets and reliability of financial records.

We will begin by preparing memoranda to fully describe all financial systems. We will then review the documents to isolate the significant strengths and weaknesses that would affect the extent of substantive audit procedures to be employed. Each strength is then tested and the results subjected to evaluation. These evaluations assist us in determining the amount of reliance we can place on those significant strengths we have identified.

Understanding Laws and Regulations of Audit Work

Our experience with various municipal audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations. However, by inquiry and observation, we will determine all major programs participated in by the City. We then consult the actual law, the Federal Register, Catalogue of Federal programs, or the California State Controllers guide to State and Federal Compliance to obtain understanding of the requirements of the law. For major programs, we specifically test those requirements by inspection of documents.

Information to be Provided by the City

We anticipate the following schedules will need to be prepared by the City to assist in the conduct of fieldwork:

1. Confirmations, including:
   - Bank accounts
   - Investment pool accounts
   - New Bond and other debts
   - Attorney letters
   - Others, as required
2. Budget
3. Trial Balance
4. Detail cash receipts/disbursements for the fiscal year
5. Bank statements and reconciliations for all cash accounts
6. Investment statements
7. Aging report for receivables
8. Land held for resale schedule
9. Prepaid schedule
10. Notes receivable rollforward schedule
11. Capital assets rollforward and detail schedules
12. Pension and OPEB actuary reports and schedules
13. Listing or schedules of accounts payables/accrued payroll and benefits
14. Subsequent cash receipts/disbursements after the fiscal year
15. Long term debt schedules
16. Water, Sewer, Harbor and Local Transportation rate schedules
17. Interfund advances, transfers, and due to/from schedules
18. Schedule of Expenditures of Federal Awards
19. GANN Limit schedules and work sheets

SCHEDULE

Timing	Phase	Staff	Hours
July/August	**Planning and Administration** • Entrance conference (kick off meeting) • Perform predecessor audit workpaper review • Obtain understanding of the City and its environment • Develop audit programs • Establish critical dates list and provide to management • Provide information request to the City • Obtain confirmations from the City for emailing or confirmation.com	Partner Manager Senior Staff Clerical	5 7 14 21 4
October	**Internal Control Evaluation and Audit Risk Assessment, Establishment of Audit Plan, and Interim Field Work** • Document key accounting and compliance processes with management and/or county personnel • Obtain support for testing of controls. We will provide sample selections at least one week prior • Evaluate internal control testing results and findings, if any • Fraud risk assessment and fraud interviews • Evaluate key estimates and contingencies • Progress and exit conferences to discuss interim results	Partner Manager Senior Staff Clerical	8 12 40 80 0

November	**Final Field Work**
	• Perform analytical and substantive testing on financial statements line items and evaluation of material variances
	• Confirm material balances as deemed necessary
	• Vouch unusual and significant balances as deemed necessary
	• Search for unrecorded liabilities and review of subsequent events
	• Review of board meetings minutes
	• Propose adjustments, if any for financial statement revisions to the City
	• Perform GASB 34 conversion and draft government-wide financial statements based on information received from the City.
	• Review of financial reports for adherence to GAAP and compliance with GFOA certification requirements
	• Exit conference
	  o Explain overall audit approach
	  o Discuss findings and recommendations, if any
	  o Report opinions on financial statements
	• Address required communication topics Review draft financial statement disclosures and supporting documentation
	• Provide draft financial statements to the City's Financial Officer for review and comments.
		Partner
		Manager
		Senior
		Staff
		Clerical
			10
			24
			50
			100
			3

Timing	Phase	Staff	Hours
November/ December	**Completion of the Audit and Financial Reporting** • Draft required reports and present to the City for review • Complete review of financial reporting package. • Detailed Quality Control review by technical partner. • Issue required audit reports. • Present and discuss results of audit to the Citizens Finance Advisory Committee and City Council	Partner Manager Senior Staff Clerical	20 20 54 80 20
		Total Hours	572

EXHIBIT B

COMPENSATION

Consultant shall be compensated for performance of the services on a time and materials basis in accordance with the rates stated herein. Compensation shall not exceed $45,740 per year for each year of this Agreement, including the optional two 1-year extensions of this Agreement. Consultant's rates shall not be increased during the term of the Agreement or during the optional two 1-year extensions of this Agreement, if the Agreement is extended.

Breakdown of Costs per Year

Total All-Inclusive Not to Exceed Maximum Price by Milestone					
	Planning	Interim	Fieldwork	Completion & Reporting	Total
Partners	$ 900	$ 720	$ 1,080	$ 2,880	$ 5,580
Manager	980	1,120	1,680	3,920	7,700
Senior	990	3,600	4,320	5,310	14,220
Staff	1,200	3,000	6,675	6,150	17,025
Clerical	405	-	45	765	1,215
Total	**$ 4,475**	**$ 8,440**	**$ 13,800**	**$ 19,025**	**$ 45,740**

All-Inclusive Not to Exceed Max Price	
ACFR	$ 26,710
ACFR Prep	9,900
Single Audit	3,880
Transit Funds	1,980
SCO Reporting	2,500
GANN Limit	770
Total	**$ 45,740**

B. Component Costs

Please see the following pages for the separate schedules of all fees and expenses of the work tasks and deliverables.

C. Rates for Additional Professional Services

We do not anticipate that additional services will be necessary to complete the audit. If it should become necessary for the City to request Brown Armstrong to render any additional services to either supplement the services requested in the Request for Proposal, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an amendment to the contract between the City and the Firm. Any such additional work agreed to between the City and the Firm shall be performed at the same rates set forth in the schedule of professional fees.

D. Manner of Payment

Brown Armstrong agrees to progress payments on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with our cost proposal. Interim billings shall cover a period of not less than a calendar month.

Annual Comprehensive Financial Report Audit			
Milestone	Hours	Hourly Rates	Total
Planning			
Partners	2	$180	$ 360
Manager	4	$140	560
Senior	8	$90	720
Staff	12	$75	900
Clerical	1	$45	45
Planning Total	27		$ 2,585
Interim			
Partners	4	$180	$ 720
Manager	8	$140	1,120
Senior	40	$90	3,600
Staff	40	$75	3,000
Clerical	0	$45	-
Interim Total	92		$ 8,440
Fieldwork			
Partners	4	$180	$ 720
Manager	8	$140	1,120
Senior	40	$90	3,600
Staff	60	$75	4,500
Clerical	0	$45	-
Fieldwork Total	112		$ 9,940
Completion and Reporting			
Partners	8	$180	$ 1,440
Manager	12	$140	1,680
Senior	12	$90	1,080
Staff	20	$75	1,500
Clerical	1	$45	45
Completion and Reporting Total	53		$ 5,745
Annual Comprehensive Financial Report Audit Total	**284**		**$ 26,710**

Annual Comprehensive Financial Report Preparation			
Milestone	Hours	Hourly Rates	Total
Planning			
Partners	1	$180	$ 180
Manager	1	$140	140
Senior	0	$90	-
Staff	0	$75	-
Clerical	6	$45	270
Planning Total	8		$ 590
Interim			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Interim Total	0		$ -
Fieldwork			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Fieldwork Total	0		$ -
Completion and Reporting			
Partners	3	$180	$ 540
Manager	11	$140	1,540
Senior	40	$90	3,600
Staff	40	$75	3,000
Clerical	14	$45	630
Completion and Reporting Total	108		$ 9,310
Annual Comprehensive Financial Report Prep Total	**116**		**$ 9,900**

Single Audit Report			
Milestone	Hours	Hourly Rates	Total
Planning			
Partners	1	$180	$ 180
Manager	1	$140	140
Senior	2	$90	180
Staff	4	$75	300
Clerical	1	$45	45
Planning Total	9		$ 845
Interim			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Interim Total	0		$ -
Fieldwork			
Partners	1	$180	$ 180
Manager	2	$140	280
Senior	4	$90	360
Staff	18	$75	1,350
Clerical	0	$45	-
Fieldwork Total	25		$ 2,170
Completion and Reporting			
Partners	2	$180	$ 360
Manager	2	$140	280
Senior	2	$90	180
Staff	0	$75	-
Clerical	1	$45	45
Completion and Reporting Total	7		$ 865
Single Audit Report Total	**41**		**$ 3,880**

Transportation Development Act (TDA) Funds and Annual Financial Report			
Milestone	Hours	Hourly Rates	Total
Planning			
Partners	1	$180	$ 180
Manager	1	$140	140
Senior	1	$90	90
Staff	0	$75	-
Clerical	1	$45	45
Planning Total	4		$ 455
Interim			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Interim Total	0		$ -
Fieldwork			
Partners	0	$180	$ -
Manager	1	$140	140
Senior	2	$90	180
Staff	8	$75	600
Clerical	0	$45	-
Fieldwork Total	11		$ 920
Completion and Reporting			
Partners	1	$180	$ 180
Manager	1	$140	140
Senior	1	$90	90
Staff	2	$75	150
Clerical	1	$45	45
Completion and Reporting Total	6		$ 605
TDA Funds and Annual Financial Report Total	**21**		**$ 1,980**

State Controller's Reports – City, Streets, & Transit			
Milestone	Hours	Hourly Rates	Total
Planning			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Planning Total	0		$ -
Interim			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Interim Total	0		$ -
Fieldwork			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Fieldwork Total	0		$ -
Completion and Reporting			
Partners	2	$180	$ 360
Manager	2	$140	280
Senior	4	$90	360
Staff	20	$75	1,500
Clerical	0	$45	-
Completion and Reporting Total	28		$ 2,500
SCO Reports– City, Streets, & Transit Total	**28**		**$ 2,500**

Gann Limit			
Milestone	Hours	Hourly Rates	Total
Planning			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Planning Total	0		$ -
Interim			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Interim Total	0		$ -
Fieldwork			
Partners	1	$180	$ 180
Manager	1	$140	140
Senior	2	$90	180
Staff	3	$75	225
Clerical	1	$45	45
Fieldwork Total	8		$ 770
Completion and Reporting			
Partners	0	$180	$ -
Manager	0	$140	-
Senior	0	$90	-
Staff	0	$75	-
Clerical	0	$45	-
Completion and Reporting Total	0		$ -
Gann Limit Total	**8**		**$ 770**

EXHIBIT C

INSURANCE REQUIREMENTS

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

Consultant shall provide the following types and amounts of insurance:

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

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

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

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

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

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

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

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

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds the City of Morro Bay and its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. Consultant also agrees to require all Consultants, and sub-contractors to do likewise.

2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against City regardless of the applicability of any insurance proceeds, and to require all Consultants and sub-contractors to do likewise.

3. All insurance coverage and limits provided by Consultant and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the City or its operations limits the application of such insurance coverage.

4. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.

5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any Consultant or subcontractor.

6. All coverage types and limits required are subject to approval, modification and additional requirements by the City, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.

7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to

Consultant's general liability policy, shall be delivered to City at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, City has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by City shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at City's option.

8. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self-insurance available to City.

9. Consultant agrees to ensure that subcontractors, and any other party involved with the Scope of Services who is brought onto or involved in the Scope of Services by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the Scope of Services will be submitted to City for review.

10. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any Consultant, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of the Scope of Services to self-insure its obligations to City. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the City. At the time the City shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

11. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City will negotiate additional compensation proportional to the increase benefit to City.

12. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

13. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any insurance requirements in no way imposes any additional obligations on City nor does it waive any rights hereunder in this or any other regard.

14. Consultant will renew the required coverage annually as long as City, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason.

Termination of this obligation is not effective until City executes a written statement to that effect.

15. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five days of the expiration of the coverages.

16. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to City, its employees, officials and agents.

17. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

18. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.

19. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

20. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the Scope of Services reserves the right to charge City or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to City. It is not the intent of City to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against City for payment of premiums or other amounts with respect thereto.

21. Consultant agrees to provide immediate notice to City of any claim or loss against Consultant arising out of the work performed under this agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

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AGENDA NO: A-7

MEETING DATE: June 22, 2021

THIS ITEM HAS BEEN WITHDRAWN FROM THE AGENDA AT THE REQUEST OF STAFF

SUBJECT: Public Hearing, and Adoption of Resolution No. 39-21, for Minor Revisions to the Adopted Fiscal Year 2021/22 (FY 2021/22) Revised Master Fee Schedule

RECOMMENDATION

Staff recommends that the City Council hold the public hearing, consider the proposed amendments to the Master Fee Schedule for FY 2021/22, and then adopt Resolution No. 39-21 (Attachment 1), which updates the City's Master Fee Schedule for FY 2021/22 to correct two fees that need to be consistent with State law and one revision of the explanation of the fee's applicability.

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AGENDA NO: A-8

MEETING DATE: June 22, 2021

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 14, 2021**

FROM: **Dana Swanson, City Clerk/Human Resources Manager**

SUBJECT: **Designation of Representative(s) to the California Joint Powers Insurance Authority**

RECOMMENDATION

Staff recommends the City Council designate the Mayor as the official representative of the City of Morro Bay on the California Joint Powers Insurance Authority (CJPIA) Board of Directors, designate the City Clerk/Human Resources Manager as first alternate, and designate the City Manager as second alternate.

ALTERNATIVES

The City Council can appoint a Council Member or other staff member(s) to serve as the City's representative or alternate(s) to the CJPIA Board of Directors.

FISCAL IMPACT

There is no fiscal impact associated with the requested action(s).

DISCUSSION

On June 23, 2003, the City Council adopted Resolution No. 38-03 approving the City's membership in CJPIA. (Attached.) The rules of CJPIA require each member agency to appoint a member of its governing board to serve as a representative to the CJPIA Board of Directors by July 30 of each year. The CJPIA also allows for member agency staff to serve as alternates. The full Board of Directors meets once a year to elect officers and review claims history; this year the meeting is being held virtually on October 6, 2021. Historically, the City has appointed the Mayor to fulfill the duties as the official representative on the CJPIA Board of Directors.

CONCLUSION

It is staff's recommendation the Council designate the Mayor as the official representative to the CJPIA Board of Directors, the City Clerk/Human Resources Manager as the first alternate, and City Manager as second alternate.

ATTACHMENT

1. Resolution No. 38-03

Prepared By: __DS____ **Dept Review:_____**

City Manager Review: ___SC_____ **City Attorney Review: _CFN___**

CITY COUNCIL RESOLUTION NO. 38-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, COUNTY OF SAN LUIS OBISPO, CALIFORNIA, APPROVING EXECUTION OF THE JOINT POWERS AGREEMENT CREATING CALIFORNIA JOINT POWERS INSURANCE AUTHORITY, AND FURTHER APPROVING PARTICIPATION IN ITS JOINT PROTECTION PROGRAM PROVIDING LIABILITY COVERAGE THROUGH SELF-INSURANCE, LOSS POOLING AND EXCESS INSURANCE

THE CITY COUNCIL
City of Morro Bay, California

THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES HEREBY FIND AND RESOLVE AS FOLLOWS:

WHEREAS, pursuant to the provisions of Sections 990, 990.4, 990.8 and 6500 of the Government Code, CALIFORNIA JOINT POWERS INSURANCE AUTHORITY ("CALIFORNIA JPIA") has been created by a Joint Powers Agreement; and

WHEREAS, Article 21 of said Agreement provides for additional members to become parties to the Joint Powers Agreement creating the CALIFORNIA JPIA, after the first year of its operation, and thereupon enter the Joint Protection Program providing General and Automobile Liability Coverage through self-insurance and loss pooling; and

WHEREAS, the self-insurance and loss pooling programs of the CALIFORNIA JPIA, as well as its group insurance coverage programs, offer significant advantages to the City in terms of cost, protection, risk management and loss control advice and assistance, and entering such programs would be and is in the best interest of this City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES HEREBY RESOLVE, ORDER AND DETERMINE THE FOLLOWING:

Section 1. That the Mayor of the City of Morro Bay is hereby authorized and directed to execute the Joint Powers Agreement on behalf of the City of Morro Bay binding the Member to the terms and conditions of said Agreement.

Section 2. That the City of Morro Bay hereby joins the Joint Protection Program of CALIFORNIA JPIA, providing self-insurance and loss pooling for General and Automobile Liability for a period of not less than three (3) years.

PASSED AND APPROVED by the City Council of the City of Morro Bay this 23rd day of June 2003 by the following vote:

AYES: Elliott, Peirce, Peters, Winholtz, Yates

NOES: None

ABSENT: None

WILLIAM YATES, Mayor

ATTEST:

BRIDGETT BAUER, City Clerk

I hereby certify, under the penalty of perjury, that the above and foregoing is a true and correct copy of Resolution No.38-03 as adopted by the City Council of the City of Morro Bay, on the 23rd day of June 2003.

BRIDGETT BAUER, City Clerk

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AGENDA NO: A-9

MEETING DATE: June 22, 2021

A PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY COMMENDING AND HONORING FIRE CHIEF STEVEN C. KNUCKLES ON HIS RETIREMENT

CITY COUNCIL
City of Morro Bay, California

WHEREAS, Fire Chief Steven C. Knuckles began his public safety career in August 1, 1982 with Atascadero Fire Department; and

WHEREAS, Chief Knuckles began his career with the City of Morro Bay as a Fire Captain on May 1, 1999; and

WHEREAS, Chief Knuckles progressed in his career with the City of Morro Bay and was appointed Fire Chief on March 24, 2013; and

WHEREAS, Chief Knuckles has been an active member of the San Luis Obispo County Fire Investigation Team, and received San Luis Obispo County Fire Investigator of the year in 2021, the San Luis Obispo County Training Officer Association, and received San Luis Obispo County Training Officer of the year in 2010; and

WHEREAS, Chief Knuckles has been the EOC Director since March 14, 2020 to current date for the response to COVID-19 pandemic and created the Morro Bay Cares program; and

WHEREAS, Chief Knuckles has volunteered and served in numerous positions for the Alicia Ruch Burn foundation for the past 31 years and served on the board of directors; and

WHEREAS, Chief Knuckles has responded on many mutual aid strike teams as an Engine Company Officer and Strike Team Leader in San Luis Obispo County as well as throughout the State of California and nation; and

WHEREAS, Chief Knuckles has participated in and taken on leadership roles of numerous professional and community service activities including San Luis Obispo County Regional Dispatch Coordinator, President of the San Luis Obispo County Fire Chief's Association, Leader in the Firefighter in School Education program (FISE) and Citizens Emergency Response Team (CERT) and Rotary Club of Morro Bay member; and

WHEREAS, Chief Knuckles was instrumental in completing the construction of the Morro Bay Fire Department that has been a lifelong dream of the Fire Department and the community as a whole.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay honors and recognizes Chief Knuckles for his service to, and leadership and management of the Morro Bay Fire Department over the last twenty-two years; and

BE IT FURTHER RESOLVED that the Morro Bay City Council extends its appreciation and thanks for Chief Knuckles many years of professional service to the City of Morro Bay and offers its best wishes for many warm sunsets.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the City of Morro Bay to be affixed this 22nd day of June 2021

_____
JOHN HEADING, MAYOR
City of Morro Bay, California

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AGENDA NO:	**B-1**
MEETING DATE:	**June 22, 2021**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 7, 2021**

FROM: **Scot Graham, Community Development Director**

SUBJECT: **Appeal of Planning Commission Approval on May 18, 2021 of the Conditional Use Permit (CUP21-03) for a proposed 560 square foot (sf) addition to an existing nonconforming 1,683 sf single-family residence. The existing residence is nonconforming in regard to the front and south side setbacks. The project is zoned R-1 and is not within the Coastal Commission Appeals Jurisdiction.**

RECOMMENDATION

Staff recommends that City Council adopt Resolution No. 40-21, making the necessary findings to deny the appeal and uphold the Planning Commission approval of Conditional Use Permit (CUP20-03) for the site at 429 Tulare to allow an addition to a single-family residence.

ALTERNATIVE

1. The City Council could move to uphold the appeal, denying the project.
2. The City Council could remand the project back to the Planning Commission for review of revised project as directed by Council.

FISCAL IMPACT

A $275 fee is required to file an appeal for land use decisions. It is estimated that the actual cost for staff to process an appeal is $3,495.

BACKGROUND

The Applicant is proposing a first and second story 560 square foot (sf) addition to a nonconforming 1,683 sf primary residence. The project includes a 111 sf first floor addition and 249 sf second story addition with a 178.2 sf deck. The addition includes a new staircase, study, bathroom, and deck. The existing residence is single story, and the proposed addition is in the rear half of the lot. The 560 sf addition is 33% of the existing square footage. A Conditional Use Permit is required for expansions to nonconforming structures that exceed 25% of the existing floor area. The existing residence is nonconforming in regard to the front and south side setbacks. The existing garage entry sits 4'-6" from the front property line where a 20' setback is required. The south interior side setback is 4' where 5' is required. Major reconstruction would be necessary to remedy the nonconforming setbacks. The residence meets all other zoning standards, including lot coverage, height, and parking requirements. The project is located in the R-1 zoning district and outside of the Coastal Commission Appeals Jurisdiction.

This project was considered by Planning Commission (PC) at their meeting on May 18, 2021. The Planning Commission unanimously approved the project at the hearing by adopting Planning

Prepared By: ___SG____	**Dept Review: _____SG_____**
City Manager Review: ____SC_____	**City Attorney Review: ___BWB_____**

Commission Resolution 11-21 with conditions.

APPEAL ISSUES:

On May 27, 2021, the City received an appeal of the May 18, 2021 Planning Commission approval of Conditional Use Permit (CUP21-03) filed by Wayne Johnson (Attachment 2 - Exhibit B). Mr. Johnson requests the PC decision be overturned and/or the project returned to Planning Commission with design modifications as the requested relief or action noted in the Appeal. The appeal grounds are provided below followed by corresponding staff response.

Appellant Claim #1: The Appellant claims the proposed addition/remodel is too massive.

Staff response: This concern was part of public comment and was discussed and addressed by the Planning Commission. The proposed addition is in conformance with the regulations and policies set forth in the City's Zoning Ordinance and Residential Design Guidelines.

The Single-Family Residential zone (R-1) allows for a maximum building height of 25' above average natural grade. The proposed building height is 22'-6", and a topographic survey is required prior to issuance of a building permit to verify average natural grade calculations. In addition, the proposed addition would result in 45% lot coverage, which is allowed in the R-1 zone according to the Zoning Ordinance. The proposed addition conforms with the R-1 setback standards as well. The second story size is limited relative to the first story and is located in the rear half of the lot, consistent with the Residential Design Guidelines.

The project proposes addition of 560 sft of living area to an existing single-family residence containing 1,683 sf of living area, for a total living area of 2,243 sf. There are several two-story homes in the immediate vicinity of the subject property that contain a similar amount of living area.

- 430 Tulare: 2,246 sf
- 409 Tulare: 2,132 sf
- 438 Tulare: 2,268 sf
- 437 Tulare: 1,846 sf

Appellant Claim #2: The Appellant claims that the proposed addition is not in conformance with other homes in the neighborhood.

Staff response: This concern was part of public comment and was discussed and addressed by the Planning Commission. The proposed addition is compatible with the height and bulk of homes adjacent to the project site and in the surrounding neighborhood.

The residences directly adjacent to the project site on Tulare Avenue (north and south) are existing two-story homes. The residence across the street (east) is also an existing two-story home. Furthermore, the residences adjacent to the project site to the west, on Arcadia Avenue, are existing two-story homes. The design, bulk, mass, and scale are consistent with the surrounding neighborhood. The entire addition size is 33% of the existing residence, and the second story design is consistent with the Residential Design Guidelines. It is limited to the rear 50% of the lot and designed to blend in with the overall design of the home. The proposed project provides an overall tasteful and balanced design that is not out of scale with properties in the surrounding neighborhood.

The proposed project is consistent with the Zoning Ordinance and Residential Design Guidelines.

CONCLUSION:

The Planning Commission decision to approve the project followed a thorough review and discussion, which resulted in an approval of the Conditional Use Permit (CUP21-03) for the site at 429 Tulare Avenue that would allow a 560 sf addition to an existing single-family residence in accordance with the findings and conditions included in PC Resolution No. 11-21.

Staff recommends the City Council deny the appeal and uphold Planning Commission approval of CUP21-03 by adopting Resolution No. 40-21.

ATTACHMENTS:

1. Exhibit A – Council Resolution No. 40-21
2. Exhibit B – Appeal filed by Wayne Johnson on May 27, 2021
3. Exhibit C – PC Resolution No. 11-21
4. Exhibit D – Plans
5. Staff Presentation

Link to Planning Commission Staff Report (Item B-1): May 18, 2021: http://ca-morrobay2.civicplus.com/ArchiveCenter/ViewFile/Item/5650

RESOLUTION NO. 40-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
DENYING AN APPEAL OF THE PLANNING COMMISSION APPROVAL
OF A CONDITIONAL USE PERMIT (CUP21-03) FOR A 560 SQ. FT
ADDITION TO A SINGLE-FAMILY HOME
AT 429 TULARE AVENUE**

**T H E C I T Y C O U N C I L
City of Morro Bay, California**

WHEREAS, the Planning Commission of the City of Morro Bay conducted a public hearing on May 18, 2021, for the purpose of considering approval of Conditional Use Permit (CUP21-03) for the site located at 429 Tulare Avenue ("the Project"); and

WHEREAS, on May 18, 2021, the Planning Commission of the City of Morro Bay adopted Resolution 11-21 to approve Conditional Use Permit (CUP21-03); and

WHEREAS, on May 27, 2021, an appeal of the Planning Commission action to approve the project was filed with the City of Morro Bay by Wayne Johnson specifically requesting the City Council overturn the Planning Commission's approval and remand the project back to Planning Commission for review; and

WHEREAS, the City Council conducted a public hearing on June 22, 2021, to consider an appeal of the Planning Commission's approval of the project; and

WHEREAS, notices of said public hearing were made at the time and in the manner required by law; and

WHEREAS, the City Council has duly considered all evidence, including the recommendations made by the Planning Commission, the testimony of the Appellant, the testimony of the Applicant, and the evaluation and recommendations by staff, presented at said hearing.

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

Section 1: Findings Upholding the Planning Commission Approval. Based upon all the written and oral testimony and evidence presented to the Council at and for the above public hearing, the City Council makes the following findings:

A. The Conditional Use Permit (CUP21-03) was approved in a manner consistent with the City's General Plan, Local Coastal Program and Zoning Ordinance.

B. The size, massing and location of the proposed addition is consistent with other residential development in the immediate vicinity of the proposed project.

C. The Planning Commission Hearing was adequately noticed in accordance with Government Code 65091.

Section 2: Action. The City Council does hereby deny the appeal filed on May 27, 2021, by Wayne Johnson and uphold the Planning Commission approval of Conditional Use Permit (CUP21-03) for the property located at 429 Tulare Avenue, subject to the conditions as included in PC Resolution No. 11-21.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 22nd day of June 2021, on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JOHN HEADDING, Mayor

ATTEST

DANA SWANSON, Deputy City Clerk

EXHIBIT B

CITY OF MORRO BAY

Community Development Department
Planning Division

955 Shasta Avenue
Morro Bay, CA 93442
(805) 772-6261

APPEAL FORM

In CCC Appeals Jurisdiction?

☐ YES – *No Fee*
☑ NO – *Fee Paid:* ☑ Yes ☐ No

Project Address being appealed: 429 Tulare St 013

Appeal from the decision or action of (governing body or City officer):

☐ Administrative Decision ☒ Planning Commission ☐ City Council

RECEIVED
MAY 27 2021
City of Morro Bay
Community Development Dept.

Appeal of action or specific condition of approval:

Permit number and type being appealed (ie. coastal permit, use permit, tentative subdivision):
CUP21-03

Date decision or action rendered: 5/18/21

Grounds for the appeal (attach additional sheets as necessary):
Addition remodel is too massive as well as not in conformance with other homes in neighborhood.

Requested relief or action:
Asking that this project be denied or sent back for modification.

Appellant (please print): Wayne Johnson

Phone: [redacted]

Address: [redacted]

Appellant Signature: _____ **Date:** 5/27/21

FOR OFFICE USE ONLY	
Accepted by:	Date appeal filed:
Appeal body:	Date of appeal hearing:

[redacted]

EXHIBIT C

RESOLUTION NO. PC 11-21

A RESOLUTION OF THE MORRO BAY PLANNING COMMISSION APPROVING CONDITIONAL USE PERMIT (CUP21-03) FOR CONSTRUCTION OF A 560 SF ADDITION TO AN EXISTING NON-CONFORMING 1,683 sf SINGLE-FAMILY RESIDENCE LOCATED IN THE R-1 ZONING DISTRICT AND OUTSIDE THE COASTAL COMMISSION APPEAL JURISDICTION AT 429 TULARE AVENUE

WHEREAS, the Planning Commission of the City of Morro Bay (the "City") conducted a public hearing via video conference on May 18, 2021, for the purpose of considering Conditional Use Permit (CUP21-03) for construction of a 111 sf first floor addition and 449 second story addition to an existing 1,683 sf single-family home located in the R-1 zone and outside the Coastal Commission appeal jurisdiction at 429 Tulare Ave; and

WHEREAS, pursuant to the Governor'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, the City of Morro Bay Planning Commission is authorized to hold public meetings via teleconferencing and all requirements in the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived; and

WHEREAS, notice of the public hearing was provided at the time and in the manner required by law; and

WHEREAS, the Planning Commission has duly considered all evidence, including the testimony of the applicant, interested parties, and the evaluation and recommendations by staff, presented at said hearing.

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Morro Bay as follows:

Section 1: Findings. Based upon all the evidence, the Commission makes the following findings:

<u>California Environmental Quality Act (CEQA) Finding</u>

1. Pursuant to the California Environmental Quality Act, the project is categorically exempt under Section 15301, Class 1(e) for construction of an 560 sf addition to an existing 1,683 sf single-family residence. Additionally, none of the Categorical Exemption Exceptions, noted under Section 15300.2, apply to the project.

<u>Conditional Use Permit Findings</u>

1. The project is consistent with the General Plan and Local Coastal Plan which establish five residential land use categories to provide for a wide range of densities and to ensure that residential land is developed to a density suitable to its location and physical characteristics.
2. The proposed addition is in conformance with all applicable provisions of the Morro Bay City Zoning Ordinance (the "Zoning Ordinance"), including building height, setbacks, and lot coverage.
3. The project meets applicable Title 14 (Building and Construction Code) requirements for a conforming use since the applicant is required to submit a complete building permit application and obtain the required building permit prior to construction.
4. The project is suitable for conforming uses and will not impair the character of the zone in which it exists because it proposes an addition to a single family home, which is an allowed use in the R-1 zone.
5. It is not feasible to make the existing primary residence and garage conforming without major reconstruction/demolition to meet the required setbacks.
6. The Planning Commission finds the project, as conditioned, is consistent with the character of the neighborhood in which it is located. It is surrounded by compatible uses of moderate density residential development; has size and scale similar to nearby structures.

Section 2. Action. The Planning Commission does hereby approve Conditional Use Permit (CUP21-03) for the property located at 429 Tulare Avenue subject to the following conditions:

STANDARD CONDITIONS

1. This permit is granted for the land described in the staff report dated May 11, 2021, for the project at 429 Tulare Avenue depicted on plans dated March 11, 2021, as part of Conditional Use Permit (CUP21-03) on file with the Community Development Department, as modified by these conditions of approval, and more specifically described as follows: Site development and all installed structures and improvements shall be located and designed substantially as shown on plans, unless otherwise specified herein.

2. Inaugurate Within Two Years: Unless the construction or operation of the structure, facility, or use is commenced not later than two (2) years after the effective date of this Resolution and is diligently pursued, thereafter, this approval will automatically become null and void; provided, however, that upon the written request of the applicant, prior to the expiration of this approval, the applicant may request up to two extensions for not more than one (1) additional year each. Any extension may be granted by the City's Community Development Director (the "Director"), upon finding the project complies with all applicable provisions of the Morro Bay Municipal Code (the

"MBMC"), General Plan and certified Local Coastal Program Land Use Plan (LCP) in effect at the time of the extension request.

3. Changes: Minor changes to the project description and/or conditions of approval shall be subject to review and approval by the Community Development Director. Any changes to this approved permit determined, by the Director, not to be minor shall require the filing of an application for a permit amendment subject to Planning Commission review.

4. Compliance with the Law: (a) All requirements of any law, ordinance or regulation of the State of California, the City, and any other governmental entity shall be complied with in the exercise of this approval, (b) This project shall meet all applicable requirements under the MBMC, and shall be consistent with all programs and policies contained in the LCP and General Plan for the City.

5. Hold Harmless: The applicant, as a condition of approval, hereby agrees to defend, indemnify, and hold harmless the City, its agents, officers, and employees, from any claim, action, or proceeding against the City as a result of the action or inaction by the City, or from any claim to attack, set aside, void, or annul this approval by the City of the applicant's project; or applicants failure to comply with conditions of approval. Applicant understands and acknowledges the City is under no obligation to defend any legal actions challenging the City's actions with respect to the project. This condition and agreement shall be binding on all successors and assigns.

6. Compliance with Conditions: The applicant's establishment of the use or development of the subject property constitutes acknowledgement and acceptance of all Conditions of Approval. Compliance with and execution of all conditions listed hereon shall be required prior to obtaining final building inspection clearance. Deviation from this requirement shall be permitted only by written consent of the Director or as authorized by the Planning Commission. Failure to comply with any of these conditions shall render this entitlement, at the discretion of the Director, null and void. Continuation of the use without a valid entitlement will constitute a violation of the MBMC and is a misdemeanor.

7. Compliance with Morro Bay Standards: This project shall meet all applicable requirements under the MBMC, and shall be consistent with all programs and policies contained in the LCP and General Plan of the City.

PLANNING CONDITIONS

1. Archaeology: In the event of the unforeseen encounter of subsurface materials suspected to be of an archaeological or paleontological nature, all

grading or excavation shall immediately cease in the immediate area, and the find should be left untouched until a qualified professional archaeologist or paleontologist, whichever is appropriate, is contacted and called in to evaluate and make recommendations as to disposition, mitigation and/or salvage. The developer shall be liable for costs associated with the professional investigation.

2. Construction Hours: Pursuant to MBMC subsection 9.28.030.I, Construction or Repairing of Buildings, the erection (including excavating), demolition, alteration or repair of any building or general land grading and contour activity using equipment in such a manner as to be plainly audible at a distance of fifty feet from the building other than between the hours of seven a.m. and seven p.m. on weekdays and eight a.m. and seven p.m. on weekends except in case of urgent necessity in the interest of public health and safety, and then only with a permit from the Community Development Department, which permit may be granted for a period not to exceed three days or less while the emergency continues and which permit may be renewed for a period of three days or less while the emergency continues.

3. Dust Control: That prior to issuance of a grading permit, a method of control to prevent dust and wind blow earth problems shall be submitted for review and approval by the Building Official.

4. Conditions of Approval on Building Plans: Prior to the issuance of a Building Permit, the final Conditions of Approval shall be attached to the set of approved plans. The sheet containing Conditions of Approval shall be the same size as other plan sheets and shall be the last sheet in the set of Building Plans.

5. Architecture: Building color and materials shall be as shown on plans approved by the Planning Commission and specifically called out on the plans submitted for a Building Permit to the satisfaction of the Community Development Director.

6. Boundaries and Setbacks: The property owner is responsible for verification of lot boundaries. A licensed land surveyor shall verify lot boundaries and building setbacks to the satisfaction of the Community Development Director. A copy of the surveyor's *Form Certification* based on a boundary survey shall be submitted with the request for foundation inspection.

7. Topographic Survey: Prior to issuance of a building permit, the Applicant shall provide a topographic survey of the property to verify average natural grade and ensure compliance with height standards of the zoning ordinance.

8. Building Height Verification: Prior to foundation inspection, a licensed land surveyor shall measure and inspect the forms and submit a letter to the Community Development Director certifying that the tops of the forms are in compliance with the finish floor elevations as shown on approved

plans. Prior to either roof nail or framing inspection, a licensed surveyor shall submit a letter to the building inspector certifying that the height of the structures is in accordance with the approved plans and zoning ordinance standard.

BUILDING DIVISION CONDITIONS

A. CONDITIONS PRIOR TO THE ISSUANCE OF A BUILDING PERMIT:

1. Building permit plans shall be submitted by a California licensed architect or engineer when required by the Business & Professions Code, except when otherwise approved by the Chief Building Official.

2. The owner shall designate on the building permit application a registered design professional who shall act as the Registered Design Professional in Responsible Charge. The Registered Design Professional in Responsible Charge shall be responsible for reviewing and coordinating submittal documents prepared by others including phased and staggered submittal items, for compatibility with design of the building.

3. The owner shall comply with the City's Structural Observation Program. The owner shall employ the engineer or architect responsible for the structural design, or another engineer or architect designated by the engineer of record or architect responsible for the structural design, to perform structural observation as defined in Section 220. Observed deficiencies shall be reported in writing to the owner's representative, special inspector, contractor and the building official. The structural observer shall submit to the building official a written statement that the site visits have been made and identify any reported deficiencies that, to the best of the structural observer's knowledge, have not been resolved.

4. The owner shall comply with the City Special Inspection Program. Special inspections will be required by Section 1704 of the California Building Code. All Special Inspectors shall first be approved by the Building Official to work in the jurisdiction. All field reports shall be provided to the City Building Inspector when requested at specified increments for the construction to proceed. All final reports from Special Inspectors shall be provided to the Building Official when they are complete and prior to final inspection.

5. A soils investigation performed by a qualified professional shall be required for this project. All cut and fill slopes shall be provided with subsurface drainage as necessary for stability; details shall be provided. Alternatively, submit a completed City of Morro Bay soils report waiver request.

6. Mitigation measures for natural occurring asbestos require approval from San Luis Obispo County Air Pollution Control District.

7. BUILDING PERMIT APPLICATION: To apply for building permits, submit three (3) sets of construction plans, fire sprinkler plans, if applicable, and supplemental documents to the Building Division.

8. The Title sheet of the plans shall include, but not limited to:

- Street address, lot, block, track and Assessor Parcel Number
- Occupancy Classification(s)
- Construction Type
- Maximum height of the building allowed and proposed
- Floor area of the building(s)
- Fire sprinklers proposed or existing
- Minimum building setback allowed and proposed

All construction will conform to the 2019 California Building Code (CBC), 2019 California Residential Code (CRC), 2019 California Fire Code (IFC), 2019 California Mechanical Code (CMC), 2019 California Plumbing Code (CPC), 2019 California Electrical Code (CEC), 2019 California Energy Code, 2019 California Green Building Code (CGBC), Title 14 and 17 of the Morro Bay Municipal Code.

(Code adoption dates are subject to change. The code adoption year is established by application date of plans submitted to the Building Division for plan review.)

B. CONDITIONS TO BE MET DURING CONSTRUCTION:

1. SITE MAINTENANCE: During construction, the site shall be maintained to not infringe on neighboring property, such as debris and dust. A storm water management plan shall be maintained through the duration of the project. The storm water management measures such as fiber rolls, silt fencing, etc. will be enforced by City staff by random site visits.

2. ARCHAEOLOGICAL MATERIALS: In the event unforeseen archaeological resources are unearthed during any construction activities, all grading and or excavation shall cease in the immediate area and the find left untouched. The Building Official shall be notified so that the extent and location of discovered materials may be recorded by a qualified archaeologist, Native American, or paleontologist, whichever is appropriate. The qualified professional shall evaluate the find and make reservations related to the preservation or disposition of artifacts in accordance with applicable laws and ordinances**.** If discovered archaeological resources are found to include human remains, or in any other case when human remains are discovered during construction, the Building Official shall notify to county coroner. If human remains are found to be of ancient age and of archaeological and spiritual significance, the Building Official shall notify the Native American Heritage Commission. The developer shall be liable for costs associated with the professional investigation.

3. FOUNDATION SETBACK VERIFICATION: Prior to the placement of concrete and upon completed form installation, a licensed surveyor is required to measure and record the distance from the proposed foundation walls to the established lot lines. The contractor shall submit these findings in letter format to the building inspector upon the request for a foundation inspection. Letter shall specify the findings of front, sides and rear yard setbacks as defined in Title 17 of the MBMC. The Building Official shall have discretion on a case by case basis for some lot types.

4. BUILDING HEIGHT VERIFICATION: Prior to roof sheathing or shear wall inspection, a licensed surveyor is required to measure and record the height of the structure. The contractor shall submit this finding in letter format to the building inspector upon the request for roof sheathing/shear wall inspection. Letter shall specify the recorded height of structure as defined in Title 17 of the MBMC. The Building Official shall have discretion on a case by case basis for some site-specific projects.

5. EXISTING BUILDINGS: Where windows are required to provide emergency escape and rescue openings, replacement windows shall comply with the maximum sill height requirements of section R310.2.2 and the minimum opening area requirements of section R310.2.1 of the 2019 California Residential Code.

C. CONDITIONS TO BE MET PRIOR TO FINAL INSPECTION AND ISSUANCE OF THE CERTIFICATE OF OCCUPANCY:

1. Prior to building division final approval and request for final inspection, all required inspections from the other various divisions and departments must be completed and verified by a city inspector. All required final inspection approvals must be obtained from the various departments and documented on the permit card. This permit card shall then be turned into the building division for scheduling of the final building inspection.

2. Any as-built drawings that were required by the building inspector or plans examiner must be submitted for approval prior to the request for final inspection.

3. If structural observations were required, the final structural observation report shall be submitted to the building division prior to issuance of the certificate of occupancy or final inspection approval.

4. If special inspections were required, the final special inspection report shall be submitted to the building division prior to the issuance of the certificate of occupancy or final inspection approval.

5. Final soils summary report from the geotechnical representative indicating compliance with the required conditions set forth in the soils report.

6. Final T-24 energy reports (Certificates of Installation).

PUBLIC WORKS CONDITIONS

1. Stormwater Management: The City has adopted Low Impact Development (LID) and Post Construction requirements. All proposed projects must complete the “SFR Performance Requirement Determination Form” to determine if any requirements should be submitted. The requirements can be found in the Stormwater management guidance manual on the City’s website www.morro-bay.ca.us/EZmanual (MBMC 14.48.140)

2. Sewer Lateral: Indicate and label if private sewer lateral pipe will be replaced or to remain in place. If the existing sewer lateral is proposed to remain in place, then perform a video inspection of the lateral (from the clean-out at structure to the connection at the sewer mainline pipe) and submit to Public Works via flash drive, prior to building permit plan approval. Requirements for the sewer video inspection can be located on the City's website at the following location: https://www.morro-bay.ca.us/DocumentCenter/View/13500/Private-Sewer-Line-Video-Requirements. Lateral shall be upgraded, repaired or replaced as required to prohibit inflow/infiltration. All repairs or replacements identified from sewer video, shall be noted on approved set of plans, prior to plan approval. (MBMC 14.07.030)

3. Erosion and Sediment Control Plan: For small projects less than one acre and less than 15% slope, provide a standard erosion and sediment control plan. Show on plans the control measures to provide protection against erosion of adjacent property and prevent sediment or debris from entering the City right of way, adjacent properties, any harbor, waterway, or ecologically sensitive area.

4. Water Meter: Indicate and label new or existing water meter on plans and include size of meter(s). (MBMC 13.04.140)

5. Utilities: Show all existing and proposed locations of the sewer lateral, water service, and water and sewer mains on the building plans. Note the location of all overhead utilities and construction underground service entrances per the CBC.

6. Retaining Wall within City Right-of-way: Existing CMU retaining wall is located within the City right-of-way. The retaining wall will need to be removed or requires a "Special Encroachment Permit". For approval of a "Special Encroachment Permit", submit fee payment and an 8.5"x11" size exhibit. Exhibit shall show the plan layout of the frontage and retaining wall. Label and dimension wall, the right-of-way width and street. (MBMC 8.14.020)

Additional Notes - Add the following notes to the Building Permit plans.

1. Any damage, as a result of construction operations for this project, to City facilities, i.e. curb/berm, street, sewer line, water line, or any public improvements shall be repaired at no cost to the City of Morro Bay.

2. No work shall occur within (or use of) the City's Right of Way without an encroachment permit. Encroachment permit application and requirements

are available on the City's website at the following location: https://www.morro-bay.ca.us/197/Public-Works.

- A standard encroachment permit shall be required for the proposed driveway; the driveway shall comply with B-9 (Driveway Ramps: Size & Location).
- A sewer encroachment permit shall be required for any repairs or installation of a sewer lateral within the City right-of-way or within a utility easement.
- If a construction dumpster is used, the dumpster location shall be on private property, unless allowed by a temporary encroachment permit within the City right-of-way.

FIRE DEPARTMENT CONDITIONS:

1. Fire Safety during Construction and Demolition shall be in accordance with 2019 California Fire Code, Chapter 33. This chapter prescribes minimum safeguards for construction, alteration and demolition operations to provide reasonable safety to life and property from fire during such operations.

2. Automatic fire sprinklers. An automatic fire sprinkler system, in accordance with NFPA 13-D, California Fire Code (Section 903) and Morro Bay Municipal Code (Section 14.08.090).

   Automatic Fire sprinklers are required throughout existing structures where alterations encompass more than 50% of the existing square footage of the structure AND/OR is in excess of 300 square feet addition OR where there is a change of occupancy to a more hazardous use as determined by the Fire Chief.

3. An emergency escape window (or door which opens directly to the outside of the house) is required in every bedroom, or habitable basement. In the event of a fire, this window (or door) will allow people to escape, and/or allow firefighters to get into the house to rescue people.

4. Carbon monoxide alarms in new dwellings and sleeping units. An approved carbon monoxide alarm shall be installed in dwellings having a fossil fuel-burning heater or appliance, fireplace or an attached garage. Carbon monoxide alarms shall be listed as complying with UL 2034 and be installed and maintained in accordance with NFPA 720 and the manufacturer's instructions. (CRC R315.2)

5. Address identification. All new and existing single-family residence and ADUs shall have their own approved address numbers or building

numbers placed in a position to be plainly legible from the street or road fronting the property (CFC 505). Provide approved address numbers 4 inches high with ½ inch stroke in contrasting numbers.

PASSED AND ADOPTED by the Morro Bay Planning Commission at a regular meeting thereof held on this 18th day of May 2021 on the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Susan Stewart, Chairperson

ATTEST

_____
Scot Graham, Community Development Director

The foregoing resolution was passed and adopted this 18th day of May 2021.



PHOTO SIMULATION | VIEW FROM TULARE AVENUE

project directory

OWNER
peter regan
429 tulare avenue
morro bay, CA 93442

ARCHITECT
bracket architecture office
po box 1810
san luis obispo, ca 93406
contact: bryan ridley, 805 704 0535

sheet index

GENERAL
A0.1 title sheet + project information + photo simulation

ARCHITECTURAL
A1.1 site plan
A2.1 floor + roof plans
A3.1 materials + colors + exterior elevations
A3.2 exterior elevations

project data

DESCRIPTION	560 sq. ft. addition to an existing single-family residence including a new second story, stair case, and master closet expansion
SITE INFORMATION	
jurisdiction	city of morro bay
zoning	R-1
APN	066-203-022
street address	429 tulare avenue
gross lot size	5,000 sf (.11 ac)
lot coverage	42% (2,142 sf) existing, 45% (2,250 sf) proposed, 45% (2,250 sf) allowed
impermeable surfaces	65% (3,235 sf) proposed
BUILDING INFORMATION	
number of stories	2
occupancy	R-3 residential | U garage
construction type	type V B (non-rated)
sprinklered	none existing, to be installed with alterations
height	23'-6" above average natural grade
building areas	existing living 1,683 sf | 1st floor addition 111 sf | 2nd floor addition 449 sf | existing garage 452 sf
ADDITION TOTAL	**560 sf (+33%)**

drawing log

SET	ISSUE DATE	REVISION
Coastal Development Permit Application	20.0311	

City of Morro Bay
Planning Commission Approval
Project #(s) CUP21-03
X Approved as Submitted
___ Approved with Changes
Approval Date: 05-18-21
Planner: AMM

vicinity map



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[bracket architecture office

REVIEW

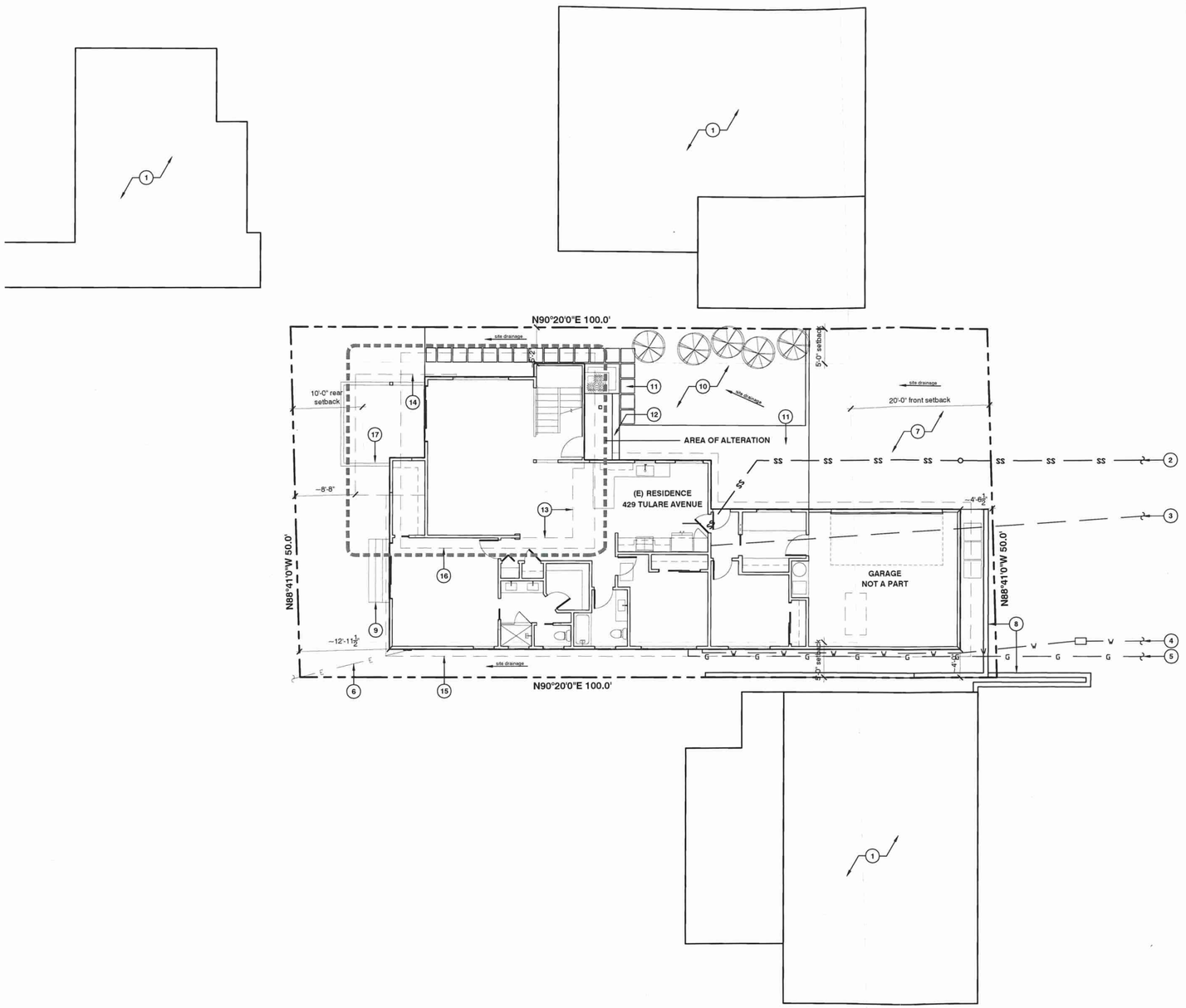
REGAN RESIDENCE ADDITION
429 tulare avenue
morro bay, ca 93442
APN: 066-203-022

project A0.1?0
print 21.0311
revision

title sheet + project information

A0.1

EXHIBIT D



site plan notes

(#) reference note callout

1. (e) structure on adjacent property
2. (e) utility: sewer
3. (e) utility: telecom
4. (e) utility: water, upgrade lateral + meter as needed for automatic fire sprinkler installation
5. (e) utility: gas
6. (e) utility: electric
7. (e) asphalt driveway
8. (e) CMU retaining wall
9. (e) concrete patio + steps
10. (e) landscape
11. cast-in-place concrete flatwork or pavers
12. cast-in-place concrete entry stairs
13. line of second story addition above
14. line of new deck above
15. line of first story eave
16. line of new second story eave
17. (e) wood deck, <30" above grade, to remain

City of Morro Bay
Planning Commission Approval
Project #(s) CUP21-03
X Approved as Submitted
___ Approved with Changes
Approval Date: 05-18-21
Planner:

01 site plan
SCALE : 1/8" = 1'-0"

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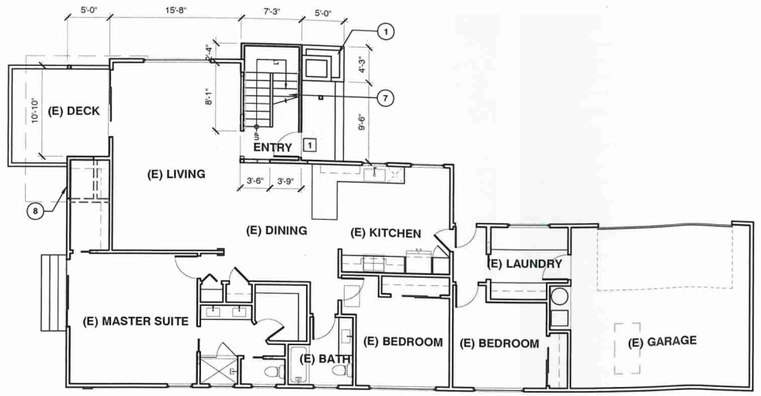
[bracket architecture office

REVIEW

REGAN RESIDENCE ADDITION
429 tulaer avenue
morro bay, ca 93442
APN: 066-203-002

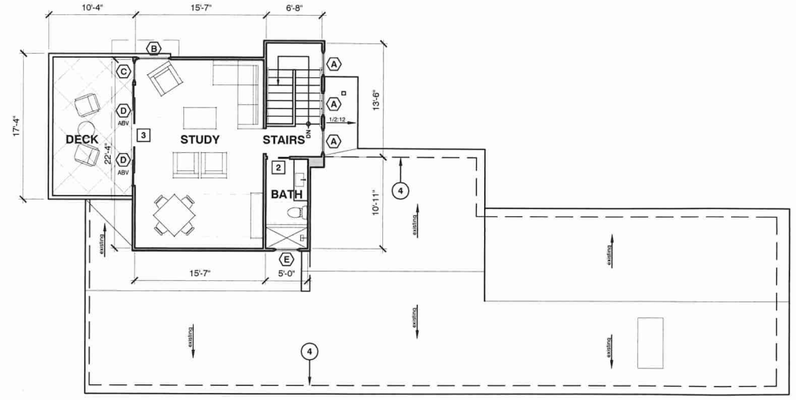
project A0170
print 21 0311
revision

site plan A1.1



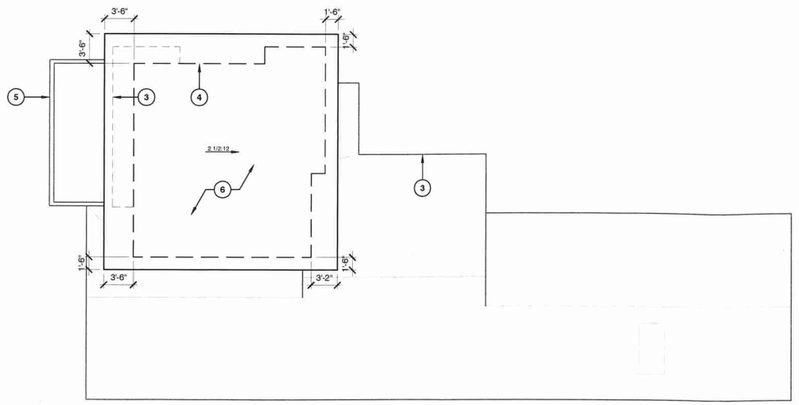
01 first floor plan

SCALE : 1/8" = 1'-0"



02 second floor plan

SCALE : 1/8" = 1'-0"



03 roof plan

SCALE : 1/8" = 1'-0"

plan notes

(#) reference note callout

1. concrete planter
2. line of awning above
3. roof or awning below
4. line of building below
5. deck below
6. composite shingle roof to match existing
7. new stair to access 2nd story
8. closet expansion

City of Morro Bay
Planning Commission Approval
Project #(s) CUP21-03
X Approved as Submitted
___ Approved with Changes
Approval Date: 05-18-21
Planner: [signature]

legend

- new 2x wood frame wall construction
- existing wall to remain
- existing wall, to be removed
- existing elements: windows, doors, cabinets, plumbing fixtures, etc. to be removed
- [#] door callout, see schedule, this sheet, for detailed information
- (X) window callout, see schedule, this sheet, for detailed information

wall assembly note - fireblocking is required at the following locations:
a. in concealed spaces of stud walls and partitions vertically at the ceiling and floor levels and horizontally at intervals not exceeding 10 feet
b. at all interconnections between concealed vertical and horizontal spaces (soffits, drop ceilings, cove ceilings)
c. in all concealed spaces between main stringers at the top and bottom of the stair run
d. at openings around vents, pipes, ducts, cables and wires at ceiling and floor level

door schedule

	WIDTH	HEIGHT	TYPE	FRAME	PANEL	NOTES
1	3'-0"	6'-8"	entry	wood	single lite	-
2	2'-8"	6'-8"	interior pocket	wood	solid	
3	12'-0"	6'-8"	patio slider	fiberglass	4-panel	

window schedule

	WIDTH	HEIGHT	FRAME	TYPE	NOTES
A	3'-0"	3'-0"	vinyl	awning	-
B	4'-0"	5'-0"	vinyl	casement	
C	2'-6"	5'-0"	vinyl	casement	
D	5'-9"	2'-0"	vinyl	fixed	
E	3'-0"	2'-0"	vinyl	casement	

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REVIEW

REGAN RESIDENCE ADDITION
429 tulare avenue
morro bay, ca 93442
APN: 066-203-002

project AO170
print 21 0311
revision

floor + roof plans

A2.1


1 A


2 B

3 C

2 B


3 C


7


9 E

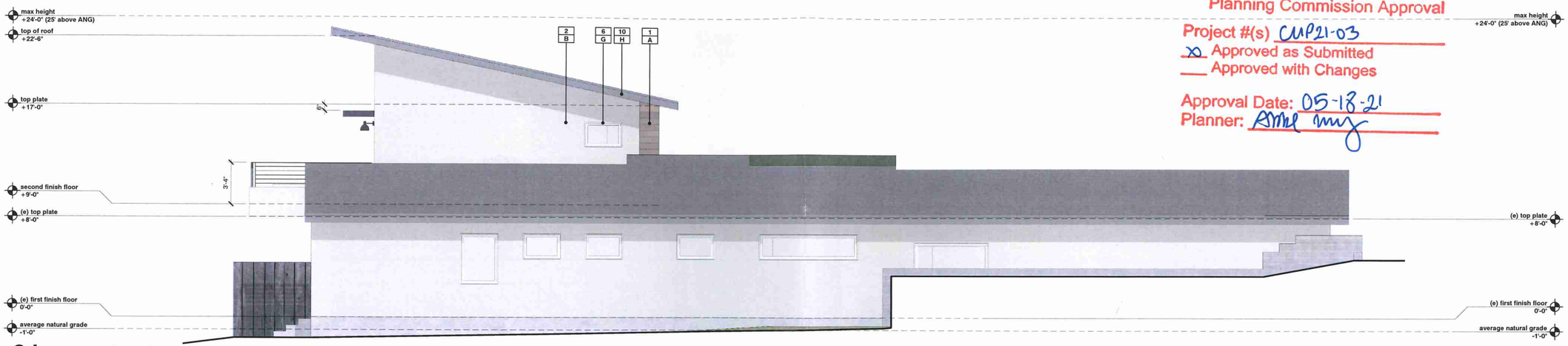

4 H 5 H 10 H

materials + colors

1	material
A	color | finish

1. wood siding
2. stucco
3. cast-in-place concrete slab + step
4. entry door
5. garage door
6. window | sliding patio door
7. asphalt shingle roofing
8. architectural metal awning
9. steel guard rail
10. wood fascia

A. thermally modified ash
B. integral color | crystal white by La Habra or equal
C. natural pigmentation
D. match existing
E. black
F. manufacturer color = dark bronze
G. manufacturer color = white
H. paint | iron ore SW 7069 by Sherwin-Williams



01 south elevation

SCALE : 1/4" = 1'-0"



02 north elevation

SCALE : 1/4" = 1'-0"

City of Morro Bay
Planning Commission Approval

Project #(s) CUP21-03
xx Approved as Submitted
___ Approved with Changes

Approval Date: 05-18-21
Planner: Airlin Mey

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REVIEW

REGAN RESIDENCE ADDITION
429 tulare avenue
morro bay, ca 93442
APN: 066-203-002

project AO170
print 21.0311
revision

materials + colors + exterior elevations

A3.1

materials + colors

1	material
A	color | finish

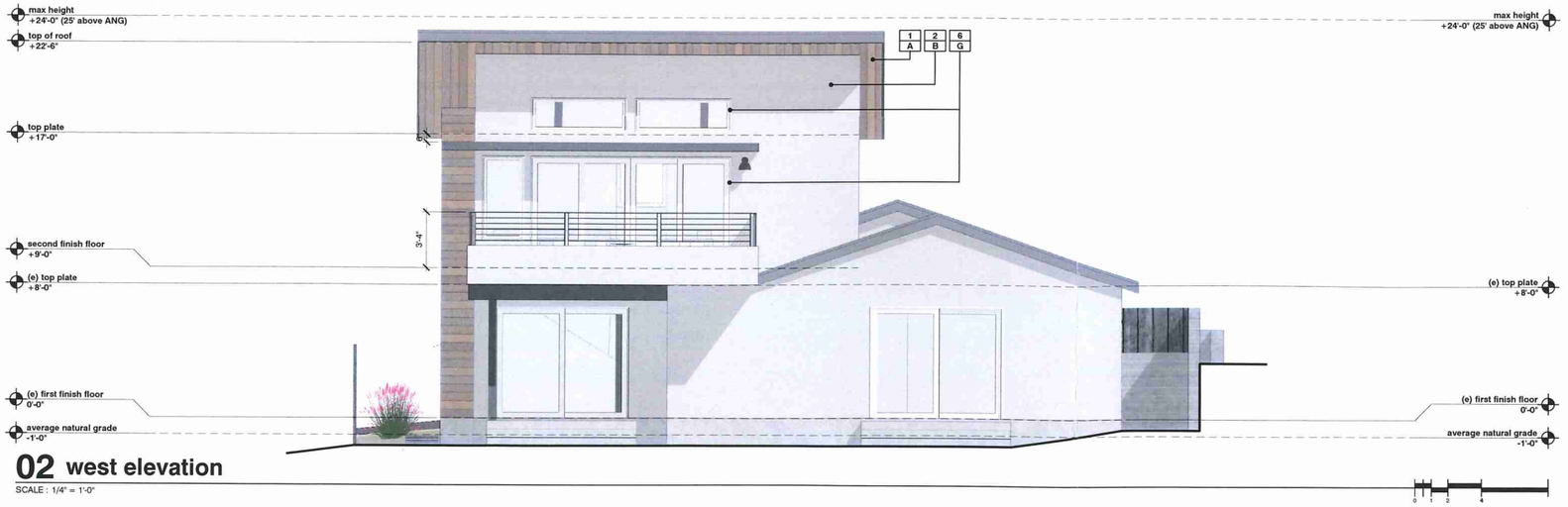
1. wood siding
2. stucco
3. cast-in-place concrete slab + step
4. entry door
5. garage door
6. window | sliding patio door
7. asphalt shingle roofing
8. architectural metal awning
9. steel guard rail
10. wood fascia

A. thermally modified ash
B. integral color | crystal white by La Habra or equal
C. natural pigmentation
D. match existing
E. black
F. manufacturer color = dark bronze
G. manufacturer color = white
H. paint | iron ore SW 7069 by Sherwin-Williams



01 east (street) elevation

SCALE : 1/4" = 1'-0"



02 west elevation

SCALE : 1/4" = 1'-0"

City of Morro Bay
Planning Commission Approval

Project #(s) CUP21-03

x Approved as Submitted

__ Approved with Changes

Approval Date: 05-18-21

Planner:

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REVIEW

REGAN RESIDENCE ADDITION
429 tulaer avenue
morro bay, ca 93442
APN: 066-208-002

project AO170
permit 21.0311
revision

exterior elevations

A3.2

City Council

APPEAL

OF CONDITIONAL USE PERMIT

CUP21-03

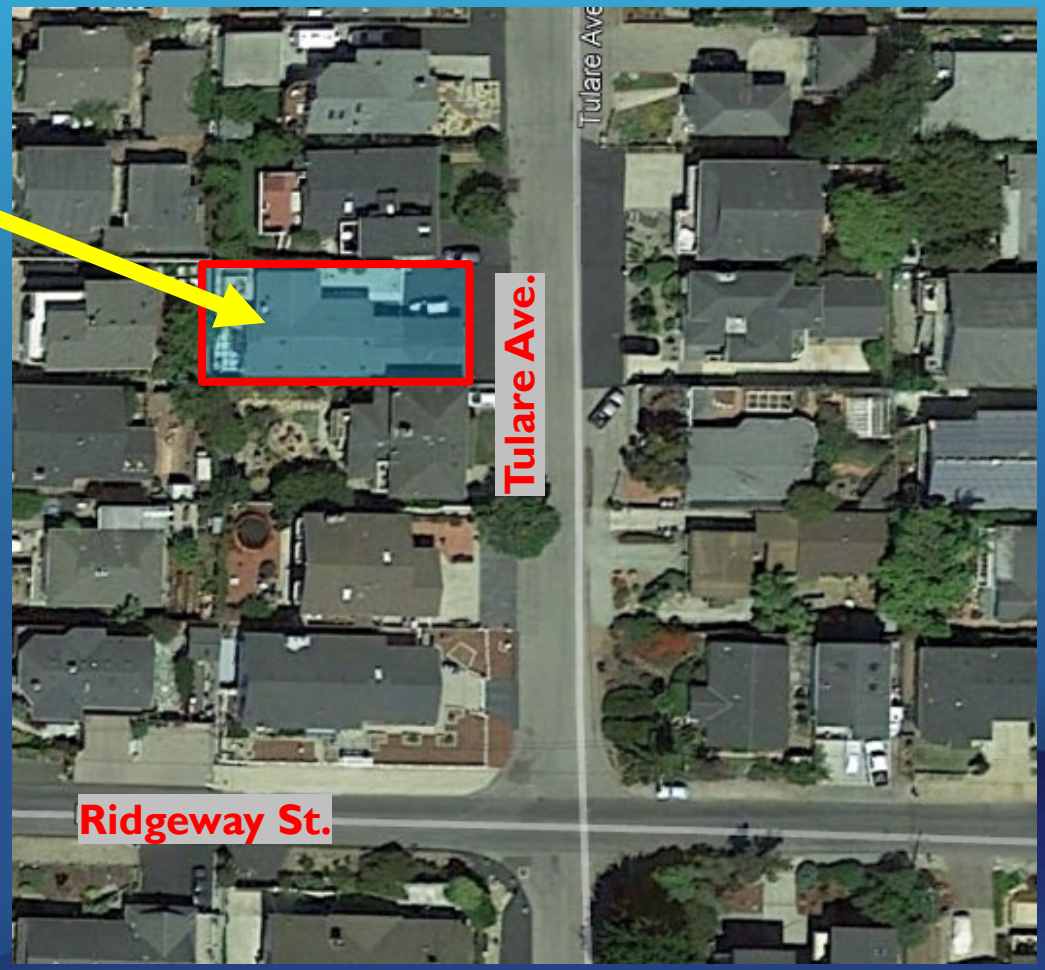
FIRST AND SECOND STORY ADDITION TO EXISTING RESIDENCE AT 429 TULARE

APPELLANT:

WAYNE JOHNSON

APPLICANT:

PETE AND BETH REGAN



MORRO BAY
PUT LIFE ON COAST

Project

Existing home:

- 1,683 square feet
- 452 square foot attached garage

Proposed remodel/addition:

- 111 square foot addition on first floor in rear of property to add staircase
- 449 square foot second story addition for study, bathroom, and deck

- May 18, 2021: project approved by Planning Commission
- May 27, 2021: City received an appeal from Wayne Johnson

MORRO BAY
PUT LIFE ON COAST

Zoning Ordinance Standards

Zoning Ordinance Standards		
	Standards	**Proposed**
Front Setback	20’	**4’-6” (existing)**
Interior Side-Yard Setback	North: 5’ South: 5’	North: 5’-2” South: **4’ (existing)**
Rear Setback	10’	10’
Height	25’	22’-6”
Lot Coverage	Max. 45%	45%
Parking	2 car garage	2 car garage

Non-conforming setbacks: The front setback is required to be 20’. The interior side setback is required to be 5’. Existing residence is currently nonconforming with a front setback of 4’-6” and south side setback of 4’.

MORRO BAY
PUT LIFE ON COAST

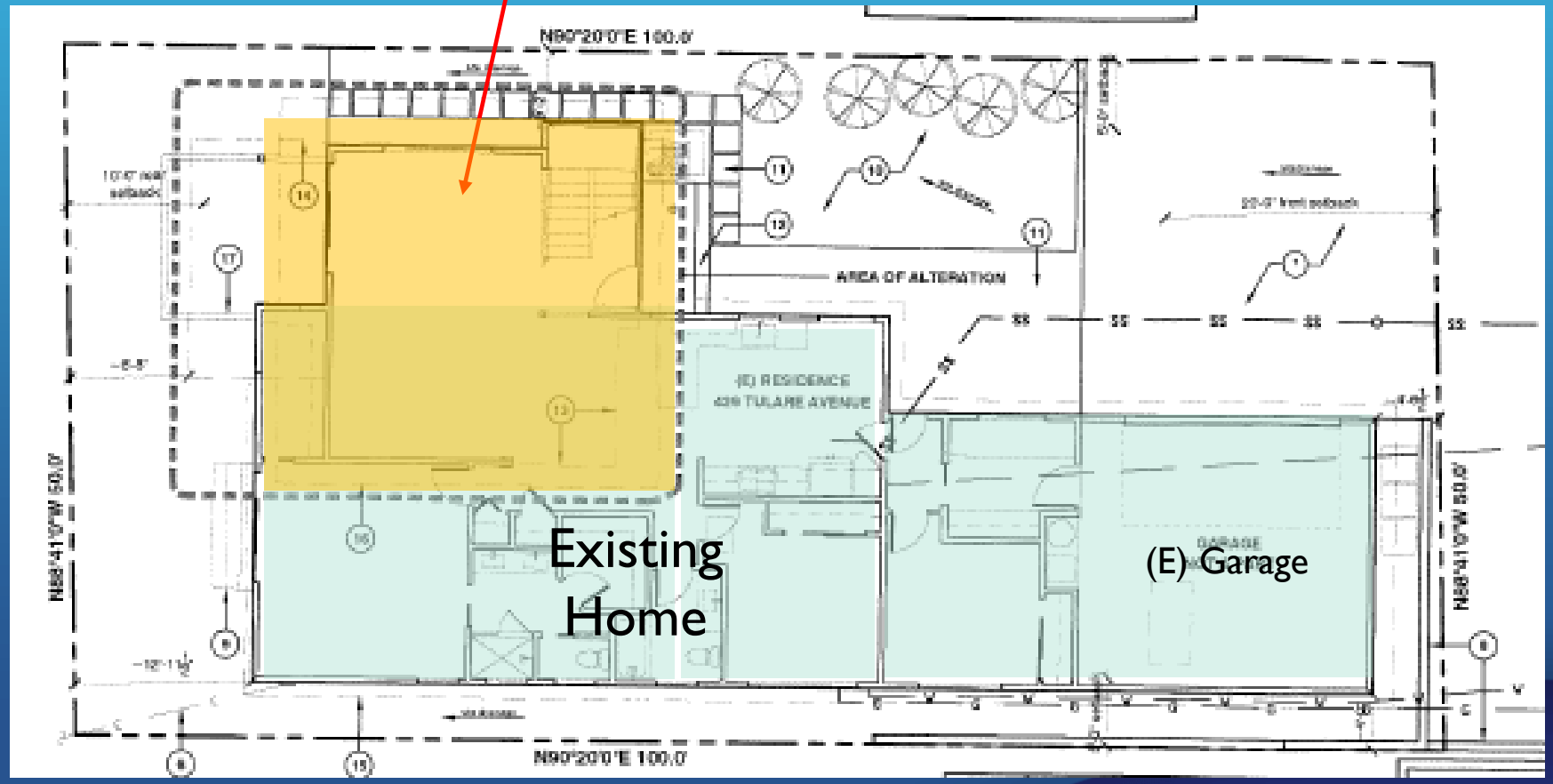
Photo Simulation





Proposed Home Site Plan

Proposed addition



Tulare Ave.

MORRO BAY
PUT LIFE ON COAST

Proposed Home Elevations



View from Tulare



Rear View

Proposed Home Elevations





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The Appeal

Grounds for Appeal and Staff Response

Appellant Claim #1: *The Appellant claims the proposed addition/remodel is too massive.*

Staff Response: Project design, size and mass are compliant with City standards and similar is to surrounding homes.

- Max height allowed is 25', proposed is 22' – 6"
- Existing living area: 1,683 sq.ft.
- Proposed living area: 2,243 sq.ft.

Square footage of homes in immediate vicinity

- 430 Tulare: 2,246 sq.ft.
- 409 Tulare: 2132 sq.ft.
- 438 Tulare: 2,268 sq.ft.
- 437 Tulare: 1,846 sq.ft.

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PUT LIFE ON COAST

The Appeal cont.

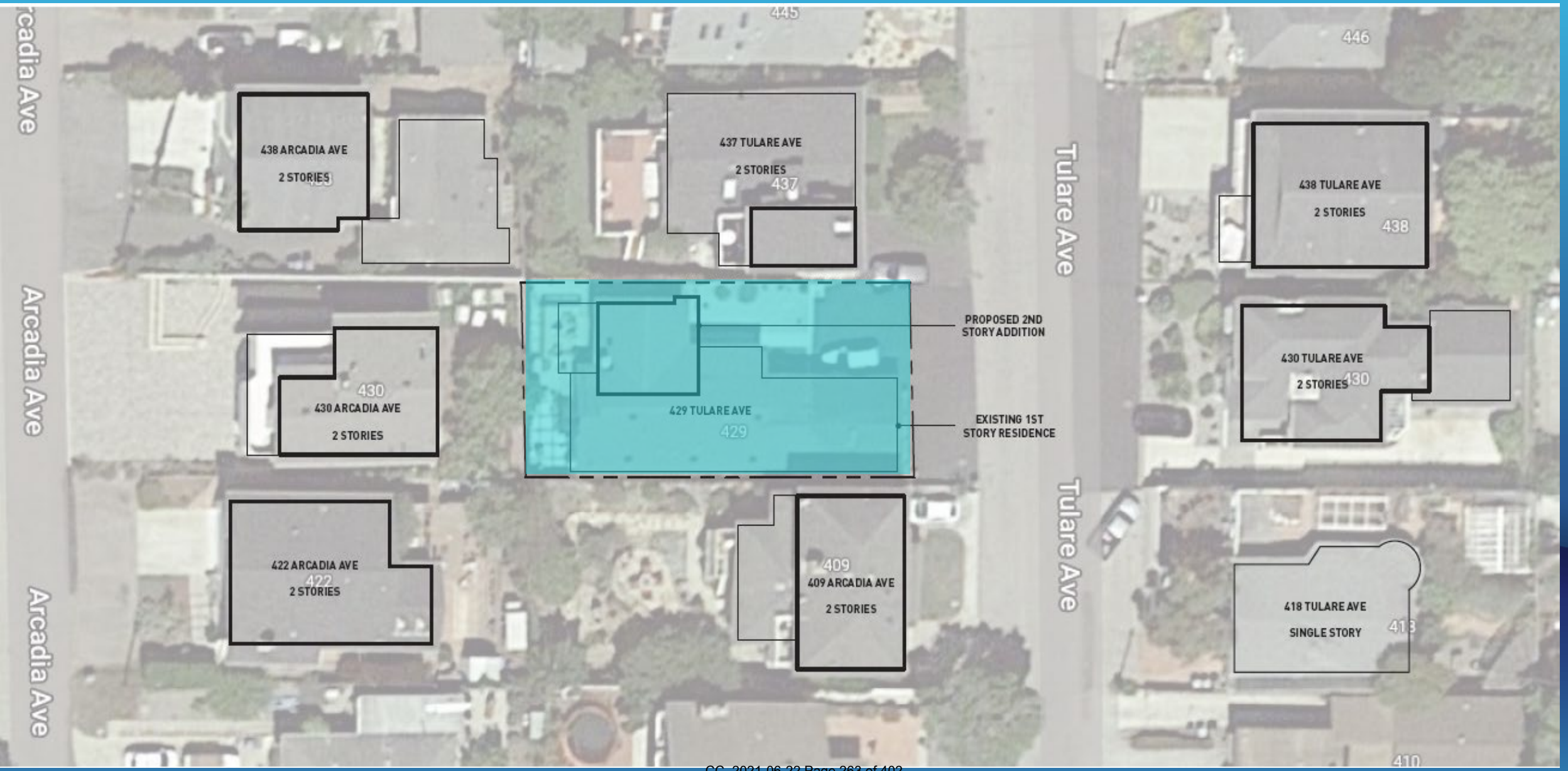
Grounds for Appeal and Staff Response

Appellant Claim #2: The Appellant claims that the proposed addition is not in conformance with other homes in the neighborhood.

Staff Response: The home is similar in design to others in the neighborhood. Proposed materials are consistent with the existing home and project design complies with the City's Design Guidelines. 2nd story totals approximately 30% of the square footage of the lower floor and there are several other 2-story homes surrounding the subject home.

MORRO BAY
PUT LIFE ON COAST

Adjacent Two Story Homes



Appellant Requested Relief

That this project be denied or sent back (presumably to PC) for modification

MORRO BAY
PUT LIFE ON COAST

Recommendation

The project underwent a thorough review by the Planning Commission, resulting in approval of the project design. Project design is consistent with the neighborhood in terms of height, bulk, scale and materials.

Staff recommends City Council deny the appeal and uphold Planning Commission approval of CUP21-03 by adopting Resolution No. 40 -21.

MORRO BAY
PUT LIFE ON COAST

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AGENDA NO:	**B-2**
MEETING DATE:	**June 22, 2021**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 10, 2021**

FROM: **Rob Livick, PE/PLS – City Engineer**

SUBJECT: **Adoption of Resolution No. 41-21 Directing the Levy of the Annual Assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District**

RECOMMENDATION

Staff recommends the City Council conduct the final public hearing and adopt Resolution No. 41-21, approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District for Fiscal Year 2021/22 (FY 2021/22).

ALTERNATIVE

Not adopt Resolution No. 41-21 and provide alternative specific direction for staff.

FISCAL IMPACT

By adopting Resolution No. 41-21, $148,944 will be collected through an assessment of all benefitting parcel owners in the Cloisters subdivision for the Cloisters Landscape and Lighting Maintenance Assessment District for the maintenance of the Cloisters Park and Open Space.

SUMMARY

At the May 11, 2021, City Council meeting, Council adopted Resolution No. 24-21 approving the Engineer's Report describing the annual maintenance to be completed at the Cloisters Park and Open Space and declaring the City's intent to levy an annual assessment to finance this maintenance. The assessment, projected at $1,241.20 per assessable lot in the Cloisters subdivision, will be collected by the County Assessor. As part of the assessment process, the City ordered the preparation of an Engineer's report, adopted a resolution of intention to levy an assessment, and set June 22, 2021 as the public hearing date on the proposed levy of assessment.

BACKGROUND/DISCUSSION

Cloisters Landscape and Lighting Maintenance Assessment District was formed with the development of Tract 1996 in the Fall of 1996, just prior to the passage of Proposition 218. In 2004, the Court determined, due to a lawsuit filed by three Cloisters residents, there are many special benefits associated with the Cloisters Landscape and Lighting Maintenance Assessment District. The Cloisters lots directly benefit from the Cloisters open space and close proximity of the public park, bicycle pathway, right of way landscaping, Environmentally Sensitive Habitat restoration areas and coastal access. There was also created and reserved in favor of each owner in the Cloisters development, easements for view, open space, scenic, passive recreation and coastal access across the entirety of LOTS 121, 122 and 123, which shall not be developed with any improvements or structures, unless necessary and proper for the restoration and maintenance of

Prepared By: ___RL____	**Dept Review: ___ __**
City Manager Review: __ SC____	**City Attorney Review: __CFN ____**

the Environmentally Sensitive Habitat Area. The Court determined further special benefits include: improved aesthetic appeal of nearby parcels, improved dust control, enhanced adaptation of the urban environment within the natural environment, improved erosion resistance, improved drainage and flood control, enhanced crime deterrence and aid to police protection, increased nighttime safety on roads and highways, improved visibility for pedestrians and motorists, improved ingress and egress to property, reduced vandalism and other criminal acts and damage to improvements or property, improved traffic circulation, reduced nighttime accidents, and special enhancement to property value resulting from the above benefits.

The Court also determined the City does not need to, nor is it required to, prepare an annual redetermination of the separation of special and general benefits. The Court specially held:

> *"When the special assessment district was formed the owner of all of the parcels consented to its formation. Moreover, the owner did not object to the amount of the assessment, which the City based upon the cost of the special benefits being conferred on the properties within the assessment district, nor to the specific amount allocated to each parcel as its proportionate share. Because express consent to the amount and allocation of the assessment was given by petitioners' predecessor, and petitioner's purchased their properties with actual or constructive knowledge of the amount of the assessment, it is too late for them now to withdraw the consent and attack the amount of the assessment."*

Up until 2015, this required public hearing was advertised as a "protest hearing," where those in the assessment district could file protests to the continuation. State law does not require a protest hearing, so long as there are no increases in the assessment. Currently, there are no proposed increases to the assessment amount.

Staff continues to recognize the importance of proper maintenance of the Cloisters Park and Open Space, which are outlined in the Engineer's Report, but occasionally the level of maintenance does not meet the expectations of some residents. Due to resource limitations, the City, for several years, has not been able to staff the maintenance of the Cloisters Assessment District area with two plus full-time employees assigned solely to that area. This fiscal year the staffing for the Assessment District will not be less than the equivalent of one full-time employee. Staff will continue to utilize various means of outreach to inform Cloisters' residents of upcoming meetings and upcoming maintenance tasks.

Staff will also continue methods for increasing efficiency and reducing maintenance costs to enhance the capital reserve fund. Any savings from periodic maintenance performance will be allocated to reserves or deferred maintenance/capital projects. Projects anticipated for FY 2021/22 include the continuation of the landscaping replacement, which is at or near its expected lifespan, to a more drought tolerant type that requires a less ongoing maintenance along with removal of invasive vegetation from the pond. Additionally, in conjunction with Recreation staff, Public Works staff will begin the process of assessing and replacing the park infrastructure and landscaping amenities that are beyond their useful life, such as playground equipment, plant material and, benches.

CONCLUSION

Staff recommends continuation of the assessment of the property owners within the Cloisters Lighting and Maintenance Assessment District to help fund the City's maintenance of the Cloisters Park and Open Space.

ATTACHMENT

1. Resolution No. 41-21

RESOLUTION NO. 41-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT PURSUANT TO THE "LANDSCAPING AND LIGHTING ACT OF 1972" (STREETS AND HIGHWAYS SECTIONS 22500 *ET. SEQ.)*

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, on May 11, 2021, the City Council adopted Resolution No. 24-21 declaring the Council's intent to levy an assessment for the annual maintenance of the Cloisters Park and Open Space within the Cloisters Landscaping and Lighting Maintenance Assessment District (the "District") and approving the Engineers Report; and

WHEREAS, a public hearing for the levy of the annual assessment of the District was scheduled for June 21, 2021, at or about 5:30 p.m., via teleconference pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020; and

WHEREAS, notices regarding the proposed assessment listing the date, time and location of the public hearing were published in the local newspaper; and

WHEREAS, the City Council did take public testimony from all interested parties as to the levy of the annual assessment for the District on June 22, 2021, via teleconference pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020.

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

1. The annual levy for the maintenance of the District, generally located as shown on Exhibit "A" attached hereto, is hereby ordered and the assessment of $148,944 to be equally distributed per assessable parcel for the Fiscal Year 2021/22 is hereby confirmed.

2. Adoption of this Resolution shall constitute the levy of an assessment for the Fiscal Year 2021/22 and the City Clerk shall file the diagram and assessment with the County of San Luis Obispo Auditor.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held this 22nd day of June 2021 by the following roll call vote:

AYES:
NOES:
ABSENT:

_____
JOHN HEADDING, MAYOR

ATTEST:

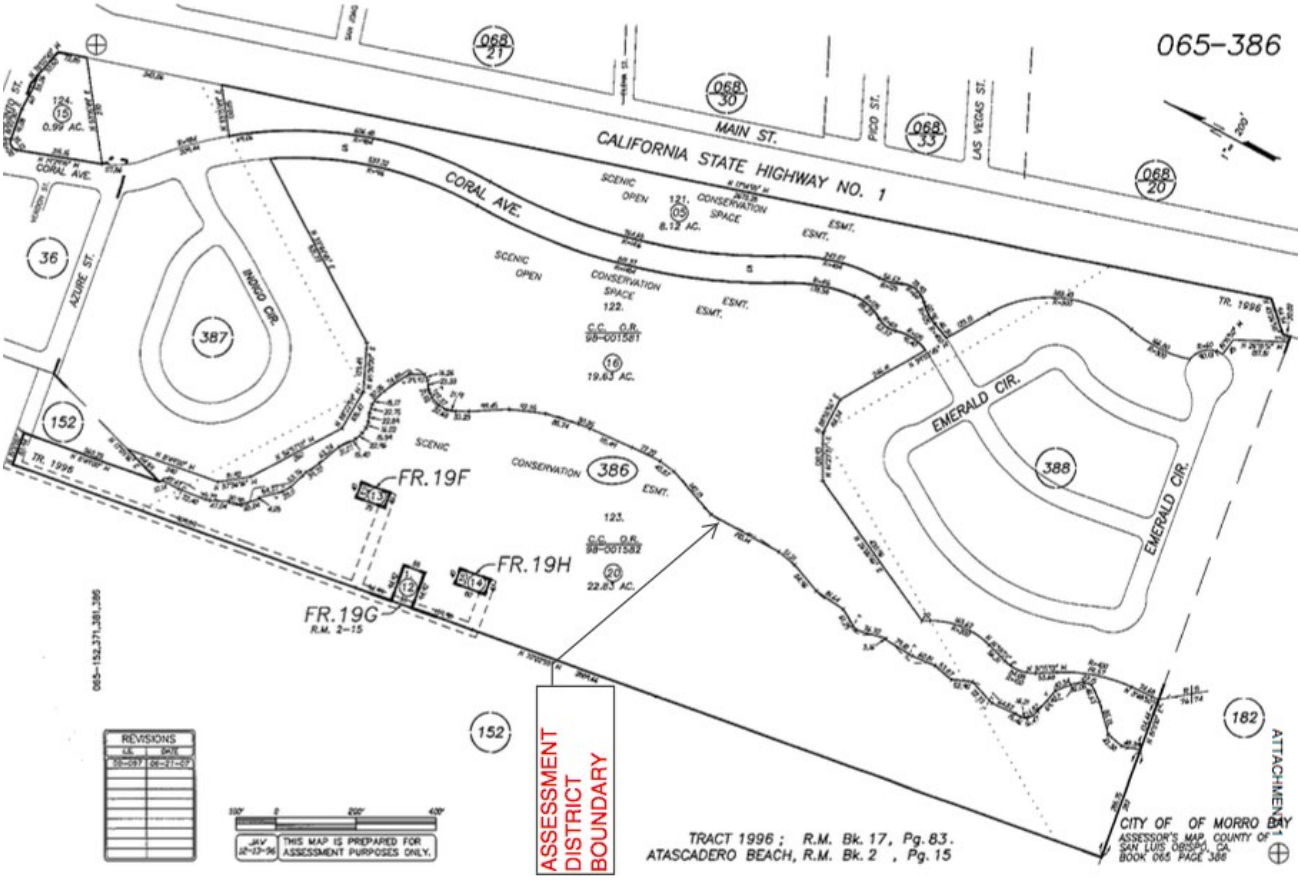
_____
DANA SWANSON, CITY CLERK

Exhibit "A"

CLOISTERS
LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT

DISTRICT BOUNDARY DIAGRAM

The boundary diagrams for the District have previously been submitted to the City Clerk in the format required under the 1972 Act and, by reference, are hereby made part of this Report. The boundary diagrams are available for inspection at the office of the City Clerk during normal business hours. The following diagram provides an overview of the District.



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AGENDA NO:	**B-3**
MEETING DATE:	**June 22, 2021**

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 10, 2021**

FROM: **Rob Livick, PE/PLS – City Engineer**

SUBJECT: **Adoption of Resolution No. 42-21 Directing the Levy of the Annual Assessment for the North Point Natural Area Landscaping and Lighting Maintenance Assessment District**

RECOMMENDATION

Staff recommends the City Council conduct the public hearing and approve the levy of the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance District by adopting Resolution No. 42-21.

ALTERNATIVES

Not adopt Resolution No. 42-21 and provide specific direction for staff.

FISCAL IMPACT

By adopting Resolution No. 42-21, $5,645 will be collected through an assessment of all parcel owners in the North Point subdivision for the maintenance of the North Point Natural Area.

DISCUSSION

At the May 11, 2021, City Council meeting, the Council adopted Resolution No. 25-21 approving the Engineer's Report describing the annual maintenance to be completed at the North Point Natural Area and declaring the City's intent to levy an annual assessment to finance the maintenance. The assessment, projected at $564.50 per assessable lot in the North Point subdivision, will be collected by the County Assessor.

The approved Engineer's Report estimated costs for maintenance of the North Point Natural Area. The cost estimates are based on the maintenance standards currently used in existing parks and open space areas within Morro Bay. The estimate for maintenance of the North Point Natural Area is $5,645 or $564.50 per parcel for Fiscal Year 2021/22 (FY 2021/22).

Personnel costs, as well as supplies and services, have risen in the last several years. However, due to the small acreage, natural landscaping, street lighting and little irrigation in the North Point Natural Area, the assessment amount collected is currently adequate to cover the costs of maintenance but does not have the ability to fund a significant reserve.

As part of the assessment process, the City adopted a resolution of intention to levy an assessment that set June 22, 2021 as the public hearing date on the proposed levy of assessment. The required noticing was published in the local newspaper per State requirements. The Council must hold a public hearing before considering continuing the levy of the annual assessment.

Prepared By: ___RL____	**Dept Review: ___ __**
City Manager Review: ___SC____	**City Attorney Review: __CFN _____**

CONCLUSION

Staff recommends continuation of the annual assessment of the property owners within the North Point Natural Area Landscaping and Lighting Maintenance District, for maintenance needs, by adopting Resolution No. 42-21.

ATTACHMENT

1. Resolution No. 42-21

RESOLUTION NO. 42-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT PURSUANT TO THE "LANDSCAPING AND LIGHTING ACT OF 1972" (STREETS AND HIGHWAYS SECTIONS 22500 *ET. SEQ.*)

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, on May 11, 2021, the City Council adopted Resolution No. 25-21 declaring the Council's intent to levy an assessment for the annual maintenance of the North Point Natural Area Landscaping and Lighting Maintenance Assessment District (the "District") and approving the Engineers Report; and

WHEREAS, a public hearing regarding the levy of the annual assessment of the District was scheduled for June 22, 2021 at or about 5:30 p.m., via teleconference pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020.; and

WHEREAS, notices regarding the continuation of the proposed assessment listing the date, time and location of the hearing were published in the local newspaper; and

WHEREAS, the City Council did take public testimony from all interested parties as to the levy of the annual assessment for the District on June 22, 2021, via teleconference pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020.

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

1. The annual levy for the maintenance of the District generally located as shown on Exhibit "A," attached hereto, is hereby ordered and the assessment of $5,645 to be equally distributed per assessable parcel for the Fiscal Year 2021/22 is hereby confirmed.

2. Adoption of this Resolution shall constitute the levy of an assessment for the Fiscal Year 2021/22 and the City Clerk shall file the diagram and assessment with the County of San Luis Obispo Auditor.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting held this 22nd day of June, 2021 by the following roll call vote:

AYES:
NOES:
ABSENT:

_____
JOHN HEADDING, Mayor

ATTEST:

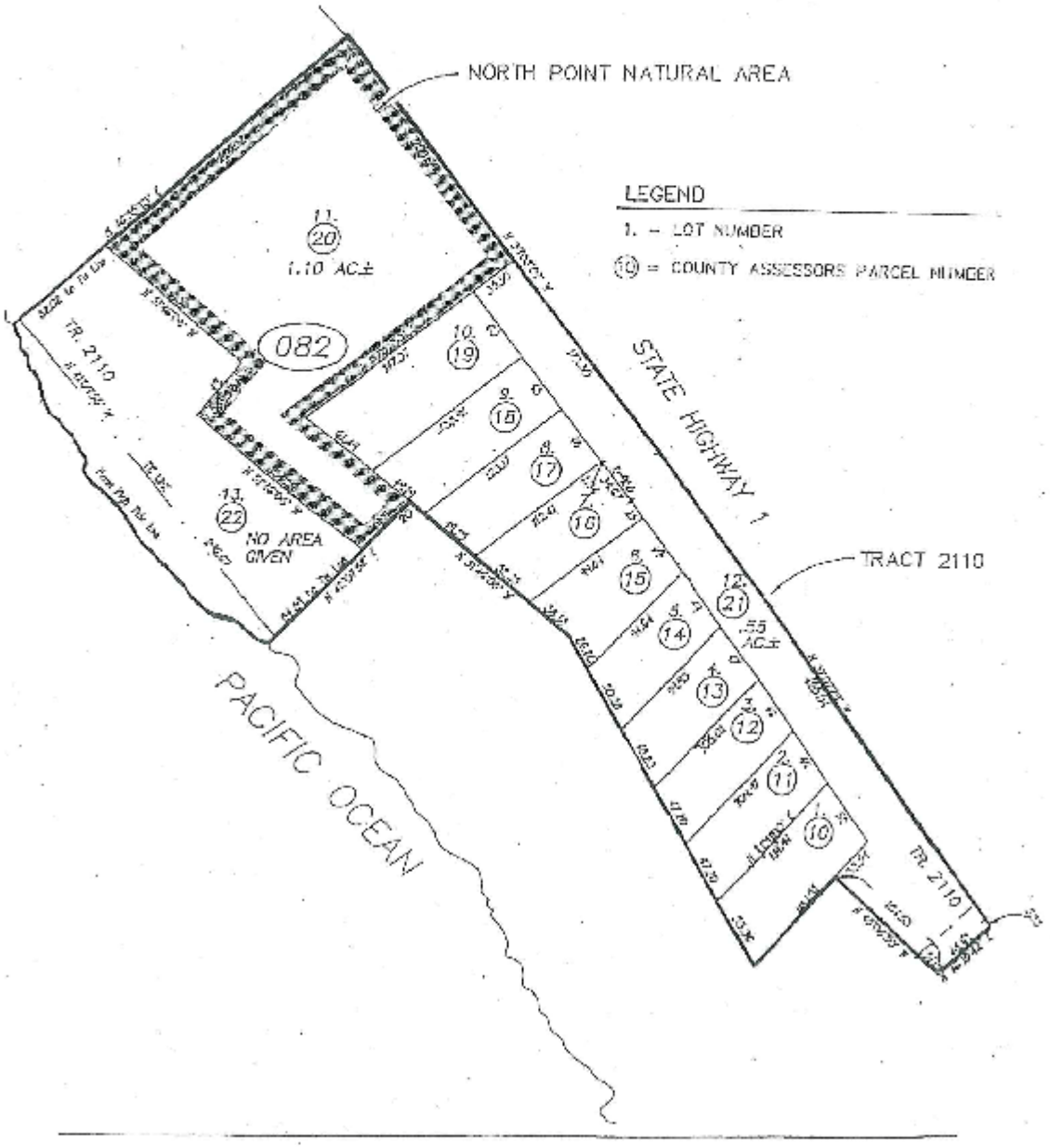
_____
DANA SWANSON, City Clerk

EXHIBIT 'A'

CITY OF MORRO BAY

NORTH POINT NATURAL AREA
LANDSCAPING AND LIGHTING
MAINTENANCE ASSESSMENT DISTRICT

ASSESSMENT DIAGRAM



AGENDA NO: C-1

MEETING DATE: June 22, 2021

Supplemental Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 21, 2021**

FROM: **Scott Collins, City Manager**
Katie Lichtig, Interim Finance Director

SUBJECT: **Adopt Resolution No. 43-21 Adopting the Fiscal Year 2021/22 Operating and Capital Budgets; Resolution No. 44-21 Adopting the City's Master Combined Salary Schedule; Approve job classifications for the Fire Marshal/Division Chief, Senior Administrative Services Analyst and Finance Manager; Adopting a series of Resolutions Amending and/or Readopting the City's financial policies; and Adopt Resolution No. 54-21 Extending the Expanded and Increased COVID-19 Utility Discount and Subsidy Program**

The City Council conducted two budget study sessions, May 25 and 26, 2021. During these discussions, the Council reviewed departmental operating budget, the Capital Improvement Budget and the City's array of financial policies. The primary staff report was issued on June 17, 2021, with an indication that a supplemental information including the Five-Year General Fund Financial Forecast would be issued before the meeting. This Supplemental Staff Report contains the Five-Year Financial Forecast. The staff presentation will be issued under separate cover.

Five-Year Financial Forecast

The Five-Year Financial Forecast is a tool used to help predict the health of the General Fund. The General Fund operating surplus or deficit (revenues more or less than expenditures, respectively) is reflected in the green highlighted row titled Ending Balance. Measure Q&E operating expenses (e.g., police, fire, and consolidated maintenance personnel) are added to the General Fund expenses to calculate the reserve levels, consistent with the proposed policy change recommended by the Ad-hoc committee that reviewed the financial policies). The forecast indicates that if the current fiscal year ends with the estimated General Fund surplus contained in the Proposed Budget, the ending fund balance between the General Fund and the General Fund Emergency Reserve (GFER) will equal 35.9% (proposed minimum is 33% and target is 50%).

Important highlights to note include:

- Assumes no GFER is needed in the current year or in any included in this forecast.
- The General Fund will have an estimated net operating surplus of $1.459 million. That is due in part to employee sacrifice of pay reductions which led to contained costs and faster recovery of revenue. This amount will not be certain until the books are closed, and all year-end transactions are recorded.
- Moving forward, Measure Q and E funding will be the main source for all capital improvements projects typically meant for the general public such as street repaving, park refurbishments, vehicle replacements, and storm drain maintenance (non-water/sewer and non-Harbor projects).
- The assumptions included in the forecast are noted below. The forecast does not assume a major change in PERS discount rate but does assume an 11% increase every year.

- The forecast assumes that the General Fund continues to send $250,000 a year to the General Fund Emergency Reserve. This practice should be evaluated as future conditions are analyzed since this expenditure means those funds are not available for other uses that could be a higher priority need.
- The forecast does not include any increases in debt service on the Fire Station and the solar energy project that are scheduled to occur in 2025 and 2026. Further analysis of this issue should be undertaken in the next two years.
- A modest 2% increase was incorporated into the forecast for personnel costs other than PERS and other employer paid benefits. This should be viewed as a contingency for unforeseen cost increases. This amount will not be sufficient to address pay equity issues the City continues to face. A compensation philosophy and how to achieve the outcomes set by this policy will certainly be a topic for further Council consideration.

City of Morro Bay Budget Forecast ($ in 000)

General Fund	FY 2020	FY 21 Est	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Property Tax	$3,620	$4,556	$4,993	$5,143	$5,297	$5,456	$5,619
Sales Tax	2,186	2,150	2,220	2,265	2,310	2,356	2,403
TOT	2,892	3,491	3,578	3,757	3,945	4,142	4,349
Other Revenue	3,982	3,447	3,629	3,701	3,775	3,851	3,928
Transfers	2,730	1,212	1,245	1,282	1,320	1,360	1,401
Total Revenue	15,410	14,856	15,664	16,147	16,647	17,165	17,700
Personnel	10,865	9,793	10,565	11,058	11,567	12,120	12,563
Other O&M	3,695	3,241	3,742	3,817	3,894	3,971	4,051
Transfers out	481	363	1,290	1,024	1,034	1,044	1,055
Future Budget Cuts	0	0	0	0	0	0	0
Total Expenditures	14,778	13,396	15,597	15,899	16,495	17,136	17,669
Net Annual	632	1,459	67	249	152	29	31
Beginning Balance	298	930	2,389	2,456	2,705	2,857	2,887
Cash Adjustments	0	0	0	0	0	0	0
Ending Balance	930	2,389	2,456	2,705	2,857	2,887	2,918

Emergency Reserve	FY 2020	FY 21 Est	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenue & Tranfs in	$129	$653	$1,531	$24	$24	$24	$24
Transfers Out	1,438	0	20	0	0	0	0
Net Annual	(1,309)	653	1,511	24	24	24	24
Expenditures	66	0	0	0	0	0	0
Beginning Balance	3,141	1,766	2,419	3,930	3,954	3,977	4,002
Ending Balance	1,766	2,419	3,930	3,954	3,977	4,002	4,026

Measure Q & E Ops Cost *	FY 2020	FY 21 Est	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	N/A	N/A	1,653	1,730	1,809	1,896	1,965
Total GF+ER Balance	**2,696**	**4,808**	**6,386**	**6,659**	**6,835**	**6,888**	**6,944**
% of GF + Measure Q&E Exp	18.2%	35.9%	37.0%	41.9%	41.4%	40.2%	39.3%

*Included in costs for purposes of calculating GFER percentage

General Fund (001)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues:					
Property Tax	N/A	3.00%	3.00%	3.00%	3.00%
Property Tax In-Lieu (VLFAA)	N/A	3.00%	3.00%	3.00%	3.00%
Homeowners Exemption	N/A	0.00%	0.00%	0.00%	0.00%
Sales Tax	N/A	2.00%	2.00%	2.00%	2.00%
Sales Tax (Prop 172-Safety)	N/A	0.00%	0.00%	0.00%	0.00%
Property Transfer Tax	N/A	3.00%	3.00%	3.00%	3.00%
Transient Occupancy Tax	N/A	5.00%	4.00%	3.00%	2.00%
Franchises	N/A	2.00%	2.00%	2.00%	2.00%
Local Cannabis Tax	N/A	2.00%	2.00%	2.00%	2.00%
Business Licenses	N/A	2.00%	2.00%	2.00%	2.00%
Building Permit	N/A	2.00%	2.00%	2.00%	2.00%
Coastal Permits	N/A	2.00%	2.00%	2.00%	2.00%
Conditional Use Permits	N/A	2.00%	2.00%	2.00%	2.00%
Other Licenses & Permits	N/A	2.00%	2.00%	2.00%	2.00%
Motor Vehicle License Fee	N/A	2.00%	2.00%	2.00%	2.00%
State & Federal Grants	N/A	2.00%	2.00%	2.00%	2.00%
State Reimbursements	N/A	2.00%	2.00%	2.00%	2.00%
Investment Income	N/A	2.00%	2.00%	2.00%	2.00%
Rents	N/A	2.00%	2.00%	2.00%	2.00%
Parking Fines	N/A	2.00%	2.00%	2.00%	2.00%
Vehicle Code Fines	N/A	2.00%	2.00%	2.00%	2.00%
Other Fines	N/A	2.00%	2.00%	2.00%	2.00%
Planning & Zoning Fees	N/A	2.00%	2.00%	2.00%	2.00%
Engineering & Inspection Fees	N/A	2.00%	2.00%	2.00%	2.00%
Police Services	N/A	2.00%	2.00%	2.00%	2.00%
Fire Services	N/A	2.00%	2.00%	2.00%	2.00%
Recreation Program Fees	N/A	2.00%	2.00%	2.00%	2.00%
Other Service Charges	N/A	2.00%	2.00%	2.00%	2.00%
Other Revenues	N/A	1.00%	1.00%	1.00%	1.00%
Emergency Reserve for deficit	N/A	0.00%	0.00%	0.00%	0.00%
Measure Q (Fire overtime)	N/A	3.00%	3.00%	3.00%	3.00%
Capital Projects	N/A	0.00%	0.00%	0.00%	0.00%
Other Funds	N/A	3.00%	3.00%	3.00%	3.00%
Expenditures					
Regular Salaries & Other Pay	N/A	2.00%	2.00%	2.00%	0.00%
Part-time Wages	N/A	2.00%	2.00%	2.00%	0.00%
Overtime	N/A	2.00%	2.00%	2.00%	0.00%
Employer Paid Benefits (* costs incl)	N/A	9.80%	9.80%	9.80%	9.00%
Pension - NC	N/A	2.00%	2.00%	2.00%	2.00%
Pension - UAL	N/A	11.00%	11.00%	11.00%	11.00%
*Medicare					
* Cafeteria Plan (Health+)					
* Unemployment & Wkrs Comp Ins					
Part-time Benefits	N/A	2.00%	2.00%	2.00%	0.00%
Other	N/A	2.00%	2.00%	2.00%	0.00%
Vacancy Savings Rate	N/A	0.00%	0.00%	0.00%	0.00%
Labor Costs Applied	CPI built into model				
Contract Services	N/A	2.00%	2.00%	2.00%	2.00%
Utilities	N/A	2.00%	2.00%	2.00%	2.00%
Insurance	N/A	2.00%	2.00%	2.00%	2.00%
Other Services & Supplies	N/A	2.00%	2.00%	2.00%	2.00%
Other Expense	N/A	2.00%	2.00%	2.00%	2.00%
Transfers Out:					
Vehicle Replacement	N/A	2.00%	1.00%	1.00%	1.00%
Technology	N/A	2.00%	1.00%	1.00%	1.00%
Facilities Maintenance	N/A	2.00%	1.00%	1.00%	1.00%
Capital Replacement	N/A	2.00%	1.00%	1.00%	1.00%
Projects Accumulation	N/A	2.00%	1.00%	1.00%	1.00%
Fire Equipment Replacement	N/A	2.00%	1.00%	1.00%	1.00%
Other	N/A	2.00%	1.00%	1.00%	1.00%
Compensable Leave	N/A	2.00%	1.00%	1.00%	1.00%

AGENDA NO: C-1

MEETING DATE: June 22, 2021

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 17, 2021**

FROM: **Scott Collins, City Manager**
Katie Lichtig, Interim Finance Director

SUBJECT: **Adopt Resolution No. 43-21 Adopting the Fiscal Year 2021/22 Operating and Capital Budgets; Resolution No. 44-21 Adopting the City's Master Combined Salary Schedule; Approve job classifications for the Fire Marshal/Division Chief, Senior Administrative Services Analyst and Finance Manager; Adopting a series of Resolutions Amending and/or Readopting the City's financial policies; and Adopt Resolution No. 54-21 Extending the Expanded and Increased COVID-19 Utility Discount and Subsidy Program**

RECOMMENDATION

Staff recommends the City Council:

1. Adopt Resolution No. 43-21 authorizing the Fiscal Year (FY) 2021/22 Operating and Capital Budgets, including amendments approved by the City Council, prior to the adoption of that Resolution; and
2. Adopt Resolution No. 44-21 approving the FY 2021/22 Master Combined Salary Schedule; and
3. Approved new or revised job descriptions for Fire Marshal/Division Chief, Senior Administrative Services Analyst and Finance Manager; and
4. Adopt Resolution No. 45-21 approving the revised General Fund Emergency Reserve Policy; and
5. Adopt Resolution No. 46-21 approving the revised Internal Services Fund Reserve Policy; and
6. Adopt Resolution No. 47-21 rescinding the Tourism Accumulation Fund Policy; and
7. Adopt Resolution No. 48-21 approving the revised Risk Management Reserve Policy; and
8. Adopt Resolution No. 49-21 approving the revised Local Agency Investment Fund (LAIF) Transaction Officers; and
9. Adopt Resolution No. 50-21 approving the revised Investment Policy; and
10. Adopt Resolution No. 51-21 readopting the Harbor Reserve Policy; and
11. Adopt Resolution No. 52-21 readopting the Revenue Policy; and
12. Adopt Resolution No. 53-21 readopting the Expenditure Policy; and
    Adopt Resolution No. 54-21 extending the Utility Discount Program through December 31, 2021.

FISCAL IMPACT

The fiscal impact is presented in the summary form in the Financial Summaries chapter of the Proposed Operating and Capital Budgets for FY 2021/22 (page B-1). The FY 2021/22 budget is a

Prepared By: KEL	**Dept Review:** KEL
City Manager Review: _____	**City Attorney Review:** _____

balanced budget with total City Expenditures totaling $94 million (inclusive of capital projects and transfers), an increase over prior year's budget notably due to the planned progression of the Water Reclamation Facility project, as well as improved revenues and passage of the Measure E-20 sales tax by Morro Bay voters in November 2020.

BACKGROUND/DISCUSSION

The City Council conducted two budget study sessions, May 25 and 26, 2021. During these discussions, the Council reviewed departmental operating budget, the Capital Improvement Budget and the City's array of financial policies.

Staff has developed a comprehensive list of changes to the FY 2021/22 Budget that are proposed based on additional information about the costs of the positions being proposed in the Finance Department; changes required as a result of further guidance from the U.S. Treasury Department regarding eligible uses of the American Rescue Plan Act (ARPA); and, the results of a comprehensive review of the City's adopted Financial policies by the Council ad-hoc committee of Mayor Heading and Councilmember Davis. These changes are included as Exhibit 1 to Resolution No. 43-21 (Attachment 1). The changes being proposed fall into five categories:

1. Non-substantive changes either to ensure the adopted budget meets Government Finance Officers Association (GFOA) best practices or corrections due to typographical or other administrative oversights;
2. Operating budget revenue changes to align with sales tax and commercial cannabis tax projections that include previously unaccounted for sales tax associated with retail cannabis sales as well as up to date projections for the cannabis tax now that both outlets are fully operational;
3. Operating expenditure changes to align departmental budgets with organizational and/or operational needs that were identified after the proposed budget was published (Community Development, Finance and Public Works);
4. Interfund Transfers based on financial policy changes recommended by the Ad-Hoc Committee of Mayor Heading and Councilmember Davis; and
5. Changes based on additional U.S. Treasury guidance regarding the American Rescue Plan Act (ARPA) and the official allocations published by the Treasury Department after the Budget Study Sessions on May 25 and 26, 2021.

The tables on the next four pages outline the changes that staff recommends the Council approve. Staff recognizes that this information is lengthy and may give the impression that significant additions are being made to the proposed budget late in the process. Contrary to this impression, very few new items are presented below. In total, staff is recommending General Fund revenue changes totaling $109,737, which amounts to less than eight-tenths of one percent of General Fund revenue included in the FY 2021/22 budget. As it relates to General Fund operating expenditure changes proposed, staff is recommending amendments totaling $75,182 (a penny increase for every $200 of expenditures). This amounts to less than five-tenths of one percent of General Fund expenditures proposed in the FY 2021/22 budget.

Other revenue changes being proposed result from additional revenue being recognized in Measures Q and E Fund due to sales tax associated with retail cannabis sales and an unexpected increase in ARPA allocation ($2,522,110 compared to the original estimate of $1,980,000). Expenditure changes are either cost neutral by moving existing resources among funds or additional expenditure due to the increase in ARPA allocation.

Proposed Changes start on next page

Page Number	Fund (Fund Number)	Program	Department	Summary of Change	Amount of change	New Total	Justification
B-18 to B-21	All	Several	Several	Modify Summary of Positions by Department to reflect corrections and actions proposed for adoption	$ -	$ -	Required for the budget to meet GFOA standards
C-1 to H-59	Variety	Variety	Variety	Add allocation of percentages to Departmental Summary of FTEs	$ -	$ -	Required for the budget to meet GFOA standards
C-1 to H-59	Variety	Variety	Variety	Add distribution of Part-time hours to Departmental Summary of FTEs to match allocation of part-time staffing budget	$ -	$ -	Required for the budget to meet GFOA standards
C-1 to H-59	Variety	Variety	Variety	Modify Department Summary of FTEs, Accomplishments, Key Projects, Key Program Services and Activity and Workload Highlights to correct typographical errors or update to match approved Master Salary Schedule	$ -	$ -	Required for the budget to meet GFOA standards
C-41 to C-52	General Fund	Administrative Services	Finance	Increase Sales Tax. Update all references as required to reflect this change throughout the budget.	$ 55,737	$ 2,220,456	Represents full year of sales tax collected as a result of Cannabis outlets' sales.
C-41 to C-52	General Fund	Administrative Services	Finance	Increase Cannabis Tax. Update all references as required to reflect this change throughout the budget.	$ 54,000	$ 278,000	Represents full year of 5% local tax collected as a result of Cannabis outlets' sales. Revised Estimate based on combined total of two months of operation of both outlets.
C-43	General Fund	Administrative Services	Finance Accounting & Treasury	Modify job titles, salaries and benefits to reflect reclassification of Accounting and Budget Manager to Finance Manager, new Senior Administrative Services Analyst and restoration of part-time hours for Accounting Clerk III to 720 hours a year. Update all references as required to reflect this change throughout the budget.	$ 40,769	$ 806,210	These changes are consistent with internal and external positions. Additionally the job descriptions and salary ranges for the Finance Manager and Sr. Administrative Services Analyst have been reviewed and approved by Human Resources. These changes are critical to successfully recruiting staff for these positions.
C-106 & C-139	General Fund	Public Works - Administration (5205) and Community Development (7105)	Public Works and Community Development	Add funding for shared part-time administrative support that will assist at both public counters. Both department	$ 34,416	Not applicable because a shared resource between two Departments	Both departments have an on-going unmet need for administrative support to assist customers at the public counter. Having a shared resource is efficient and will free up other staff members to focus on their primary work tasks.
D-1 to D-3	Risk Management Internal Service Fund (430)	Risk Management	Risk Management	Transfer out on a one-time basis $600,000 to the General Fund Emergency Reserve (051) and $100,000 to the Information Technology Reserves (450). Update all references as required to reflect this change throughout the budget.	$ (700,000)	$ 1,077,486	Risk Management Unassigned Fund Balance was projected to be $1,777,486 at the end of FY 2021/22. Council Ad-Hoc Committee is recommending Minimum = $700,000 and Target = $1 million to ensure that there is sufficient reserves if a serious liability is incurred that is not covered by insurance.
D-5 to D-7	Information Technology (450)	Information Technology	Information Technology	Transfer in $100,000 from Risk Management Fund Unassigned Reserves	$ 100,000	$ 147,755	To effectuate transfer from Risk Management Fund to the Information Technology Unassigned Fund Balance. If Council adopts new policy recommendation re: IT Fund Balance the Minimum = $200,000 and Target = $300,000
D-23	General Fund Emergency Reserve (051)	General Fund Emergency Reserve	General Fund Emergency Reserve	Transfer in $600,000 from Risk Management Fund Unassigned Reserves	$ 600,000	$ 3,929,811	To effectuate transfer from Risk Management Fund to the General Fund Emergency Reserve. If Council adopts new policy recommendation re: 33% operating reserve the minimum = $5.4 million, Target = $8.1 million

Page Number	Fund (Fund Number)	Program	Department	Summary of Change	Amount of change	New Total	Justification
E-1 to E-8	Measure Q & E Fund (003)	Measure Q & E	Revenues	Increase in Sales Tax due to the two cannabis outlets being open a full year. Update all references as required to reflect this change throughout the budget.	$ 135,859	$ 3,438,184	Represents full year of sales tax collected as a result of Cannabis outlets' sales. No Measure Q & E sales tax had previously been projected.
E-1 to E-8	Measure Q & E Fund (003)	Measure Q & E	Capital Improvement Program	Transfer the expenditure for Pavement Management Program to the American Rescue Plan Act Fund (019). This expense is eligible for American Rescue Plan Act according to the US Treasury rules and regulations. Update all references as required to reflect this change throughout the budget	$ (500,000)	$ -	To ensure consistency with U.S. Treasury rules and regulations the expenditure for Street paving infrastructure that was suspended due to COVID-19 Pandemic revenue declines will be funded from the American Rescue Plan Act fund (019) and removed from the Measures Q & E Fund (003) for FY 2021/22.
E-1 to E-8	Measure Q & E Fund (003)	Measure Q & E	General Fund Emergency Reserve	Increase expenditure of Measure Q&E funding by $500,000 for replenishment of the General Fund Emergency Reserve (GFER) in order to restore the GEFR due to use of General Fund operating expenses during the COVID-19 Pandemic. This expense was originally budgeted in the American Rescue Plan Act Fund (019) but U.S. Treasury rules and regulations deemed this use ineligible. Update all references as required to reflect this change throughout the budget.	$ 500,000	$ -	To ensure consistency with U.S. Treasury rules and regulations the expenditure for replenishing the General Fund Emergency Reserve has been moved to the Measure Q & E Fund 003) from the American Rescue Plan Act Fund (019).
E-5	Measure Q & E Fund (003)	Measure Q & E	N/A	Update the Chart of Measure Q & E Expenses by Department to reflect the payment for the Fire Engine = $56,250	$ -	$ -	This amount was inadvertently left out of this chart. This expenditure is included in the Summary of Revenues and Expenditures on page E-4. See revised chart below.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	Revenues	Add revenues as a result of the City of Morro Bay's Allocation being increased to $2,522,110. Update all references as required to reflect this change throughout the budget.	$ 542,110	$ 2,522,110	Funding is expected in two tranches, one in June 2021 and the second in June 2022.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	Capital Improvement Program	Add Pavement Management Program to the American Rescue Plan Act Fund (019). This expense is eligible for American Rescue Plan Act according to the US Treasury rules and regulations. Update all references as required to reflect this change throughout the budget.	$ 500,000	$ 500,000	To ensure consistency with U.S. Treasury rules and regulations the expenditure for Street paving infrastructure that was suspended due to COVID-19 Pandemic revenue declines will be funded by the American Rescue Plan Act funding. Allocations of the second tranche could take place as early as FY 2021/22 Mid-Year Budget Review or with the FY 2022/23 budget.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	Capital Improvement Program	Add Capital Infrastructure Investment in City Park to replace play equipment to the American Rescue Plan Act Fund (019). Update all references as required to reflect this change throughout the budget.	$ 250,000	$ 250,000	This infrastructure investment will enhance this Downtown park and community gathering place. This is made possible by the increase in allocation to the City of Morro Bay which now totals $1,261,055 for the first tranche of funding. This project is currently unfunded in the Capital Improvement Plan and would not be possible without the use of ARPA funds. This expense is eligible for American Rescue Plan Act according to the US Treasury rules and regulations.

Page Number	Fund (Fund Number)	Program	Department	Summary of Change	Amount of change	New Total	Justification
E-5	Measure Q & E Fund (003)	Measure Q & E	N/A	Update the Chart of Measure Q & E Expenses by Department to reflect the payment for the Fire Engine = $56,250	$ -	$ -	This amount was inadvertently left out of this chart. This expenditure is included in the Summary of Revenues and Expenditures on page E-4. See revised chart below.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	N/A	Add funding for grants to eligible non-profits impacted by COVID-19 Pandemic. Update all references as required to reflect this change throughout the budget.	$ 25,000	$ 25,000	At the request of non-profits impacted by the COVID-19 Pandemic and consistent with U.S. Treasury rules and regulations this new expenditure is being proposed. This is made possible by the increase in allocation to the City of Morro Bay which now totals $1,261,055 for the first tranche of funding. The award of these grants will be made through expanding the Bequest process which is also funded by $25,000 in the General Fund.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	N/A	Add Capital Infrastructure and economic development investment in streetscape improvements such as trash receptacles in the Downtown and along the Embarcadero to the American Rescue Plan Act Fund (019). Update all references as required to reflect this change throughout the budget.	$ 25,000	$ 25,000	In order to enhance the Downtown and Embarcadero (both areas' businesses suffered as a result of the COVID-19 closures) $25,000 will be invested in streetscape improvements in these two districts. This is made possible by the increase in allocation to the City of Morro Bay which now totals $1,261,055 for the first tranche of funding. This project is currently unfunded in the Capital Improvement Plan and would not be possible without the use of ARPA funds. This expense is eligible for American Rescue Plan Act according to the US Treasury rules and regulations. The City of Morro Bay has previously invested $134,000 in General Fund grants to businesses impacted by the COVID-19 Pandemic. This economic development investment in two of the City's critical
G-12	Community Development Grants (200)	Community Development Grants	Community Development Department	Change amount reported to Cash Balance instead of Fund Equity which appears to represent these affordable housing loans/ Tax Credit match funding, etc.	$ -	$ -	Revise to in reflect accurate cash balance.

To implement the changes in pay and other personnel related matters consistent with the FY 2021/22 operating budget, staff recommends the Council approve the Master Salary Schedule (Attachment 2) and approving new or revised job descriptions for the following classifications (Attachment 3):

Fire Marshal/Division Chief,
Senior Administrative Services Analyst, and
Finance Manager

American Rescue Plan Act Compliance and Measures Q and E Fund

It may be helpful to give some context to the revisions to Measure Q & E and American Rescue Plan Act that are being proposed. There are two key drivers to these changes – one is the need to move the replenishment of extra funding awarded to the City based on population. None of the investments

in the community would be possible without the funding from ARPA. The second is the change required to remove the expenditure meant for replenishing the General Fund Emergency Reserve (GFER) from ARPA funding, as was originally proposed, while finding another way to continue to rebuild the GFER (Measures Q and E). Staff is proposing that these additional ARPA funds be dedicated to the following purposes:

1. Grants to non-profits that were impacted by COVID-19 Pandemic ($25,000)
2. Infrastructure and economic development investment in Downtown and Embarcadero streetscape such as trash receptacle replacement ($25,000)
3. Capital Infrastructure investment at City Park to replace play equipment ($250,000)

As it relates to finding a solution that is compliant with the ARPA regulations and continues to replenish the GFER, staff is proposing that the $500,000 capital investment in the Pavement Management Plan (street paving) be transferred from Measures Q and E to ARPA funding. Moreover, staff proposes that Measure Q and E Fund add $500,000 to the existing $125,000 planned contribution to the GFER (new total $625,000). In total this is a cost and expenditure neutral plan for the Measures Q and E Fund. Measures Q and E Fund will have some additional cushion of unprogrammed revenue given the request to increase Measures Q and E revenues due to sales tax on retail cannabis sales.

	Measure Q & E Revision June 22	American Rescue Plan Act Revision June 22
Estimated Revenue	$ 3,352,859	$ 1,250,110
Total Programmed	$ 3,212,170	$ 1,224,540
Total Unprogrammed	$ 140,689	$ 25,570

The following table on the next two pages provides a picture of all funding from these two funds (changes from the proposed budget are noted in yellow).

Proposed Changes start on next page

Proposed Revisions to Measure Q&E and American Recovery Plan Act (ARPA) June 22, 2021 (cont.)						
Department	Request	Measure Q & E Proposed Budget		Measure Q & E Revision June 22	American Rescue Plan Act Proposed Budget	American Rescue Plan Act Revision June 22
		One-time cost	On-going Costs	One-time cost	One-time cost	One-time cost
Police	Two Police Officers and One Sgt		$ 454,644			
	RMS system	$ 98,450				
	Dictation Service	$ 11,000				
	Replacement Patrol Vehicles				$ 130,000	
Harbor	Fire Fighting System Replacement in New Harbor Patrol Vessel	$ 50,000				
	Beach Lifeguard Program		$ 81,000			
	Garbage Disposal		$ 70,000			
	Beach Lifeguard Truck				$ 45,000	
Fire	Pay and Benefits and Overtime for 1 Fire Engineer Paramedic and 2 Captain Paramedics		$ 477,753			
	Overtime required to Maintain 4 sworn personnel per shift		$ 118,143			
	Part-time reserves (pay and benefits)		$ 131,577			
	Fire Station #53 debt service + 10% reserve		$ 90,807			
	Replacement for Engine 5391 with Type 1 Fire Combination Pumper.		$ 56,250			
	Replacement Fire Command Vehicle				$ 80,990	
	Mobile Data Units				$ 49,000	
	Multi-Department Request Handheld Radios				$ 56,550	
Public Works	Public Works Replace Park Maintenance vehicle	$ 38,000				
	Public Works Pool for CIP Implementation		$ 175,000			
	Restore Consolidated Maintenance Worker II		$ 98,792			

Proposed Revisions to Measure Q&E and American Recovery Plan Act (ARPA) June 22, 2021 (cont.)						
Department	Request	Measure Q & E Proposed Budget		Measure Q & E Revision June 22	American Rescue Plan Act Proposed Budget	American Rescue Plan Act Revision June 22
		One-time cost	On-going Costs	One-time cost	One-time cost	One-time cost
Public Works (cont.)	Addition of one Consolidated Maintenance Worker II		$ 98,792			
	Addition of part-time Consolidated Maintenance staff (4992 hours)		$ 97,963			
	Sidewalk replacement Consolidated Maintenance		$ -			
	Stormdrain Maintenance		$ 314,000			
	Pavement Management Plan		$ 500,000	$ -		$ 500,000
	Equipment Replacement - ride on lawn mower				$ 25,000	
	Capital Outlay - Trash receptacles in parks				$ 8,000	
	Equipment Replacement - Walk behind auto scrubber				$ 10,000	
	Facility Capital - replacement of plumbing at Vets Hall				$ 20,000	
	Capital Infrastructure and Economic Development Investment in Downtown and Embarcadero including streetscape elements such as new trash cans					$ 25,000
	Capital Infrastructure Investment in City Park to replace play equipment					$ 250,000
Finance and IT	Restore General Fund Operating Reserve	$ 125,000		$ 625,000	$ 500,000	$ -
City Manager's Office	Grants to Non-Profits Impacted by the COVID-19 Pandemic					$ 25,000

Yellow = changes from Proposed Budget

Recommendations from Ad-Hoc Committee on Financial Policies
The ad-hoc committee (Mayor Heading and Councilmember Davis) reviewed the major financial policies concerning the General Fund reserve, reserves for the internal services funds, accumulation funds for the enterprise funds (water, sewer and Harbor) and the reserve policy for the Risk Management Fund. The ad-hoc committee's recommendation does not include a proposed change to the Harbor Accumulation Fund Policy because there are efforts underway to assess the needs and potential funding mechanisms to achieve those improvements. The ad-hoc committee acknowledged that the existing policy is insufficient but until the assessment mentioned above is complete a recommendation would not be fully informed. All changed policies recommended to be adopted by the Ad Hoc committee are included as Attachment 4 to Attachment 13

It is worth noting there are several policies that staff is bringing before the Council to clean up Attachments 10 to 12. As an example, several policies include positions and the names of the incumbents who no longer work for the City. Another example is adopting each policy with a separate resolution when in the past several policies were adopted under one resolution which makes it administratively challenging to find those resolutions.

As a result of their review the ad-hoc committee recommends the following changes.

Proposed Changes start on next page

Existing Resolution	Policy	Existing Policy	Proposed Change	Justification
85-18	General Fund Emergency Reserve Policy (Attachment 4)	Minimum = 25% of on-going operating expenses (excluding transfers out) Target = 28% of on-going operating expenses (excluding transfers out) No reference to operating expenditures paid for by Measure Q and E No specific definition of components of General Fund Emergency Reserve	Minimum = 33% of on-going operating expenses including expenses budgeted in Measures Q and E Fund (excluding transfers out) Minimum = 50% of on-going operating expenses including expenses budgeted in Measures Q and E Fund (excluding transfers out) Add a definition of the General Fund Emergency Reserve to include the General Fund (001) revenues that exceed expenditures and the General Fund Emergency Reserve (051)	Measure Q and E are expending revenues for departmental operating expenses previously budgeted in the General Fund. City should have four to six months in reserve to be add capacity to endure multiple incidents that impact revenues simultaneously. Consistent with best practices offered by the Governmental Finance Officers Association (GFOA)
85-18	Internal Service Funds Reserve Policy – Information Technology Reserve (Attachment 5)	Minimum = $100,000 Target = $150,000	Minimum = $200,000 Target = $300,000	Based on the risk of cybersecurity attack and need to have sufficient reserves to address most critical technology needs.
85-18	Internal Service Funds Reserve Policy – Capital Replacement Fund	Fund exists but a reserve policy does not exist	Informal guidance until the policy returns for Council consideration Minimum = $100,000 Target = $150,000	Establish a policy that matches the purpose of the Capital Replacement Fund (460) which is intended to account for accumulation of funds for Capital Replacement for facilities such as city hall. New policy should return when the capital asset study is complete and there is a better understanding of the totality of needs. Current balance exceeds target.
85-19	Morro Bay Tourism Business Improvement District Fund	Minimum = 20% of annual operating and maintenance expenses	Rescind	The Morro Bay Tourism Business Improvement District is transitioning to non-profit board of directors which will establish a new

	Accumulation Reserve Policy (Attachment 6)	Target = 25% of annual operating and maintenance expenses		policy about reserves. No longer a city function.
89-18	Risk Management Fund Reserve Policy (Attachment 7)	Minimum = $100,000 Target = $150,000	Minimum = $700,000 Target = $1,000,000	The fund balance was $1,624,257 at the end of FY 2019/20 with a projected year end fund balance at the end of FY 2021/22 of $1,777,486. The ad-hoc committee recommends revised reserve policy which exceeds previous needs yet is prudent given the risk of a significant event. The ad-hoc committee is recommending that $600,000 of the existing reserve be transferred to the GFER and $100,000 be transferred to the Information Technology reserve as explained below.
60-17	Authority to invest in Local Agency Investment Fund operated by the State of California (Attachment 8)	Includes names of incumbents in positions that are authorized	Remove the names but leave the positions	Policy will not have to be revised each time there is a change in personnel. Improves efficiency.
80-16	Investment Policy (Attachment 9)	Includes names of incumbents in positions that are authorized Social Responsibility portion adopted separately	Remove the names but leave the positions Add social responsibility section to the policy as outlined below.	Ensure that the policy in all inclusive Policy will not have to be revised each time there is a change in personnel. Improves efficiency.

Social Responsibility policy addition to Investment policy

Priority will be given to investments that are in compliance with socially responsible goals, to the extent that such investments achieve equivalent safety, liquidity and yield compared to other investments that do not meet the City's socially responsible goals. When not impacting yield, safety and liquidity, priority will be given to investments that support community well-being through safe, environmentally sound, practices and fair labor practices. Investments are encouraged in entities that support

combatting climate change and equality of rights regardless of race, sex, religion, age, national or ethnic origin, sexual orientation, or disability.

Utility Discount Program Expansion and Subsidy Enhancement
This program began with the passage of Council Resolution No. 54-15 on July 14, 2015. Discretionary funds from penalties and donations are placed into this account to allow a discount of City utility bills for income qualifying residents who are participants in the PG&E Care Program. Due to the COVID-19 Pandemic and State of California Executive order N-42-20, penalties have not been assessed since March 4, 2020. The resolution authorizing the suspension of these fees stays in effect until June 30, 2021, unless extended by the City Council. In FY 2019/20, the Utility Discount Program was expanded to include a utility rebate program as well as extending a rebate to income qualifying residents of the Mobile Home Parks who are not individually metered and therefore do not qualify for the discount program. In April 2020, the City also expanded the discount from 10% to 25% and included the discount program to those who could demonstrate that had been laid off or closed a business due to COVID-19. This extension is through the June 2021 bill cycle, unless extended further by Council.

Staff has analyzed the use of the program and the viability of extending the program as revised in response to the COVID-19 Pandemic. Based on the current and projected fund balance, it appears the Utility Discount Fund balance could support an extension of the program through the end of the calendar year. The Utility Discount Program ending fund balance as of June 30, 2020, was $656,493. Staff is projecting that usage of the program will total approximately $175,000 in the current fiscal year. If the program were extended and penalties are suspended to the end of the 2021 calendar year (when some are anticipating a full return to pre-pandemic life) staff is estimating the Utility Discount Program fund balance will equal about $400,000. Based on this analysis staff is recommending the Council adopt Resolution No. 54-21 extending the Utility Discount program, waiving penalties and suspending service shut-offs until December 31, 2021.

One note of caution: There are still a significant number of account holders who have arrearage due to the City. The Council will need to assess how to handle these late payments as well as when it is appropriate to return to the previous business practice of charging penalties and shutting off service to delinquent accounts.

Other Recommended Actions
Presented for Council approval along with the budget is the Master Salary Schedule (Attachment 2) which incorporates planned pay adjustments for all City staff starting July 1, 2021, as well as new job classifications and titles where appropriate. Lastly Staff recommends that the Council approve approving new or revised job descriptions for Fire Marshal/Division Chief, Senior Administrative Service Analyst and Finance Manager.

Five-Year Fiscal Forecast
The Five-Year Fiscal Forecast was not finalized at the time the Council Agenda Packet was published. As a result, it will be issued under separate cover as soon as possible.

CONCLUSION

Pending further Council discussion, staff is recommending adoption of Resolution No. 43-21, which authorizes the Fiscal Year 2021/22 Operating and Capital Budgets including the changes presented as an exhibit to the aforementioned resolution. Any amendments made during the Council meeting will be incorporated into the final budget document. Staff also recommends approval of the resolutions associated with revised and/or readopted financial policies, Master Salary Schedule, new or revised job specifications and the Utility Discount Program.

ATTACHMENTS

1. Resolution No. 43-21 Adopting the Proposed FY 2021/22 City of Morro Bay Operating and Capital Budgets as amended by changes contained in Exhibit 1.
2. Resolution No. 44-21 Adopting City's Master Salary Schedule
3. New or revised job descriptions for the following classifications:
    a. Fire Marshal/Division Chief,
    b. Senior Administrative Services Analyst, and
    c. Finance Manager
4. Resolution No. 45-21 Adopting Revised the General Fund Emergency Reserve Policy
5. Resolution No. 46-21 Adopting Revised Internal Services Fund Reserve Policy
6. Resolution No. 47-21 Rescinding Tourism Accumulation Fund Policy
7. Resolution No. 48-21 Adopting Revised Risk Management Reserve Policy
8. Resolution No. 49-21 Adopting Revised Local Agency Investment Fund (LAIF) Transaction Officers
9. Resolution No. 50-21 Adopting Revised Investment Policy
10. Resolution No. 51-21 Readopting Harbor Reserve Policy
11. Resolution No. 52-21 Adopting Revenue Policy
12. Resolution No. 53-21 Adopting Expenditure Policy
13. Resolution No. 54-21 Adopting Extending Utility Discount Program

RESOLUTION NO. 43-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING THE FY 2021/22 FISCAL YEAR OPERATING AND CAPITAL BUDGETS**

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

WHEREAS, the City of Morro Bay is required to appropriate and expend funds, to conduct the day-to-day business activity of the City; and

WHEREAS, the Morro Bay City Council finds and determines those appropriations and expenditures are necessary for continued efficiency, economy, and effectiveness of the City government operations; and

WHEREAS, the City Council recognizes Capital Improvement Projects, authorized and approved in the current and prior fiscal years, may not be completed by June 22, 2021; and

WHEREAS, the continuing efforts of staff to operate the business of the City, within an approved budget, and to create savings, wherever feasible, are acknowledged by the City Council.

WHEREAS, the Morro Bay City Council finds and determines that during the COVID-19 Pandemic there were significant negative economic impacts on the City's finances as well to many residents, business and non-profit organizations in our community; and

WHEREAS, the City Council recognizes that significant sacrifices were made to ensure the City was able to continue to provide essential public health and safety services during a time when city services and programs were eliminated, reduced or changed to accommodate public health mandates from the Federal, State or San Luis Obispo County; and

WHEREAS, the continuing efforts of staff to operate the business of the City, within an approved budget, and to create savings, wherever feasible, are acknowledged by the City Council.

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

1. The Fiscal Year 2021/22 Operating and Capital Budgets, including any amendments made during the City Council meeting dated June 22, 2021, are adopted and incorporated herein by reference; and
2. Staff is directed to prepare and publish a final budget document, with approved amendments; and
3. Subject to paragraph 4, below, the City Manager is authorized to transfer appropriations within the adopted budget, including from and to capital projects or capital outlay items, so long as those changes do not significantly and negatively prevent implementation of any City Council direction or policy, and total appropriations are not exceeded; and
4. City Council approval is required to transfer appropriations between funds and may approve amendments to adopted budget by adoption of one or more resolutions; and
5. City Council authorizes and directs the transfer of balances for capital projects, approved in the current and prior fiscal years, but not completed by June 30, 2021, to the Capital Improvement Project Fund(s) for the FY 2021/22 fiscal year; and
6. City Council approval is required for any proposed increase to the number of CalPERS benefited, budgeted positions, hired; and

7. Per City Council minute order May 24, 2004, any expenditures, in excess of the assessments received for the Cloister Assessment District, will be subsidized by the General Fund, without additional request made to the City Council; and

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

Page Number	Fund (Fund Number)	Program	Department	Summary of Change	Amount of change	New Total	Justification
B-18 to B-21	All	Several	Several	Modify Summary of Positions by Department to reflect corrections and actions proposed for adoption	$ -	$ -	Required for the budget to meet GFOA standards
C-1 to H-59	Variety	Variety	Variety	Add allocation of percentages to Departmental Summary of FTEs	$ -	$ -	Required for the budget to meet GFOA standards
C-1 to H-59	Variety	Variety	Variety	Add distribution of Part-time hours to Departmental Summary of FTEs to match allocation of part-time staffing budget	$ -	$ -	Required for the budget to meet GFOA standards
C-1 to H-59	Variety	Variety	Variety	Modify Department Summary of FTEs, Accomplishments, Key Projects, Key Program Services and Activity and Workload Highlights to correct typographical errors or update to match approved Master Salary Schedule	$ -	$ -	Required for the budget to meet GFOA standards
C-41 to C-52	General Fund	Administrative Services	Finance	Increase Sales Tax. Update all references as required to reflect this change throughout the budget.	$ 55,737	$ 2,220,456	Represents full year of sales tax collected as a result of Cannabis outlets' sales.
C-41 to C-52	General Fund	Administrative Services	Finance	Increase Cannabis Tax. Update all references as required to reflect this change throughout the budget.	$ 54,000	$ 278,000	Represents full year of 5% local tax collected as a result of Cannabis outlets' sales. Revised Estimate based on combined total of two months of operation of both outlets.
C-43	General Fund	Administrative Services	Finance Accounting & Treasury	Modify job titles, salaries and benefits to reflect reclassification of Accounting and Budget Manager to Finance Manager, new Senior Administrative Services Analyst and restoration of part-time hours for Accounting Clerk III to 720 hours a year. Update all references as required to reflect this change throughout the budget.	$ 40,769	$ 806,210	These changes are consistent with internal and external positions. Additionally the job descriptions and salary ranges for the Finance Manager and Sr. Administrative Services Analyst have been reviewed and approved by Human Resources. These changes are critical to successfully recruiting staff for these positions.
C-106 & C-139	General Fund	Public Works - Administration (5205) and Community Development (7105)	Public Works and Community Development	Add funding for shared part-time administrative support that will assist at both public counters. Both department	$ 34,416	Not applicable because a shared resource between two Departments	Both departments have an on-going unmet need for administrative support to assist customers at the public counter. Having a shared resource is efficient and will free up other staff members to focus on their primary work tasks.
D-1 to D-3	Risk Management Internal Service Fund (430)	Risk Management	Risk Management	Transfer out on a one-time basis $600,000 to the General Fund Emergency Reserve (051) and $100,000 to the Information Technology Reserves (450). Update all references as required to reflect this change throughout the budget.	$ (700,000)	$ 1,077,486	Risk Management Unassigned Fund Balance was projected to be $1,777,486 at the end of FY 2021/22. Council Ad-Hoc Committee is recommending Minimum = $700,000 and Target = $1 million to ensure that there is sufficient reserves if a serious liability is incurred that is not covered by insurance.
D-5 to D-7	Information Technology (450)	Information Technology	Information Technology	Transfer in $100,000 from Risk Management Fund Unassigned Reserves	$ 100,000	$ 147,755	To effectuate transfer from Risk Management Fund to the Information Technology Unassigned Fund Balance. If Council adopts new policy recommendation re: IT Fund Balance the Minimum = $200,000 and Target = $300,000
D-23	General Fund Emergency Reserve (051)	General Fund Emergency Reserve	General Fund Emergency Reserve	Transfer in $600,000 from Risk Management Fund Unassigned Reserves	$ 600,000	$ 3,929,811	To effectuate transfer from Risk Management Fund to the General Fund Emergency Reserve. If Council adopts new policy recommendation re: 33% operating reserve the minimum = $5.4 million, Target = $8.1 million

Page Number	Fund (Fund Number)	Program	Department	Summary of Change	Amount of change	New Total	Justification
E-1 to E-8	Measure Q & E Fund (003)	Measure Q & E	Revenues	Increase in Sales Tax due to the two cannabis outlets being open a full year. Update all references as required to reflect this change throughout the budget.	$ 135,859	$ 3,438,184	Represents full year of sales tax collected as a result of Cannabis outlets' sales. No Measure Q & E sales tax had previously been projected.
E-1 to E-8	Measure Q & E Fund (003)	Measure Q & E	Capital Improvement Program	Transfer the expenditure for Pavement Management Program to the American Rescue Plan Act Fund (019). This expense is eligible for American Rescue Plan Act according to the US Treasury rules and regulations. Update all references as required to reflect this change throughout the budget	$ (500,000)	$ -	To ensure consistency with U.S. Treasury rules and regulations the expenditure for Street paving infrastructure that was suspended due to COVID-19 Pandemic revenue declines will be funded from the American Rescue Plan Act fund (019) and removed from the Measures Q & E Fund (003) for FY 2021/22.
E-1 to E-8	Measure Q & E Fund (003)	Measure Q & E	General Fund Emergency Reserve	Increase expenditure of Measure Q&E funding by $500,000 for replenishment of the General Fund Emergency Reserve (GFER) in order to restore the GEFR due to use of General Fund operating expenses during the COVID-19 Pandemic. This expense was originally budgeted in the American Rescue Plan Act Fund (019) but U.S. Treasury rules and regulations deemed this use ineligible. Update all references as required to reflect this change throughout the budget.	$ 500,000	$ -	To ensure consistency with U.S. Treasury rules and regulations the expenditure for replenishing the General Fund Emergency Reserve has been moved to the Measure Q & E Fund 003) from the American Rescue Plan Act Fund (019).
E-5	Measure Q & E Fund (003)	Measure Q & E	N/A	Update the Chart of Measure Q & E Expenses by Department to reflect the payment for the Fire Engine = $56,250	$ -	$ -	This amount was inadvertently left out of this chart. This expenditure is included in the Summary of Revenues and Expenditures on page E-4. See revised chart below.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	Revenues	Add revenues as a result of the City of Morro Bay's Allocation being increased to $2,522,110. Update all references as required to reflect this change throughout the budget.	$ 542,110	$ 2,522,110	Funding is expected in two tranches, one in June 2021 and the second in June 2022.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	Capital Improvement Program	Add Pavement Management Program to the American Rescue Plan Act Fund (019). This expense is eligible for American Rescue Plan Act according to the US Treasury rules and regulations. Update all references as required to reflect this change throughout the budget.	$ 500,000	$ 500,000	To ensure consistency with U.S. Treasury rules and regulations the expenditure for Street paving infrastructure that was suspended due to COVID-19 Pandemic revenue declines will be funded by the American Rescue Plan Act funding. Allocations of the second tranche could take place as early as FY 2021/22 Mid-Year Budget Review or with the FY 2022/23 budget.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	Capital Improvement Program	Add Capital Infrastructure Investment in City Park to replace play equipment to the American Rescue Plan Act Fund (019). Update all references as required to reflect this change throughout the budget.	$ 250,000	$ 250,000	This infrastructure investment will enhance this Downtown park and community gathering place. This is made possible by the increase in allocation to the City of Morro Bay which now totals $1,261,055 for the first tranche of funding. This project is currently unfunded in the Capital Improvement Plan and would not be possible without the use of ARPA funds. This expense is eligible for American Rescue Plan Act according to the US Treasury rules and regulations.

Page Number	Fund (Fund Number)	Program	Department	Summary of Change	Amount of change	New Total	Justification
E-5	Measure Q & E Fund (003)	Measure Q & E	N/A	Update the Chart of Measure Q & E Expenses by Department to reflect the payment for the Fire Engine = $56,250	$ -	$ -	This amount was inadvertently left out of this chart. This expenditure is included in the Summary of Revenues and Expenditures on page E-4. See revised chart below.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	N/A	Add funding for grants to eligible non-profits impacted by COVID-19 Pandemic. Update all references as required to reflect this change throughout the budget.	$ 25,000	$ 25,000	At the request of non-profits impacted by the COVID-19 Pandemic and consistent with U.S. Treasury rules and regulations this new expenditure is being proposed. This is made possible by the increase in allocation to the City of Morro Bay which now totals $1,261,055 for the first tranche of funding. The award of these grants will be made through expanding the Bequest process which is also funded by $25,000 in the General Fund.
E-9 to E-12	American Rescue Plan Act Fund (019)	COVID-19 Recovery	N/A	Add Capital Infrastructure and economic development investment in streetscape improvements such as trash receptacles in the Downtown and along the Embarcadero to the American Rescue Plan Act Fund (019). Update all references as required to reflect this change throughout the budget.	$ 25,000	$ 25,000	In order to enhance the Downtown and Embarcadero (both areas' businesses suffered as a result of the COVID-19 closures) $25,000 will be invested in streetscape improvements in these two districts. This is made possible by the increase in allocation to the City of Morro Bay which now totals $1,261,055 for the first tranche of funding. This project is currently unfunded in the Capital Improvement Plan and would not be possible without the use of ARPA funds. This expense is eligible for American Rescue Plan Act according to the US Treasury rules and regulations. The City of Morro Bay has previously invested $134,000 in General Fund grants to businesses impacted by the COVID-19 Pandemic. This economic development investment in two of the City's critical
G-12	Community Development Grants (200)	Community Development Grants	Community Development Department	Change amount reported to Cash Balance instead of Fund Equity which appears to represent these affordable housing loans/ Tax Credit match funding, etc.	$ -	$ -	Revise to in reflect accurate cash balance.

RESOLUTION NO. 44-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING THE FISCAL YEAR 2021-2022 SALARY SCHEDULE**

**T H E C I T Y C O U N C I L
City of Morro Bay, California**

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

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;

2. Identifies the position title for every employee position;

3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;

4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;

5. Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;

6. Indicates an effective date and date of any revisions;

7. Is retained by the employer and available for public inspection for not less than five years; and

8. Does not reference another document in lieu of disclosing the pay rate; and

WHEREAS, the formal approval of the pay schedules requires that they are duly approved and adopted by the City Council, and the 2 CCR 570.5 regulation requires the adoption of the Salary Schedule for Fiscal Year 2021-22, attached as Exhibit A and incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Morro Bay does hereby approve the Master Salary Schedules attached hereto as Exhibit A.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of June 2021 by the following vote:

AYES:
NOES:
ABSENT:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

CITY OF MORRO BAY
COMBINED SALARY SCHEDULE
FISCAL YEAR 2021-22: Effective adoption by Council

TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
ACCOUNT CLERK IN-TRAINING	S	34,083	35,787	37,577	39,455	41,428	
ACCOUNT CLERK I	S	41,205	43,265	45,429	47,700	50,085	
CONSOLIDATED MAINTENANCE WRK I	S	41,205	43,265	45,429	47,700	50,085	
OFFICE ASST. III	S	41,205	43,265	45,429	47,700	50,085	
OFFICE ASST. IV	S	44,549	46,777	49,116	51,571	54,150	
ACCOUNT CLERK II	S	46,283	48,597	51,027	53,578	56,257	
CONSOLIDATED MAINTENANCE WRK II	S	46,283	48,597	51,027	53,578	56,257	
PERMIT TECHNICIAN	S	47,400	49,770	52,259	54,872	57,615	
ACCOUNT CLERK III	S	49,571	52,049	54,651	57,384	60,253	
CONSOLIDATED MAINTENANCE WRK III	S	49,571	52,049	54,651	57,384	60,253	
ADMINISTRATIVE TECHNICIAN	S	50,446	52,969	55,617	58,398	61,318	
PERMIT TECHNICIAN - CERTIFIED	S	50,446	52,969	55,617	58,398	61,318	
SUPPORT SERVICES TECHNICIAN	S	50,446	52,969	55,617	58,398	61,318	
PROPERTY EVIDENCE CLERK	S	50,446	52,969	55,617	58,398	61,318	
MECHANIC	S	52,060	54,663	57,396	60,266	63,279	
RECREATION COORDINATOR	S	52,060	54,663	57,396	60,266	63,279	
HUMAN RESOURCES ANALYST I	C	57,425	60,296	63,311	66,476	69,800	
ENGINEERING TECHNICIAN III	S	58,966	61,914	65,010	68,260	71,673	
RECREATION SUPERVISOR	S	58,966	61,914	65,010	68,260	71,673	
UTILITY OPERATOR	S	59,057	62,010	65,111	68,366	71,784	
ASSISTANT PLANNER	S	59,333	62,300	65,415	68,686	72,120	
HARBOR PATROL OFFICER	S	60,255	63,267	66,431	69,752	73,240	
BUILDING INSPECTOR	S	61,703	64,788	68,028	71,429	75,001	
EXECUTIVE ASSISTANT/DEPUTY CLERK	C	61,703	64,788	68,028	71,429	75,001	
FIREFIGHTER	F	62,018	65,119	68,375	71,794	75,384	
UTILITY OPERATOR MC (MULTIPLE CERT)	S	63,191	66,351	69,668	73,152	76,809	
SENIOR ACCOUNTING TECHNICIAN	C	64,141	67,348	70,716	74,252	77,964	
~~POLICE SUPPORT SERVICES MANAGER~~	~~M~~	~~64,141~~	~~67,348~~	~~70,716~~	~~74,252~~	~~77,964~~	
HARBOR BUSINESS COORD	S	67,286	70,650	74,183	77,892	81,786	
POLICE OFFICER	P	68,410	71,830	75,422	79,193	83,152	87,310
FIRE ENGINEER	F	67,802	71,192	74,751	78,489	82,413	
ENGINEERING TECHNICIAN IV	S	69,053	72,506	76,131	79,938	83,935	
ASSISTANT ENGINEER	S	69,053	72,506	76,131	79,938	83,935	
ASSOCIATE PLANNER	S	69,053	72,506	76,131	79,938	83,935	
BUILDING INSPECTOR/PLANS EXAMINER	S	69,053	72,506	76,131	79,938	83,935	
CONSOLIDATED MAINT FIELD SUPV	S	69,053	72,506	76,131	79,938	83,935	
HUMAN RESOURCES ANALYST II	C	69,053	72,506	76,131	79,938	83,935	
LEAD UTILITY OPERATOR	S	70,434	73,956	77,653	81,536	85,613	
MANAGEMENT ANALYST	M	70,511	74,036	77,738	81,625	85,706	
POLICE SUPPORT SERVICES MANAGER	M	70,511	74,036	77,738	81,625	85,706	
HARBOR PATROL SUPERVISOR	S	70,975	74,524	78,250	82,163	86,271	
POLICE DETECTIVE	P	71,831	75,422	79,193	83,153	87,310	91,676
POLICE SCHOOL RESOURCE OFFICER	P	71,831	75,422	79,193	83,153	87,310	91,676
POLICE SENIOR OFFICER	P	71,831	75,422	79,193	83,153	87,310	91,676
FIRE CAPTAIN	F	77,938	81,835	85,927	90,223	94,735	
ASSOCIATE CIVIL ENGINEER	S	79,410	83,381	87,550	91,928	96,524	
WASTEWATER SYSTEMS SUPV	S	79,410	83,381	87,550	91,928	96,524	
~~BUDGET/ACCOUNTING MANAGER~~	~~M~~	~~82,459~~	~~86,582~~	~~90,911~~	~~95,456~~	~~100,229~~	

CITY OF MORRO BAY
COMBINED SALARY SCHEDULE
FISCAL YEAR 2021-22: Effective adoption by Council

TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
CONSOLIDATED MAINTENANCE SUPT	M	82,459	86,582	90,911	95,456	100,229	
ENVIRONMENTAL PROGRAMS MANAGER	M	82,459	86,582	90,911	95,456	100,229	
INFORMATION SYSTEMS TECHNICIAN	M	82,459	86,582	90,911	95,456	100,229	
RECREATION SERVICES MANAGER	M	82,459	86,582	90,911	95,456	100,229	
SR. ADMINISTRATIVE SERVICES ANALYST	M	82,459	86,582	90,911	95,456	100,229	
SENIOR PLANNER	M	82,459	86,582	90,911	95,456	100,229	
~~TOURISM MANAGER~~	~~M~~	~~82,459~~	~~86,582~~	~~90,911~~	~~95,456~~	~~100,229~~	
POLICE SERGEANT	P	85,314	89,579	94,058	98,761	103,699	108,884
PLANNING MANAGER	M	90,706	95,242	100,004	105,004	110,254	
FINANCE MANAGER	M	90,706	95,242	100,004	105,004	110,254	
SENIOR CIVIL ENGINEER	M	90,706	95,242	100,004	105,004	110,254	
FIRE MARSHAL	F	92,520	97,146	102,003	107,103	112,458	
CITY CLERK/HR MANAGER	M	105,633	110,915	116,461	122,284	128,398	
CITY ENGINEER	M	106,898	112,243	117,855	123,748	129,936	
~~COMMUNITY DEVELOPMENT MANAGER~~	~~M~~	~~106,898~~	~~112,243~~	~~117,855~~	~~123,748~~	~~129,936~~	
UTILITY DIVISION MANAGER	M	106,898	112,243	117,855	123,748	129,936	
FIRE MARSHAL/DIVISION CHIEF	M	110,187	115,696	121,481	127,555	133,933	
POLICE COMMANDER	M	120,015	126,016	132,317	138,932	145,879	
COMMUNITY DEVELOPMENT DIRECTOR	E	131,024	137,575	144,454	151,677	159,261	
~~FINANCE DIRECTOR~~	~~E~~	~~131,024~~	~~137,575~~	~~144,454~~	~~151,677~~	~~159,261~~	
ASST CITY MANAGER/ADMIN SERVICES DIR	E	135,911	142,706	149,842	157,334	165,201	
PUBLIC WORKS DIRECTOR	E	135,911	142,706	149,842	157,334	165,201	
HARBOR DIRECTOR	E	138,446	145,368	152,636	160,268	168,282	sworn
FIRE CHIEF	E	138,446	145,368	152,636	160,268	168,282	sworn
POLICE CHIEF	E	138,446	145,368	152,636	160,268	168,282	sworn
CITY MANAGER	E	183,188	187,768	192,462	197,274	202,206	

CITY OF MORRO BAY

Fire Marshal / Division Chief

DEFINITION

Under administrative direction of the Fire Chief, the Fire Marshal is responsible for planning, organizing, and directing activities, as well as the administration and management of the City's Fire Prevention, Fire Code Compliance, Fire Investigations, and Juvenile Firesetter's program. During greater alarm emergency events, the Fire Marshal may respond to the incident to provide overhead to include Incident Command. In the absence of the Fire Chief, the Fire Marshal may be requested to serve as the Duty Chief. The Fire Marshal is a member of the City's Emergency Operation Center team during significant events.

*Class specifications are intended to present a descriptive list of the range of duties performed by employees in the class. Specifications are **not** intended to reflect all duties performed within the job.*

DISTINGUISHING CHARACTERISTICS

This position works a 40-hour week variable schedule to include some weekends and, when serving as Duty Chief, provides chief officer coverage in the evening on a standby basis from either their home or from the fire station. When responding to greater alarm events, they may assume incident command and/or assure that proper command, control and coordination is maintained at all times. Performs related duties and responsibilities as required.

ESSENTIAL DUTIES AND RESPONSIBILITIES

- Coordinates, instructs, and assists in the administration of the Department.
- Directs, supervises, and participates in the fire prevention, public education programs, code enforcement, cause and origin investigation and determination; and, in cases of arson or negligence, develops cases for prosecution.
- Interprets, enforces and explains complex life and fire safety laws, codes, regulations and ordinances.
- Reviews plans and specifications for new construction, and the renovation, remodeling and other modification of residential, commercial and industrial properties for compliance with fire access and life safety laws, and local and state fire regulations.
- Confers with and represents the City in meetings with architects, engineers, developers and property owners and various groups, commissions and associations regarding difficult design and construction issues; provides a high level of customer service and resolves difficult and sensitive citizen inquiries and complex issues.
- Administers and participates in hazard abatement programs, assures code compliance, and issues citations.

- Represents the department in meetings with commercial and industrial representatives to facilitate consensus on fire prevention measures, permit processing and customer service issues.
- Oversees the work of fire suppression staff in fire prevention activities, including mandated fire inspections.
- Works cooperatively with the City Building Official, Community Development staff, the State Fire Marshal, and the community to assure thorough, organized and timely permit processing.
- Plans, develops, and coordinates public education and information programs including media releases and Public Service Announcements.
- Meets with civic groups and organizations to encourage community programs and other activities in the interest of fire prevention and public education.
- Prepares and administers the budget for the Fire Prevention Division.
- Formulates and recommends changes to California Fire Code and City Ordinances.
- Inspects commercial and industrial establishments construction sites, residences, public buildings and other facilities for the enforcement of laws and regulations.
- Inspects for special permits for public firework displays, and special effects.
- Inspects for and have knowledge for motion pictures and television fire safety officer.
- Investigates fires to determine the cause, prepares reports on corrective actions needed, gathers evidence and works on case development with legal staff in arson cases.
- Maintains current knowledge of fire and life safety, construction materials and access strategies; makes recommendations for policy and procedural modifications and implements changes after approval.
- Serves as an effective team member in the Incident Command System (ICS) during greater alarms, major incidents, and Emergency Operations Center activations.
- Participates in the development of departmental goals and policies and provides for execution of those policies.
- Assists in analyzing municipal fire problems and develops and recommends plans and techniques to provide adequate fire and emergency services to the City.
- Assists in the preparation of the annual budget and in monitoring budgetary expenditures and ensures that budgetary expenses are within budget guidelines.
- Acts as Fire Chief during Fire Chief's absence if requested by the Fire Chief.
- Evaluates the work performance and assignments of department personnel; makes recommendations regarding hiring, discharging, promotion, and discipline of department personnel.
- Assists with planning for emergency services in the event of a major disaster; coordinates with other area agencies.
- Develops and refines fire codes and ordinances.
- Reads, interprets and prepares reports, tables, charts, maps, plans and other forms and documents.
- Performs related duties as required.

QUALIFICATIONS

Knowledge of:
Applicable laws, codes and regulations related to fire and life safety, access and hazardous materials handling and storage.

Principles and practices of employee supervision, including work shift planning, assignment, review and evaluation and the training of staff in fire prevention work procedures.

Fire prevention and basic fire suppression strategies, methods and equipment.

Current principles, materials and methods used in residential, commercial and industrial construction.

Basic budgetary principles and practices.

Principles and practices of fire investigation and prevention.

Computer applications related to the work; and

Techniques for dealing with a variety of individuals in person and over the telephone, including dealing with individuals in stressful or confrontational situations.

Ability to:

- Develop and administer an effective fire prevention compliance and educational program to enhance City and life/safety building and occupancy regulations and ordinances;
- Perform and document thorough and accurate facility inspections;
- Schedule, assign, supervise, review and evaluate the work of staff and training staff in work procedures;
- Interpret, apply and explain complex laws, codes, regulations and ordinances;
- Perform and document thorough and accurate facility inspections;
- Effectively resolve building design and code compliance issues;
- Conduct arson investigations, including the collection of evidence and assisting legal staff in case preparation;
- Prepare accurate inspection and other reports, correspondence and other written materials;
- Read and interpret plans and specifications;
- Facilitate individuals and groups for working in team environments;
- Work effectively with businesses, property owners, permit applicants, residents and other City departments to assure timely and effective customer service;

- Make effective public presentations before a variety of civic groups, committees and the City Council;
- Use initiative and independent judgement within legal, policy and procedural guidelines.
- Plan, assign, supervise, and evaluate the work of others, either directly or indirectly; plan assign, supervise, and evaluate fire programs and activities.
- Make independent decisions and organize own work, as well as manage other employees.

Education and Experience:

Equivalent to include State Fire Marshal career training to graduation from a four-year college or university with major coursework in fire protection, public or business administration or a related field, plus;

- A minimum of seven years in progressively responsible position with a fire service agency resulting in firefighting, prevention, and investigation experience, including two or more years of supervisory responsibility.
- Two (2) years of fire prevention, fire investigation, and/or inspection experience;
- Prior supervisory or administrative experience is desirable;
- Additional fire suppression or fire prevention experience may be substituted for the education outlined above on a year-for-year basis;
- Any satisfactory equivalent combination of experience and training which ensures the ability to perform the work may substitute for the above.

Special Requirements

- Possession of valid California Class B Motor Vehicle Operator's License;
- Possession and maintenance of a CPR and EMT-1;
- California Chief Officer Certification or completion of the NFA's Executive Fire Officer program must be obtained within five years of appointment;
- Strength and stamina sufficient to perform the duties of firefighting;
- Ability to wear self-contained breathing apparatus.

Desirable Certifications

Possession of the following California State Certifications: Company Officer, Fire Prevention Officer, Fire Investigator, Fire Instructor, and 832 P.C. Certification.

Tools and Equipment Used:

Emergency medical aid unit, fire apparatus, fire pumps, hoses, and other standard firefighting equipment, ladders, first aid equipment, radio, cell phone, personal computer, telephone.

Physical Demands:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Work is performed mostly in office settings with some in the field in ICS overhead positions. Must possess mobility to work in a standard office setting and to use standard office equipment, including a computer, strength and stamina to inspect various fire construction sites and attend meetings away from the Fire Department; vision to read printed materials and a computer screen; and hearing and speech to communicate in person, before groups and over the telephone. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

While performing the duties of this job, the employee is occasionally required to stand walk; use hands to finger, handle, feel or operate objects, tools, or controls: and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear.

The employee must occasionally lift and/or move up to 10 pounds, and occasionally lift and/ or move up to 100 pounds. Specific vision, depth perception, and the ability to adjust focus.

Work Environment:

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Work is performed primarily in office, vehicles, and outdoor settings, in all weather conditions, including temperature extremes, during day and night shifts. Work is often performed in emergency and stressful situations. Individual is exposed to hearing alarms and hazards associated with fighting fires and rendering emergency medical assistance, including smoke, noxious odors, fumes, chemicals, liquid chemicals, solvents, and oils.

The employee occasionally works near moving mechanical parts and in high, precarious places and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, risk of electrical shock, and vibration.

The noise level in the work environment is usually quiet in office settings, and loud at an emergency scene.

Selection Guidelines:

Formal application, rating of education and experience; appropriate testing, oral interview and reference check; drug screening; polygraph and/or voice stress analysis examination; psychological examination; physical exam and other job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and the employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on _____.

Fire Marshal / Division Chief 2021

CITY OF MORRO BAY

SENIOR ADMINISTRATIVE SERVICES ANALYST

DEFINITION

Under direction of the Administrative Services Director/Assistant City Manager and the City Manager, assists in the annual budget development process and administers complex departmental or program budgets, conducts organizational and operational analysis, initiates and carries out program and project management, and planning activities. Conducts surveys, studies, and analyses on a variety of complex City related issues; evaluates existing and proposed systems, procedures, and organizational structures. Analyzes statistical data and makes recommendations on changes in policy, procedures, staffing, and organization. Organizes and presents results to superiors, appropriate City Boards and Commissions, and City Council; and implements approved policy or procedure changes. May be assigned to organize, facilitate, and liaise with Citizens' Financial Advisory Committee (CFAC) including but not limited to managing agenda preparation, facilitating ad-hoc committees and coordinating other aspects of CFAC meetings and workplans. May supervise office support or other assigned staff; and performs related work assigned.

ESSENTIAL DUTIES & RESPONSIBILITIES

1. Prepares a wide variety of financial and statistical reports, including year-end reporting, budgeting reports, and preparing other legal documents and management analysis.
2. Coordinates, prepares, and performs complex and sometimes multi-departmental analytic work in areas such as budget review and development, financial administration and reporting, revenue collection and allocation, purchasing, contract administration, information technology, public information, and program evaluation.
3. Analyzes data gathered, develops information, and considers available solutions or alternate methods of proceeding; prepares recommendations for implementation of new systems or procedures.
4. Participates in the compilation and preparation of the annual budget, including assisting other departments with budget preparation, providing personnel cost projections and estimated grant revenues and expenditures, monitoring expenditures to ensure compliance with adopted budget, and assisting with publication of the budget.
5. Interprets and prepares data for studies, reports, and recommendations; coordinates activities with other departments and agencies as needed.
6. Analyzes and reviews financial data to develop forecasts, trends, and recommendations.

7. Assures that assigned programs perform within budget; performs cost control activities; monitors revenues and expenditures to assure sound fiscal control; assists in the annual budget development process.
8. Review and updates City policies, practices, and procedures to stay current with applicable laws.
9. Prepares, submits and presents (as needed) City Manager and City Council agenda reports, resolutions, ordinances, and correspondence regarding assigned activities.
10. Makes written and oral presentations and acts as departmental representative to the City Council, advisory boards, other public entities, and the general public. This includes the development of graphical representations of data, processes and recommendations as well as other presentation materials.
11. Performs analysis required to determine the resources necessary for meeting current and future public service needs, including personnel, equipment, facilities, and funding.
12. Supports other functions within Administration Department including the City Manager' Office, City Clerk, Risk Management, and Human Resources.
13. Administers and monitors contracts.
14. Determines feasibility of participation in grant programs; develops, submits, and monitors assigned grant applications.
15. Develops notices, flyers, brochures, newsletters, media releases, news articles and other informational materials about programs and services.
16. May supervise clerical and/or technical staff.
17. Performs related duties as required.

QUALIFICATIONS

Knowledge of:

Principles, practices, and procedures of public and business administration as applied to a municipality; budget principles, techniques, and procedures for grant applications; research methodologies and statistical analyses; laws, regulations and ordinances affecting the city's operations; modern records management techniques; office procedures and the use of office automation; automated accounting and information systems, including the use of spreadsheet software; general computer applications used in business, such as spreadsheet, database, word processing software. Knowledge of generally accepted accounting practices applicable to local government is desirable, but not required.

Ability to:

Prepare bid packages and administer contracts of various types; evaluate and make recommendations of feasibility studies from statistical and narrative data; prepare accurate and sound analysis; develop and present comprehensive reports; communicate clearly and concisely

both orally and in writing; effectively deal with organized groups; establish and maintain cooperative relationships with those contacted during the course of work.

Education and Experience:

Graduation from a four-year college or university with major coursework in business, public administration, accounting, economics, or a field related to the work, possession of a graduate degree is desirable; AND

Two years of professional-level project management, fiscal reporting, accounting, budgetary and related organizational analysis experience, preferably in a municipal government setting; OR

An equivalent combination of education and experience.

Valid and appropriate California Driver's License.

PHYSICAL DEMANDS

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to sit and talk or hear, use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to walk.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

WORK ENVIRONMENT

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The noise level in the work environment is usually quiet.

SELECTION GUIDELINES

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

SENIOR ADMINISTRATIVE SERVICES ANALYST

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on _____.

CITY OF MORRO BAY

FINANCE MANAGER

DEFINITION

Under direction of Administrative Services Director/Finance Director, plans, organizes, leads, and monitors programs and activities related to the City's financial accounting, accounts payable, and payroll systems; manages the City's interim and annual financial reporting needs; internal and external audits; internal controls; cost accounting programs; formulation, monitoring and reporting on annual operating and capital improvement budgets; customer service activities including but limited to supervising and reviewing the work of professional, technical and accounting office support staff; and prepares complex and difficult fiscal analysis; and performs related work assigned.

ESSENTIAL DUTIES & RESPONSIBILITIES

- Participates in all activities related to the City's accounting function, including the accounting system, payroll, cash receipts, journal entries, accounts payable, business licensing, utility billing and customer service; review and audit claims, computer-generated records, and other related documentation for accuracy.
- Assists in developing and standardizing procedures and methods to improve and continuously monitor the efficiency and effectiveness of assigned programs, service delivery methods, and procedures; assesses and monitors workload, administrative and support systems, and internal reporting relationships; identifies opportunities for improvement and makes recommendations to the Finance Director.
- Provides direct supervision to assigned staff and exercises technical and functional supervision over other professional, technical or lower level support staff on a project or day-to-day basis.
- Performs internal audits of assigned accounts and balances; reconcile differences.
- Prepares and reconcile journals, ledgers and other accounting records; preparation of reports for submission to various regulatory and government agencies.
- Coordinates year-end audits; meets with outside auditors to provide information and resolve problems.
- Provides training to departmental and operating staff regarding the City's financial reporting policies, procedures, and reporting capabilities.
- Performs responsible accounting, payroll, financial and/or budgetary document preparation, monitoring and reporting, document review and program support in coordination with other staff within Finance Department and all other City departments.

- Responsible for data gathering and accumulation of information for City's annual budget.
- Responsible for City's computerized multi-fund municipal accounting system and upgrades.
- Coordinates year-end audits, meets with outside auditors to provide information and resolve problems.

QUALIFICATIONS

Knowledge of:

Principles, problems, and methods of public and business administration as applied to a municipality; general municipal revenue and accounting principles and practices; public purchasing requirements and procedures; laws, regulations, and ordinance affecting fiscal operations and audits; technology related to computerized financial systems; principles of supervision, mentoring staff, and training; investment portfolio management.

Ability to:

Learn, understand, interpret, and apply laws, rules, and regulations to specific accounting and financial situations; organize and supervise the work of staff engaged in a variety of accounting and financial record keeping operations; prepare accurate financial reports and analyses; prepare bid packages and oversee purchasing procedures for City equipment and supplies; comprehend computer generated financial data; establish and maintain cooperative relationships with those contacted during the course of work; supervise others; effectively communicate municipal finance to diverse groups of people.

Education and Experience:

Graduation from an accredited college or university with major work in accounting, finance, business, or closely related field and five (5) years of experience in municipal finance and/or accounting, including two (2) years of supervisory experience.

Possession of a valid and appropriate California driver's license.

TOOLS & EQUIPMENT USED

Personal computer including word processing, spreadsheet, and presentation software; mainframe computer system; 10-key calculator; telephone; copy machine; fax machine; iPad; smartphone.

PHYSICAL DEMANDS

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to sit and talk or hear, use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to walk.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

WORK ENVIRONMENT

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The noise level in the work environment is usually quiet.

SELECTION GUIDELINES

Formal application, rating of education and experience, oral interview, and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Budget / Accounting Manager job description approved by the Morro Bay City Council on August 23, 2016.
Minor revisions approved by the City Manager on April 28, 2021.

RESOLUTION NO. 45-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA TO RESCIND RESOLUTION NO. 85-18, AND AMENDING THE GENERAL FUND EMERGENCY RESERVE POLICY

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, Resolution No. 85-18 established a General Fund Emergency Reserve Policy; and

WHEREAS, the needs and uses of the General Fund Emergency Reserve (GFER) have changed in light of the unprecedented financial impacts due to the COVID-19 Pandemic in 2020 and 2021; and

WHEREAS, on May 26, 2021, at the Budget Study Session the City Council appointed an ad-hoc committee of Mayor John Heading and Councilmember Robert Davis to review this and other financial policies to ensure the polices are up to date, aligned with current conditions, and reflect best practice; and

WHEREAS, the ad-hoc committee of Mayor Heading and Councilmember Davis reviewed this policy and believe a revision is warranted given the lessons learned due to the volatility of General Fund revenues and the continuation of escalating operating costs such as pension costs and pay to attract and retain dedicated city personnel; and

WHEREAS, the ad-hoc committee of Mayor Heading and Councilmember Davis recommend a reserve level that would allow the city to operate for three to six months if there was a catastrophic reduction in revenues for the General Fund; and

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

1. Resolution No. 85-18 is rescinded and replaced in their entirety with the passage of this Resolution;

2. The City Council wishes to revise and approve the General Fund Emergency Reserve Policy as contained in Exhibit A herewith.

3. The City Council further desires to increase the level of minimum and target reserves as follows:

   This GFER Policy outlines minimum and target funding levels.

   Minimum Level: Equal to thirty-three percent of annual on-going operating expenditures (including Measure Q and E operating expenditures and excluding transfers out) based on the most recent adopted budget.

   Target Level: Equal to fifty percent of annual on-going operating expenditures (including Measure Q and E operating expenditures excluding transfers out) based on the most recent adopted budget.

4. To clarify the definition of the General Fund Emergency Reserve the following passage has been added to the GFER Policy contained in Exhibit A:

   When referring to the GFER no other unassigned/unreserved fund balances accounted for in the General Fund shall be included in this total except for any excess revenue over expenditures at the end of each fiscal year. This includes General Fund Vehicle

Replacement Fund, Capital Replacement, Project Accumulation, and the Opportunity Fund (closing at the end of FY 2020-21). While the unassigned/unreserved fund balances could be reallocated by City Council action it is the policy of the City Council that those specialized reserves be excluded from reporting on the fund balance of the GFER.

5. To ensure it is clear that replenishing the General Fund Emergency Reserve Policy is a process that may take a number of years to achieve the following passage has been added to the GFER Policy contained in Exhibit A:

   The City Manager, in conjunction with the Finance Department, will develop and implement plans to return cash accumulation reserves to their minimum target levels as quickly is reasonable given the financial circumstances facing the City, ideally within three years.

6. Other minor revisions have been made to the policy to ensure there is consistency throughout as a result of the proposed policy revisions as contained in Exhibit A.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof, held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

EXHIBIT "A"

CITY OF MORRO BAY

GENERAL FUND EMERGENCY RESERVE POLICY

Policy Statement
The City of Morro Bay (City) is a full-service city, providing essential services to over 10,000 residents related to public safety, planning, building, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize City services in some fashion. As such, it is prudent for the City to establish and maintain reserve funds to mitigate a variety of emergency situations and ensure that core, essential services are maintained. The City first established a General Fund Emergency Reserve in 1993, which has since been modified four times by Council resolution, the most recently being in 2015 per Resolution No. 33-15. The City Council of the City has been proactive in setting aside emergency reserves and recognizing the need to utilize reserves during recessionary periods.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This General Fund Emergency Reserve Policy (Policy) is designed to establish guidelines to ensure fiscal stability of the City and provide guidance to staff in the financial management of City operations.

Purpose
A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to ratepayers, investors, regulatory, and credit rating agencies the City is committed to maintaining the long-run fiscal strength of the City. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the City as they help to:

- Maintain the short-term and long-term financial health of the City
- Maintain stable user fees for customers and help ensure manageable rate increases
- Fund unanticipated expenditure contingencies, including emergencies
- Ensure funds exist for system and infrastructure improvements
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

After the City's financial records are finalized and audited, with legal obligations and liability reserves funded, revenues in excess of expenditures are closed out to the General Fund Emergency Reserve. A base amount, both minimum and target levels, are established by Council with adoption of this policy. Staff shall bring forward a recommendation for Council consideration to provide direction on use of funds above the target levels.

Definitions
The General Fund Emergency Reserve ("GFER") is classified as an "Unrestricted-Undesignated Reserve," representing funding that is being set aside to provide temporary financing for budget stabilization caused by fiscal downturns, unanticipated extraordinary expenditures related to a natural disaster or calamity, or from an unexpected liability or funding decrease created by a legislative action. Those moneys may be used for any lawful purpose, as approved by the City Council, and have not been designated for specific capital and operating needs. The following Unrestricted-Undesignated Reserve Policy addresses the level, use and replenishment of those types of unrestricted cash. The GFER will be accounted for within the General Fund.

When referring to the GFER no other unassigned/unreserved fund balances accounted for in the General

Fund shall be included in this total except for any excess revenue over expenditures at the end of each fiscal year. This includes General Fund Vehicle Replacement Fund, Capital Maintenance, Project Accumulation, and the Opportunity Fund (closing at the end of FY 2020-21). While these unassigned/unreserved fund balances could be reallocated by City Council action it is the policy of the City that those specialized reserves be excluded from reporting on the fund balance of the GFER.

Unrestricted-Undesignated Reserve Policy
The General Fund will have sufficient Unrestricted-Undesignated cash accumulated to maintain or improve its credit ratings, ensure operating and maintenance costs will be paid in a timely manner, pay debt service obligations, invest in needed capital improvements and equipment replacement and other uses on a timely basis. In addition, the GFER will maintain sufficient cash accumulation to minimize impacts from economic downturns, departmental expenditure freezes due to market volatility, other economic impacts on demands, contingencies, and regulatory changes.

This GFER Policy outlines minimum and target funding levels.

> *Minimum Level:* Equal to thirty-three percent of annual on-going operating expenditures (including Measure Q and E operating expenditures and excluding transfers out) based on the most recent adopted budget.
>
> *Target Level:* Equal to fifty percent of annual on-going operating expenditures (including Measure Q and E operating expenditures excluding transfers out) based on the most recent adopted budget.

Example (FY 2021-22 Proposed Budget):	
General Fund Operating Expenditures	$14,197,170
(on-going annual expenditures, excluding transfers)	
FY Measure Q and E Operating Expenditures	$ 2,009,061
Minimum Level 33%:	x 0.33
Minimum Cash Accumulation	$ 5,402,077

Example (FY 2021-22 Proposed Budget):	
General Fund Operating Expenditures	$14,197,170
(on-going annual expenditures, excluding transfers)	
FY Measure Q and E Operating Expenditures	$ 2,009,061
Target Level 33%:	x 0.50
Target Cash Accumulation	$ 8,103,115

In calculating the minimum and target funding level, one-time expenditures and transfers out are not considered in the base for determining the operating expenditures. The minimum and target funding levels are intended to ensure sufficient resources to pay budgeted operating and maintenance expenses, recognizing the timing differences between payment of expenditures and receipt of revenues. Minimum and Target Levels equate to four months and six months of operating expenses, respectively. It also provides a source of funding to allow the City to operate during short term fluctuations in revenues and/or expenditures.

Withdrawal & Replenishment of Accumulation Reserves
The City will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by City Council during the annual budget process.

To the extent cash in the GFER is above the target levels, the Council has the flexibility to direct staff to utilize those available funds to fund internal service funds to target levels, fund other one-time operating needs, capital projects (reducing the need for future debt), or pay down liabilities in accordance with this

policy as defined in the purpose statement above.

Reserve levels below the minimum target reserves would leave the City exposed to operational risks. The City may only draw down the reserve levels with Council approval. The City Manager, in conjunction with the Finance Department, will develop and implement plans to return cash accumulation reserves to their minimum target levels as quickly is reasonable given the financial circumstances facing the City, ideally within three years. This plan to replenish the GFER is subject to approval by City Council, typically through the adoption of the annual budget.

Reporting and Oversight

GFER levels will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. GFER minimum and target levels will be analyzed annually by the Finance Department and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be reported to the City Council as part of the year-end financial report presentation. If GFER levels need adjustment due to new risk factors or changes in the industry, then that information will be brought to the City Council as part of the year-end report or sooner, as determined by the City Manager and Finance Department.

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

RESOLUTION NO. 46-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 85-18 IN ITS ENTIRETY, AND
RE-ESTABLISHING AN INTERNAL SERVICE FUNDS RESERVE POLICY**

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

WHEREAS, on October 23, 2018, the City Council adopted Resolution No. 85-18 establishing various reserve policies, including the Internal Service Funds Reserve Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

WHEREAS, on May 26, 2021, at the Budget Study Session the City Council appointed an ad-hoc committee of Mayor John Heading and Councilmember Robert Davis to review this and other financial policies to ensure the polices are up to date, aligned with current conditions, and reflect best practices; and

WHEREAS, the ad-hoc committee of Mayor Heading and Councilmember Davis reviewed this policy and believe a revision is warranted given the lessons learned by other communities as it relates to the heightened need to protect against cybersecurity threats; the continuation of escalating operating costs such as pension costs and pay to attract and retain dedicated city personnel; and

WHEREAS, the ad-hoc committee of Mayor Heading and Councilmember Davis recommend that once the City's capital replacement needs are better understood that a policy concerning appropriate accumulation levels return to the Council for consideration; and

WHEREAS, the ad-hoc committee of Mayor Heading and Councilmember Davis recommend a reserve level for the Information Technology Fund that would allow the city to implement additional cybersecurity measures as needed; and

WHEREAS, staff recommends the City Council rescind Resolution No. 85-18 and adopt separate resolutions for each of its financial policies; and

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

1. Resolution No. 85-18 is hereby rescinded; and

2. The City Council wishes to revise the Information Technology Services Fund reserve policy to increase the level of minimum and target reserves as follows:

   This Information Technology Services Fund outlines minimum and target funding levels.

   Minimum Level: $200,000

   Target Level: $300,000

3. The "Internal Service Funds Reserve Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

EXHIBIT "A"

CITY OF MORRO BAY

INTERNAL SERVICE FUNDS RESERVES POLICY

Policy Statement

Internal Service Funds are established to provide centralized cost centers for shared expenses and services in order to efficiently track costs and manage resources. Costs are then allocated back to the operational programs based on usage to more accurately determine cost of services.

The City of Morro Bay's internal service funds include eight internal service/support funds: Information Technology, facility maintenance, vehicle replacement, capital replacement, compensable leave, and three equipment replacement funds, one each for the water, sewer and harbor enterprise funds. In addition, the City of Morro Bay (City) has one insurance internal service fund, Risk Management, which includes worker's compensation.

As each fund is accounted for as a separate entity, operational revenues less expenditures result in either a positive or negative fund balance at any given point in time – Internal Service Funds are similar to the separate checking and savings accounts a person may use for different purposes. At year end, each fund's net balance is represented at the "Fund Balance Reserve."

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This Internal Service Fund Reserves Policy (Policy) is designed to establish guidelines to ensure fiscal stability for the City, accumulating funds and maintaining adequate reserves to repair and replace infrastructure, equipment and/or insurance needs that may be either planned or unexpected, and provides guidance to staff in the financial management of the City.

Purpose

A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to constituents, investors, regulatory, and credit rating agencies that the City is committed to maintaining the long-run fiscal strength. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the City as they help to:

- Maintain the short-term and long-term financial health of the City
- Fund unanticipated expenditure contingencies
- Ensure funds exist for unexpected and planned infrastructure, equipment and insurance needs
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

The intent of the Internal Service Funds Reserves is twofold:

1. To ensure sufficient resources exist in each internal service fund to pay for annual ongoing expenses while maintaining a reasonable reserve to fund replacement purchases (i.e. annual vehicle replacement); and,
2. Establish a fund balance level for each fund that is reasonable and prevents the over-accumulation of resources beyond what is needed for normal operating needs plus any amount required for emergency or contingency needs. hold appropriate levels of reserves to support cash flow needs and minimize interfund loans, as well as maintain a reasonable fund balance for contingency purposes.

Therefore, this policy will enumerate minimum fund balance levels for each Internal Service Fund based on specific fund-type metrics. This Policy will also address the, use, and replenishment of those types of unrestricted reserves. The Internal Service Funds Reserves will be accounted for within individual and specific funds designated for each reserve.

Information Technology Services Fund

Information Technology Services provide for the delivery of technology-based services throughout the City's operations, including maintenance of the City's information systems and infrastructure, program implementation, internet, landline, and wireless communications systems, cloud-based technology, and support of all existing information technology as well as new technology initiatives. For technology oversight, security, and efficiency, information technology costs are managed collectively and funded through a charge-back to the various funds and departments. At year end, unspent funding flows into Unrestricted Net Position. Accumulated funds are held in the Information Technology Services Fund for working capital cash flow. Requests for use of the reserve are approved by Council through budget adoption or by a Council approved budget adjustment Resolution during the year.

This Information Technology Services Fund outlines minimum and target funding levels.

Minimum Level: $200,000

Target Level: $300,000

The target reserve level should allow for periodic upgrades and enhancements to the City's collection of information and communications technology, while also providing sufficient funds to meet annual operating costs.

Vehicle Replacement and Enterprise Fund Equipment Replacement Funds

The Vehicle and Equipment Maintenance program provides for the maintenance, and servicing of the City's fleet and major equipment to ensure all vehicles and equipment comply with manufacturer's recommendations and safety requirements. The Vehicle Replacement Fund is for all General Fund-owned equipment such as the City's Police, Fire, Public Works, Recreation and pooled vehicles. The City has three equipment maintenance funds, one each for the enterprise funds of water, sewer and harbor. Each individual enterprise fund supports their own equipment maintenance fund and those funds are restricted to the specific enterprise activity.

To fund the program, vehicle & equipment replacement costs transfers into the funds are accounted for through the budget process. The enterprise fund operating revenue funds account for the enterprise fund equipment replacement funds while the General Fund is the primary funding source for the Vehicle Replacement Fund.

Accumulated funds will be held in the Vehicle and Equipment Replacement Funds for working capital cash flow. At year end, unspent funding flows into Unrestricted Net Position. Requests for use of the reserve are approved by Council through budget adoption or by a Council approved budget adjustment resolution during the year.

The Vehicle Replacement Fund, to be funded by the General Fund, minimum and target funding levels are as follows:

Minimum Level: Equal to twenty percent of the replacement value of the general fund fleet.

Target Level: Equal to thirty-three percent of the replacement value of the general fund fleet.

The Enterprise Equipment Replacement Funds, to be funded by the specific enterprise fund, minimum and target funding levels are as follows:

Minimum Level: Equal to twenty percent of the replacement value of the respective enterprise fund fleet.

Target Level: Equal to thirty-three percent of the replacement value of the respective enterprise fund fleet.

The replacement value shall be calculated based on the most recently updated Vehicle Insurance Coverage list, or other internal tracking list developed by staff. The target reserve level will provide sufficient funds should there be a need for a one-time, larger than normal expenditure related to fleet services. State and Federal reimbursements for use of City-owned equipment, i.e., for fire strike-team support, shall be placed in the appropriate vehicle or equipment replacement fund to support future maintenance or replacement of those vehicles.

Facility Maintenance Fund

The Facility Maintenance Fund provides for maintenance and non-major repairs and building improvement services for all City-owned facilities that are not part of an enterprise fund (*i.e.* water, sewer or harbor). Additionally, the fund supports the maintenance and repair needs of the tenants of City-leased buildings and properties as defined in the lease agreements. The program's funding has primarily been derived from rental income from City-owned leased facilities; however, the City is transitioning to funding the program through charge backs to departments based on building space usage.

Accumulated net operations are held in the Facility Maintenance Fund for working capital cash flow. At year end, unspent funding flows into Unrestricted Net Position. Requests for use of the reserve are approved by Council through budget adoption or by a Council approved budget adjustment resolution during the year.

The Facility Maintenance Fund, to be funded by the General Fund, minimum and target funding levels are as follows:

Minimum Level: $50,000

Target Level: $75,000

Given the age of the City's facilities, increased maintenance needs are anticipated. The target funding level of $75,000 represents a reasonable contingency for unanticipated maintenance issues which do not rise to the capital project level.

Compensated Absences Reserves

Under the Unassigned Fund Balance classification, the Compensated Absences Reserve is established to smooth expenditure fluctuations resulting from the payout of accrued leave to employees at service separation and distribution payouts.

Use of the reserve occurs when total annual compensated absences payouts exceed budgeted salary funds. Large payouts decrease the compensated absences liability at year-end, thereby supporting the practice of utilizing the reserve as needed. Year-end reconciling allocations to and from the reserve are approved through Council's budget resolution adoption each fiscal year, with the liability and resulting reserve amounts determined as part of the year-end close process. It is the City's policy to maintain Compensated Absences Reserve funds for the General Fund, Harbor Fund, Water Fund, and Sewer Fund. Each fund shall be maintained separately within the minimum and target levels defined below.

The Compensated Absences Reserve minimum and target funding levels are defined as follows:

> *Minimum Level:* Equal to thirty percent of the compensated absences liability that is established at year-end.
>
> *Target Level:* Equal to thirty-five percent of the compensated absences liability that is established at year-end.

City staff will report to Council on Fund Reserve levels in comparison to the minimum and target funding levels defined by this policy during the annual budget adoption process. Reserve funding in excess of one-third (thirty-three percent) of the liability will be available for the Council to allocate during the budget process.

Withdrawal & Replenishment of Accumulation Reserves

The City will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by City Council during the annual budget process.

To the extent moneys in any of the above funds are above the target levels, the Council has the flexibility to direct staff to utilize those available funds to pay for other capital needs, other one-time expenditures, or pay down liabilities as long as the funds legally support that purpose.

Reserve levels below the minimum target reserves would leave the CIty exposed to operational risks. If the City draws down the reserves below the minimum targeted level, then the City Manager, in conjunction with the Finance Department, will implement plans to return cash accumulation reserves to their minimum target levels within three years and subject to approval by City Council.

Reporting and Oversight

The Internal Service Funds Reserve levels will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. Internal Service Fund Reserves minimum and target levels will be analyzed annually by the Finance Department and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be reported to the City Council as part of the year-end financial report presentation and annual budget adoption process. If Internal Service Fund Reserves levels need adjustment due to new risk factors or changes in the industry, then information will be brought to the City Council as part of the year-end report or sooner, as determined by the Finance Department.

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

RESOLUTION NO. 47-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 85-18 WHICH PREVIOUSLY ESTABLISHED THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT FUND RESERVE POLICY, PURSUANT TO THE ESTABLISHMENT OF MBTBID OWNERS ASSOCIATION "VISIT MORRO BAY"**

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

WHEREAS, on October 23, 2018, the City Council adopted Resolution establishing various reserve policies, including the Morro Bay Tourism Business Improvement District Fund Reserve Policy; and

WHEREAS, on June 8, 2021, the City Council adopted Resolution No. 28-21 re-establishing the Morro Bay Tourism Business Improvement District ("MBTBID") for a five (5) year term beginning July 1, 2021, pursuant to the Property and Business Improvement District Law of 1994; and

WHEREAS, in Resolution No. 28-21 Visit Morro Bay was identified as the Owners' Association of the MBTBID; and

WHEREAS, Visit Morro Bay shall be responsible for ensuring the assessments levied for the MBTBID are applied towards sales, marketing, and communications programs to market assessed Morro Bay lodging businesses and vacation rental businesses as tourist, meeting and event destinations, and other improvements and activities as set forth in the Plan; and

WHEREAS, the assessments shall be used for the purposes set forth above and any funds remaining at the end of any year may be used in subsequent years in which the MBTBID assessment is levied as long as they are used consistent with the requirements set forth in the Plan; and

WHEREAS, Visit Morro Bay shall have full responsibility for appropriate use of the assessment funds and therefore staff recommends the City Council rescind the Morro Bay Tourism Business Improvement District Fund Reserve Policy established by Resolution No. 28-21.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California: Resolution No. 85-18 establishing the Morro Bay Tourism Business Improvement District Fund Reserve Policy is hereby rescinded.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June, 2021 by the following vote:

AYES:
NOES:
ABSENT:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

RESOLUTION NO. 48-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 89-18 AND
ESTABLISHING A RISK MANAGEMENT FUND RESERVE POLICY**

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

WHEREAS, the City Council is adopting Accounting and Financial policies to provide guidance to staff and transparency surrounding the City's financial management; and

WHEREAS, on November 13, 2018, the City Council adopted Resolution No. 89-18, the Risk Management Reserve Fund Policy, which demonstrated the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

WHEREAS, on May 26, 2021, at the Budget Study Session the City Council appointed an ad-hoc committee of Mayor John Heading and Councilmember Robert Davis to review this and other financial policies to ensure the polices are up to date, aligned with current conditions, and reflect best practice; and

WHEREAS, the ad-hoc committee of Mayor Heading and Councilmember Davis reviewed this policy and believe a revision is warranted given a very large fund balance above current minimum and target reserve levels ($350,000 and $500,000 respectively); and

WHEREAS, the ad-hoc committee of Mayor Heading and Councilmember Davis recommend a reserve level that would allow the city to respond to a major risk management incident within the City; and

WHEREAS the proposed Risk Management Reserve Fund Policy demonstrates the City's continuing commitment to fiscal responsibility and prudent management; and

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

SECTION 1. Rescinds Resolution No. 89-18.

SECTION 2. The Risk Management Fund Reserve Policy is revised to increase the minimum and target reserve amounts $700,000 and $1,000,000, respectively. This is an increase from $350,000 and $500,000, respectively.

SECTION 3. Establishes the "Risk Management Fund Reserve Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

EXHIBIT "A"

CITY OF MORRO BAY

RISK MANAGEMENT RESERVE POLICY

Policy Statement

Internal Service Funds are established to provide centralized cost centers for shared expenses and services in order to track costs and manage resources, efficiently. Costs are then allocated back to the operational programs based on usage to determine cost of services, more accurately.

The City of Morro Bay's Risk Management Fund is an internal service fund used to account for the City's self-insured liability program and for the purchase of various types of property and casualty insurance protection and fund damages not covered by that insurance, all as required by the City. The funds are used to pay any liability losses, program operating costs, insurance premiums and insurance deductibles. Revenues for this fund are generated from assessments made to all City departments for their pro rata share of the total costs of the insurance administration program.

The City of Morro Bay is a member of the California Joint Powers Insurance Authority (CJPIA), which is a pooled insurance program that allows the City of Morro Bay, as a small city, to receive insurance coverage costs to a reasonable amount.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This Risk Management Policy ("Policy") is designed to establish guidelines to ensure fiscal stability for the City of Morro Bay, accumulating funds and maintaining adequate reserves to provide sufficient funding to cover annual insurance expenses while providing additional funds for unforeseen, emergency needs such as an adverse legal judgement, a large one-time deductible payment, or other similar one-time expenses. It should be noted the City's General Fund Emergency Reserve Fund could also be utilized as a further source of funds in the event of a large insurance related claim.

Purpose

A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to constituents, investors, regulatory, and credit rating agencies showing the City is committed to maintaining its long-run fiscal strength. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the City as they help to:

- Maintain the short-term and long-term financial health of the City
- Fund unanticipated expenditure contingencies
- Ensure funds exist for unexpected and planned infrastructure, equipment and insurance needs
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

The intent of the Risk Management Fund Reserve is twofold:

1. To ensure sufficient resources exist to purchase various types of property and casualty insurance protection as required by the City, including liability losses, program operating costs and insurance premiums and deductibles; and,
2. Establish a fund balance level reasonable enough to support current and future liability claims as well as any catastrophic event, which may occur in the City.

Therefore, this policy will enumerate minimum fund balance levels for the Risk Management Reserve fund based on specific metrics. The Policy will also address the, use, and replenishment of those types of reserves. The Risk Management Reserve Fund will be accounted for within the Risk Management Fund.

Risk Management Reserve Fund

Risk Management Fund provides for the City's liability and insurance premiums, workers compensation insurance expenditures and potential exposure to claims the City would pay outright due to not being a qualified covered claim or the amount of the claim. At year end, unspent funding flows into Unrestricted Net Position. Accumulated net operations are held in the Risk Management Fund for cash flow to help offset unexpected increases in insurance premiums, claims costs paid directly by the City, including personnel related claims and workers compensation expenses. Requests for use of the reserve are approved by Council through budget adoption or by a Council approved budget adjustment resolution during the year.

This Risk Management Fund outlines minimum and target funding levels.

Minimum Level: $700,000

Target Level: $1,000,000

The target reserve level should allow for adequate funding to support unexpected expenses, including premium increases and city paid claims.

Withdrawal & Replenishment of Accumulation Reserves

The City will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by City Council during the annual budget process or as needed by the Finance Department.

To the extent Unrestricted Accumulation Reserves (UAR) are above the target levels, the Council has the flexibility to direct staff to utilize those available monies to pay for other capital needs, other one-time expenditures, or pay down liabilities as long as use of the UAR legally supports that purpose.

Reserve levels below the minimum target reserves would leave the CIty exposed to operational risks. If the City draws down the UAR below the minimum targeted level, then the City Manager, in conjunction with the Finance Department will implement plans to return cash in the UAR to their minimum target levels within three years and subject to approval by City Council.

Reporting and Oversight

The Risk Management Fund Reserve Level will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. Fund Reserve minimum and target levels will be analyzed annually by the Finance Department and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be

reported to the City Council as part of the year-end financial report presentation and annual budget adoption process. If Fund Reserve levels need adjustment due to new risk factors or changes in the industry, then that information will be brought to the City Council as part of the year-end report or sooner, as determined by the Finance Department.

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

RESOLUTION NO. 49-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA TO RESCIND RESOLUTION NO. 60-17, REAFFIRM INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND, DESIGNATE TRANSACTION OFFICERS AND APPROVE POLICY REQUIRING APPROVAL PRIOR TO ANY LAIF TRANSACTION

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, Resolution No. 60-17, dated November 14, 2017, authorized the City of Morro Bay to continue investing funds with the State of California's Local Agency Investment Fund (LAIF); and

WHEREAS, the officers, then authorized to order deposit and withdrawal of monies, and affect changes to the account, have changed.

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

1. Resolution No. 60-17 relating to investing funds through LAIF is rescinded and replaced in its entirety with the passage of this Resolution; and

2. The City will continue investing with LAIF, and designates the following officers to deposit and withdraw funds, and affect changes to the account:

   City Manager
   Assistant City Manager-Administrative Services Director/Treasurer
   Finance Manager
   Senior Accounting Technician

3. For purposes of internal controls, the City will require written approval of one of these authorized representatives prior to initiating a deposit, withdrawal of funds or any other change in the account by another one of the designated representatives.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof, held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

RESOLUTION NO. 50-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA RESCINDING RESOLUTION NO. 80-16, DESIGNATING AND AUTHORIZING INVESTMENT TRANSACTION OFFICERS AND ESTABLISHING INTERNAL CONTROL POLICY FOR INVESTMENT TRANSACTIONS

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City of Morro Bay has cash in its possession that exceeds the amount needed for day-to-day transactions; and

WHEREAS, the City of Morro Bay has an obligation to its citizens to effectively and safely manage that money while optimizing its earning potential; and

WHEREAS, it is necessary to designate, via Resolution, the transaction officers who have the authority to invest the City's funds; and

WHEREAS, on December 13, 2016, the Morro Bay City Council adopted Resolution No. 80-16, which established the transaction officers with the authority to invest the City's funds; and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 80-16 in its entirety; and

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

1. Resolutions No. 80-16, relating to designating and authorizing investment transaction officers is rescinded in their entirety and replaced with this Resolution.

2. The "Investment Policy" as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved and hereby established as City policy.

3. The individuals holding the City offices/positions listed below are designated as transaction officers who are authorized to open and close investment accounts within the scope of the City's Investment Policy:
   City Manager
   Assistant City Manager-Administrative Services Director/Treasurer
   Finance Manager
   Senior Accounting Technician

4. For purposes of internal controls, the City will require written approval of one of the above designated authorized representatives, prior to another one of the designated authorized representatives initiating a deposit, withdrawing funds or making any other change in the account (added to the Safekeeping/Internal Controls Section of Exhibit A).

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5. Provision for socially responsible investing have been incorporated as previously adopted by the City Council.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:

_____
JOHN HEADING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

EXHIBIT "A"

CITY OF MORRO BAY
INVESTMENT POLICY

PURPOSE

This investment policy establishes the practices and procedures to be used in managing the City of Morro Bay's (City) portfolio in accordance with the requirements of the State of California Government Code and the guidelines provided by the California Debt and Investment Advisory Commission (CDIAC) and the Government Finance Officers Association (GFOA).

SCOPE OF THE POLICY

This policy governs the investment of money that is not required to meet the immediate needs of the City.

LEGAL AUTHORITY

Government Code Sections: California Government Code Sections 53600 to 53609, 53635, and 16429.1 govern the investment of local agency funds.

Legislative Changes: Any applicable legislative actions will be acted on as of their effective dates and will be incorporated into the policy annually, specifying the California Government Code sections that have been added, deleted or amended.

OBJECTIVES

The City Treasurer will consider the following factors in priority order when assessing investment opportunities:

Safety: The primary objective is the preservation of principal. Capital losses will be avoided, whether from default or erosion of market value, meaning that the City will not sell or trade an investment because of market fluctuation. The two types of risk to be minimized are:

1. Credit risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations; and
2. Interest rate or market risk – the risk that changes in interest rates will adversely affect the fair value of an investment.

Liquidity: The second objective is the liquidity of the portfolio. The portfolio should remain sufficiently flexible to enable the City to meet the operating requirements that are reasonably anticipated. In order to ensure liquidity, the investment policy must recognize that calculating cash flows are the basis of any good investment strategy. Meeting the daily cash flow demand goes hand-in-hand with meeting the City's liquidity needs.

Yield: The third objective, behind safety and liquidity, is attaining a market rate of return throughout the budgetary and economic cycles.

While managing the portfolio, the Treasurer, and designated staff, will strive to maintain public trust by avoiding any transactions that might impair public confidence in the City. When selecting investment instruments, the Treasurer, and designated staff, will remain cognizant of any social and policy considerations that have been established and defined in this policy.

GENERAL STRATEGY

The Treasurer, and designated staff, may follow a passive or active investment strategy. Passive investment policies adhere to the investment goal of holding investments to maturity. Active investment strategy is the buying and selling of investments to achieve a certain benchmark objective. Great care, coupled with the advice of a fiscal agent, should be followed with an active investment policy.

The City follows the passive investment strategy of holding investments to maturity.

STANDARD OF CARE

Prudent Investor Standard: The prudence standard for trust investing traces back to Harvard College v. Amory, 26 Mass. (9 Pick.) 446 (1830). Judge Samuel Putnam stated that trustees should "observe how men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety, of the capital to be invested."

This standard will be followed by the Treasurer, and designated staff.

Ethics and Conflict of Interest: The Treasurer, and designated staff, shall refrain from personal business activities that could conflict with the proper execution of the investment program or which could impair their ability to make impartial decisions.

Delegation of Authority: The following positions and corresponding City personnel are delegated the power to invest the funds of the City:

City Manager
Assistant City Manager-Administrative Service Director/Treasurer
Finance Manager
Senior Accounting Technician

These designations may change with the annual affirmation of this policy. Each delegate is required to adhere to the requirements set forth in the investment policy.

SAFEKEEPING AND CUSTODY

Third-party Safekeeping: Ownership of the City's investment securities will be protected through third-party custodial safekeeping. The custodian will provide the City with a safekeeping receipt or monthly, itemized statement. Exceptions to this requirement are made for certificates of deposit, money market funds and investment pools.

Internal Controls: These are designed to ensure that the assets of the City are protected from theft, loss, or misuse. Such internal controls that are in place include:

1. Control of collusion;
2. Separation of duties;
3. Safekeeping of securities; and
4. Written confirmation of telephone transactions and wire transfers.

The City will separate the person who authorizes or performs the transaction from the person or people who ultimately record or otherwise account for the transaction to achieve separation of duties. Moreover, the City will require written approval of one of the above designated authorized representatives who is not also recording the transaction, prior to another one of the designated authorized representatives initiating a deposit, withdrawing funds or making any other change in the account.

Delivery vs. Payment: All investment transactions should be conducted using standard delivery vs. payment procedures. In delivery vs. payment, the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian and ensures that securities are deposited in an eligible financial institution prior to the release of funds.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The City will only conduct business with approved banks, savings and loans, credit unions, and securities brokers/dealers. A list of financial dealers and institutions is to be maintained. Broker/dealers and institutions must meet all requirements established by federal and state law.

SUITABLE AND AUTHORIZED INVESTMENTS

Authorized Investment Types: The City, by virtue of California Government Code Sections 53600 – 09, has the ability to invest in numerous types of instruments. The City has looked at its goals, objectives, and standards of care in establishing a list of authorized investment types that also meet statutory requirements. Those types of investment instruments that meet the criteria for the City are:

1. Securities of the U. S. Government, or its agencies;
2. California's Local Agency Investment Fund (LAIF) pool;
3. FDIC Insured Certificates of Deposit up to $250,000;
4. Bankers' Acceptances (not exceeding 40% of the City's portfolio/max maturity 180 days);
5. Money Market funds;
6. Collateralized deposits;
7. Passbook savings accounts; and
8. Repurchase agreements and reverse repurchase agreements (no more than 25% of the City's portfolio).

Prohibited Investment Types: In addition to a listing of authorized investments, California Government Code Section 53601.6 prohibits local agencies from investing in the following instruments:

1. Inverse floaters;
2. Range notes or mortgage-derived, interest-only strips;
3. Any security that could result in zero interest accrual if held to maturity;
4. Stock; and
5. Futures or options.

There may be additional investment instruments in which the City does not want the Treasurer to invest, and those will be defined in future investment policies.

INVESTMENT PARAMETERS

Diversification of Investments: The City may choose to impose more stringent restrictions or further restrictions on other investment instruments, depending on its investment goals and risk tolerances, than those proposed in the California Government Code Sections 53600 - 09. The City has indicated those authorized investments as follows:

1. Money market funds;
2. Collateralized deposits;
3. Securities of any one issuer, not to exceed 5% of the City's portfolio, except those obligations of the U.S. government, U.S. governmental agencies, and U.S. government-sponsored enterprises;
4. Mutual funds; and

5. FDIC insured certificates of deposits.

Maximum Maturity: California Government Code Section 53601 lists the maximum maturity for any instrument as five (5) years. The exception to this time frame is made for investments with LAIF or collateralized deposits.

Minimum Credit Requirements: The City has chosen to follow the California Government Code Section 53601 that sets the minimum credit rating required for certain investment instruments as follows:

1. Short-term debt shall be rated at least “A-1” by Standard & Poor’s Corporation, "P-1" by Moody's Investors Service, Inc., or "F-1" by Fitch Ratings. If the issuer of short-term debt has also issued long-term debt, this long-term debt rating shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.
2. Long-term debt shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.

Maximum Weighted Average Maturity of a Portfolio: As part of the monthly portfolio performance report that is provided to the City Council, a weighted average maturity (WAM) of the portfolio is calculated. While there are no requirements under state law for a maximum WAM of a portfolio, CDIAC’s Local Agency Investment Guidelines suggest that local agencies include and monitor WAM to arrive at an acceptable range for future implementation of a maximum benchmark.

Social Responsibility: Priority will be given to investments that are in compliance with socially responsible goals, to the extent that such investments achieve equivalent safety, liquidity and yield compared to other investments that do not meet the City’s socially responsible goals. When not impacting yield, safety and liquidity, priority will be given to investments that support community well-being through safe, environmentally sound, practices and fair labor practices. Investments are encouraged in entities that support combating climate change and equality of rights regardless of race, sex, religion, age, national or ethnic origin, sexual orientation, or disability.

PORTFOLIO MANAGEMENT ACTIVITY

Active or Passive Portfolio Management: In active portfolio management, treasurers buy and sell securities based on how to maximize portfolio values over a given timeframe. In passive portfolio management, the goal is to match a market rate of return (usually a benchmark). Weighing the pros and cons of each strategy in light of staff resources and investment, the City has chosen to follow a passive portfolio management strategy.

Competitive Bidding: Investments are purchased in the most cost effective and efficient manner utilizing approved brokers/dealers on all investment transactions.

Reviewing and Monitoring of the Portfolio: The portfolio requires monthly staff review to ensure the investments are being properly tracked and reported, and quarterly reporting to the Citizens Finance Advisory Committee.

Portfolio Adjustments: If the portfolio demonstrates non-compliance with the investment policy, the Treasurer, and designated staff, may hold the affected securities to maturity to avoid losses; however, the Treasurer may choose to rebalance the portfolio earlier to bring it back into compliance **only** if the portfolio will not suffer any losses for selling the investment prior to maturity.

Performance Standards: The objective of investing is to obtain a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs.

REPORTING

Reporting Methods: On a quarterly basis, the investment portfolio will be presented first to the Citizens Finance Advisory Committee for review, then at a City Council meeting, along with the quarterly financial reports, and will list the following components:

1. Types of investment;
2. Issuer names;
3. Dates of maturity;
4. Par amounts;
5. Dollar amounts;
6. Market values;
7. Descriptions of programs under the management of contracted parties;
8. A statement of compliance with the investment policy; and
9. A statement of the ability to meet cash flow needs for six months.

Governmental Accountings Standards Board (GASB) Statement No. 31 - Marking to Market: The City's portfolio is to be marked-to-market for the monthly investment report provided to the City Council and at minimum, annually for the financial statements. Market values are to be obtained from a reputable and independent source and disclosed to the City Council in the monthly written report. The independent source of pricing should not be one of the parties to the transaction being valued. Such an independent source could include a broker or other financial institution that was not counterparty to the transaction, the custodial bank if the bank was not a counterparty to the transaction, publicly available publications such as *The Wall Street Journal*, or other pricing services for which a separate fee would be paid.

This is consistent with GASB Statement No. 31, which requires that governmental entities report investments at fair value, and with the California Governmental Code, which also requires market values of investments be reported.

Calculation of Yield and Costs: All yield rates on investments will be presented at book value.

Investment Policy Adoption, Review, and Amendment: The investment policy will be reviewed, amended, and presented to the City Council annually at the beginning of the calendar year. The review should ensure that the policy is consistent with the overall objectives of preservation of principal, liquidity, and return, and is in conformance with the law, financial and economic trends, and the cash flow needs of the local agency.

Definitions or Glossary of Terms: This investment policy includes a definition section (Appendix A) in order to establish a common vocabulary between the Treasurer, and designated staff, the City Council, and the public.

APPENDIX A – INVESTMENT POLICY TERMINOLOGY

The following are examples of terminology commonly found in California City investment policies. The inclusion of these sections provides clarity to investment policies and better enables readers to understand important concepts.

Authorized Financial Dealers and Institutions: A list of financial institutions authorized to provide investment services. May also include a list of approved security broker/dealers with which the City can do business. These institutions and broker/dealers are usually selected by their ability to add value to the investment process. Some criteria to consider when choosing an approved broker/dealer include creditworthiness, expertise, and the products in which the financial dealer or institution is familiar. GFOA suggests that all entities qualifying for investment transactions provide audited financial statements; proof of industry group (National Association of Securities Dealers [NASD]) certification; proof of state registration; completed broker/dealer questionnaire; and certification of having read, understood, and agreeing to comply with the investment policy.

Bankers' Acceptance: A draft, bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Certificate of Deposit: A time deposit with a specific maturity evidenced by a certificate.

Collateralization: Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security. California Government Code Section 53601 requires that all repurchase agreements be secured by eligible securities with a market value of 102 percent or greater of the funds borrowed. California Government Code requires public deposits to be collateralized at 110%.

Delegation of Authority: The granting of authority to manage the investment program to designated officials. Such authority is usually derived from code sections, ordinance, charters, or statutes. Government Code Section 53607, for example, allows the City Council to delegate, for a one-year period, its authority to invest or reinvest funds or to sell or exchange securities held by the local government.

Delivery vs. Payment: A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian. It ensures that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian as evidenced by safekeeping receipts should hold securities.

Diversification: A process of investing assets among a range of security types by sector, maturity, credit rating, and call type or structure. This reduces exposure to risk by combining a variety of investments, which are unlikely to all move in the same direction. GFOA suggests diversifying a city's investment portfolio by limiting investments to avoid exposure to a specific sector, limiting investment in securities with higher credit risks, investing in instruments with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as a local government investment pool, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Ethics and Conflicts of Interest: The California Political Reform Act of 1974 requires certain designated public officials at all levels of government to publicly disclose their private economic interests and requires all public officials to disqualify themselves from participating in decisions in which they have a financial interest. As part of this requirement, local agencies are required to adopt and promulgate a Conflict of Interest Code, with certain required sections. To further promulgate this Code, investment policies sometimes include language requiring the ethical conduct of investment officers and statements regarding refraining from personal business activity that could conflict with the

proper execution and management of the investment program or that could impair their ability to make impartial decisions. To avoid conflicts, GFOA recommends that investment officers disclose material interests in financial institutions with which they do business, disclose personal financial interests that could be related to the performance of the investment portfolio, and refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the local government.

Exemption: Language that grandfathers prohibited investments into the investment policy because they may have been held in the portfolio prior to the prohibition. When these investments mature or are liquidated, the money should be reinvested as provided by the policy and the exemption language should be removed from the policy.

FDIC: Federal Deposit Insurance Corporation is a federal agency that insures bank deposits up to $250,000 per deposit.

General Objectives: The section of an investment policy that illustrates the three main objectives (safety, liquidity, and yield), in order of priority, of a good investment policy. In addition to these commonly included objectives, there are a myriad of other objectives for which an investment policy can strive. Safety is the preservation of principal. Liquidity is how easily an investment may be redeemed for cash. Yield is the current rate of return on a security generally expressed as a percentage of its current price. As per California Government Code Section 53600.5, safeguarding the principal of the funds under its control should be the primary objective of local agencies. Liquidity also should be a principal objective of a portfolio. The portfolio should maintain sufficient liquidity to meet operating requirements. To accomplish this, a local agency can structure a portfolio so that investments mature when cash is needed and also by investing in liquid securities with an active secondary market. Yield should be the last objective an investment portfolio should strive for, behind safety and liquidity. Since there are many different ways for yield to be calculated, the investment policy should specify how it is to be calculated.

Internal Controls: The system used to ensure that the local government assets are protected from loss, theft, or misuse. Such a system should provide a reasonable assurance that such loss, theft, or misuse can be prevented. Examples include separation of duties, delegation of authority, and documentation. GFOA suggests that an internal control system address the following points: control of collusion, separation of transaction authority from accounting and recordkeeping, custodial safekeeping, avoidance of physical delivery of securities, clear delegation of authority to subordinate staff, written confirmation of transactions for investments and wire transfers, and development of a wire transfer agreement with the lead bank and third-party custodian.

Investment Parameters: Specified restrictions on investments to limit the amount of risk in a portfolio. These parameters may be specified in the California Government Code; however, the local agency may choose to further restrict investment options depending on its risk tolerance. Such parameters may include diversification of investments types, percentages, or dollar limits per issuer and setting maximum maturities.

Investment Types: A recitation of the investment types the local agency has been given authority in which to invest. This may be a list of securities allowable under California Government Code Section 53601 et seq., and may be further restricted by the agency itself. For a description of the allowable California local agency investment instruments, please see CDIAC's latest version of its Local Agency Investment Guidelines, available on its website at www.treasurer.ca.gov/cdiac. GFOA recommends the investment in the following types of securities: U.S. government securities and agency obligations; highly-rated certificates of deposit, bankers' acceptances, commercial paper; investment-grade state and local government obligations; repurchase agreements securitized by the previously-mentioned securities; SEC-regulated, dollar-denominated money market mutual funds; and local government investment pools.

LAIF: Local Agency Investment Fund, the State of California's investment pool in which cities, counties and special districts may participate.

Liquidity: A liquid asset is one that can be quickly and easily converted into cash without loss in value.

Market Value: The price at which a security is trading at a point in time. Selling an investment at market value can result in a gain ($500,000 investment sold for $515,000 = $15,000 gain) or loss ($500,000 investment sold for $498,000 = $2,000 loss). Gains and losses are dependent on changes in the current rate of interest as compared to the interest rate of the investment that is being considered for sale.

Marking-to-Market: The act of recording the price or value of a security to reflect its current market value rather than its book value.

Maximum Maturities: Maturity is the date on which the security or obligation is redeemed by the issuer in exchange for cash. California law states that local governments cannot invest in instruments with terms remaining to maturity in excess of five years unless they receive express authority from their legislative bodies to do so. Local governments should attempt to match investment maturities with anticipated cash flow requirements. There is no requirement under California law for local governments to have a weighted average maturity (WAM) restriction for their portfolio, although CDIAC's Local Agency Investment Guidelines suggests that local agencies consider adopting a WAM restriction.

Performance Standards: The criteria by which a stated goal is measured. An investment portfolio's performance and risk exposure should be evaluated against appropriate benchmarks on a regular basis. One standard that should be strived for should be a market rate of return in a given interest rate environment.

Policy Considerations: The local ordinances or other requirements that place restrictions on the policy. Local governments should consider what should be exempted from the policy and also when, or under what circumstances, the policy should be amended.

Pooling of Funds: A statement in the investment policy that except for certain restricted or special funds, cash balances should be consolidated from all funds to maximize investment earnings.

Portfolio: The collection of investment instruments held.

Prudent Investor Standard: Legal maxim that all investments should be made with care, skill, prudence and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the professional management of their business affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Reporting: Presentation of evaluation data or other information to communicate processes, roles, and results. Investment policies should include reporting requirements such as methods of reporting investments, the standards against which investments should be reported, and the requirement for calculating market value.

Reporting Methods: Ways in which investment outcomes are reported including listing of instrument values, dollar value returns, percentage yields, etc. GFOA suggests that local governments prepare investment reports at least quarterly. In California, investment reports are no longer required to be submitted to legislative bodies. This requirement is now permissive. If a local government chooses

to submit an investment report in accordance with California Government Code Section 53646 to their legislative bodies, they are still required to submit copies to CDIAC for the second and fourth quarter of every calendar year until January 1, 2007. GFOA goes on to list some suggested components of investment reports including listing of securities, gains and losses, average weighted yield to maturity as compared to benchmarks, listing of investment by maturity date, and percentage of the total portfolio which each type of investment represents.

Repurchase Agreements: A repurchase agreement is a form of short-term borrowing for dealers in government securities, which are highly valued and thus considered a good source of collateral. The dealer sells the government securities to investors, usually on an overnight basis, and buys them back the following day. Investments in repurchase agreements may be made when the term of the agreement does not exceed one year.

Risk: Two of the most common risks associated with local government portfolio investing are credit risk and interest rate risk. Credit risk is the risk to an investor that an issuer will default in the timely payment of interest and/or principal on a security. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Limiting investment to the safest types of securities, pre-qualifying financial institutions, broker/dealers, and others with which the local agency will do business, and diversifying the number of issuers in an investment portfolio can minimize credit risk. Interest rate risk can be minimized by structuring the portfolio so that investments mature at the same time that cash is required or investing operating funds in highly liquid, shorter-term securities (e.g., U.S. Treasury bills or notes).

Safekeeping and Custody: Rules derived to ensure the safety of an investment and within whose control the investment resides. Some examples include third-party safekeeping, developing lists of authorized financial dealers and institutions, developing internal controls, and using a delivery vs. payment standard for transactions. Local agencies should consider requiring securities to be held by third-party custodians, evidenced by timely statements illustrating the balance held by these custodians.

Scope: The types of funds that the policy covers (e.g., operating funds, bond proceeds, etc.). In general, investment policies cover short-term operating funds. Longer-term funds such as retirement funds are covered by other policies. The investment of bond funds usually is governed by the bond documents such as the trust indenture.

Standards of Care: The degree of care that a reasonably prudent person would exercise in the investment of local agency funds.

RESOLUTION NO. 51-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 85-18 IN ENTIRETY, AND
RE-ESTABLISHING A HARBOR ACCUMULATION FUND RESERVE POLICY**

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

WHEREAS, on October 23, 2018, the City Council adopted Resolution No. 85-18 establishing various reserve policies, including the Harbor Accumulation Fund Reserve Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

WHEREAS, the City Council acknowledges that further review of this policy is warranted when the City has fuller understanding of the necessary investments in capital improvements and asset maintenance at the Harbor and Embarcadero; and

WHEREAS, staff recommends the City Council rescind Resolution No. 85-18 and adopt separate resolutions for each of its financial policies; and

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

1. Resolution No. 85-18 is hereby rescinded; and
2. The "Harbor Accumulation Fund Reserve Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

EXHIBIT "A"

CITY OF MORRO BAY

HARBOR ACCUMULATION FUND RESERVE POLICY

Policy Statement

The City of Morro Bay (City) Harbor Department is responsible for the management of the City's Tidelands Trust stewardship of the State-granted tidelands in Morro Bay, providing for waterfront property and lease management, public service, public safety, and municipal code enforcement on the waterfront, waters and beaches of Morro Bay. The Harbor Department is also responsible for the Harbor facilities maintenance, repair, capital improvement and replacement.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This Harbor Accumulation Fund Reserve Policy ("Policy") is designed to establish guidelines to ensure fiscal stability of the Harbor Fund and provide guidance to staff in the financial management of the Harbor Department.

Purpose

A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to ratepayers, investors, regulatory, and credit rating agencies the City is committed to maintaining the long-run fiscal strength of the Harbor Department. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, rate stability, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the Harbor Department as they help to:

- Maintain the short-term and long-term financial health of the Harbor Department
- Maintain stable user fees for customers and help ensure manageable rate increases
- Fund unanticipated expenditure contingencies, including emergencies
- Ensure funds exist for system and infrastructure improvements
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

Definitions

The Harbor Accumulation Fund Reserve will be classified as an "Unrestricted-Undesignated Reserve." Those moneys may be used for any lawful purpose, as approved by the City Council, and have not been designated for specific capital and operating needs. The following Unrestricted-Undesignated Reserve Policy addresses the level, use and replenishment of those types of unrestricted cash. The Harbor Accumulation Fund Reserve will be accounted for within fund balances held in the Harbor Accumulation Fund.

Unrestricted-Undesignated Reserve Policy

The Harbor Department will have sufficient Unrestricted-Undesignated cash accumulated to maintain or improve its credit ratings, ensure operating and maintenance costs will be paid in a timely manner, pay debt service obligations, invest in needed capital improvements and equipment replacement and other uses on a timely basis. In addition, the Harbor Accumulation Fund Reserve will maintain sufficient cash accumulation to minimize user fee increases and departmental expenditure freezes due to market volatility, economic impacts on demands, contingencies, and regulatory changes.

This Harbor Accumulation Fund Reserve Policy outlines minimum and target funding levels.

Minimum Level: Equal to fifteen percent of annual on-going operating and maintenance expenses based on the most recent adopted budget.

Target Level: Equal to twenty five percent of annual on-going operating and maintenance expenses based on the most recent adopted budget.

Example:

FY 2018/19 Harbor Operating Fund Total Expenditures (on-going annual expenditures)	$1,666,706
Target Level 25%:	x0.25
Target Cash Accumulation	$ 416,677

In calculating the minimum target funding level, one-time expenditures are not considered in the base for determining the operating expenditures. The minimum target funding level is intended to ensure sufficient resources to pay budgeted operating and maintenance expenses, recognizing the timing differences between payment of expenditures and receipt of revenues. It also provides a source of funding to allow the Harbor Department to operate during short-term fluctuations in revenues and expenditures.

Withdrawal & Replenishment of Accumulation Reserves

The Harbor Department will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by City Council during the annual budget process.

To the extent cash in the Harbor Accumulation Fund Reserve is above the target levels, the Council has the flexibility to direct staff to utilize those available funds to pay for capital projects (reducing the need for future debt), or pay down liabilities related to the Trust lands.

Reserve levels below the minimum target reserves would leave the Harbor Department exposed to operational risks. If the City Council authorizes the reserves to fall below the minimum targeted level, then the Harbor Department, in conjunction with the Finance Department will implement plans to return cash accumulation reserves to their minimum target levels within three years and subject to approval by City Council.

Reporting and Oversight

Harbor Accumulation Fund Reserve levels will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. The Harbor Accumulation Fund Reserve minimum and target levels will be analyzed annually by the Harbor Department and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be reported to the City Council as part of the year-end financial report presentation. If Harbor Accumulation Fund Reserve levels need adjustment due to new risk factors or changes in the industry, then that information will be brought to the City Council as part of the year-end report or sooner, as determined by the Finance Department, in consultation with the Harbor Department.

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

RESOLUTION NO. 52-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 19-19 AND
RE-ESTABLISHING THE CITY OF MORRO BAY'S REVENUE POLICY**

**T H E C I T Y C O U N C I L
City of Morro Bay, California**

WHEREAS, the City of Morro Bay wishes to establish Accounting and Financial Reporting policies to direct staff and provide transparency to the Council and Community; and

WHEREAS, those Accounting and Financial policies include a policy regarding Revenue Management; and

WHEREAS, on March 26, 2019, the City Council adopted Resolution No. 19-19 establishing the City of Morro Bay's Revenue and Expenditure policies; and

WHEREAS, staff recommends the City Council rescind Resolution No. 19-19 and adopt separate resolutions for each of its financial policies; and

WHEREAS, the proposed Revenue Policy demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California: Resolution No. 19-19 is hereby rescinded and the "Revenue Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved and hereby established as City policy.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of June, 2021 by the following vote:

AYES:
NOES:
ABSENT:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

EXHIBIT "A"

CITY OF MORRO BAY

REVENUE POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion. As such, it is prudent for the City to establish sound revenue management policies that conform with generally accepted accounting principles and state regulations.

Purpose

The purpose of this policy is to describe the City's key revenue management policies with respect to general revenue management, use of one-time revenues, and use of new revenue sources, so as to guide City staff and City Council in determining recommended use of City revenues.

General Revenue Management

Diversified and Stable Base. The City will seek to maintain a diversified and stable revenue base to protect it from short-term fluctuations in any one revenue source.

Long-Range Focus. To emphasize and facilitate long-range financial planning, the City will maintain current projections of revenues for the succeeding ten years.

Current Revenues for Current Uses. The City will make all current expenditures with current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.

Interfund Transfers and Loans. In order to achieve important public policy goals, the City has established various special revenue, capital project, internal service and enterprise funds to account for revenues whose use should be restricted to certain activities. Accordingly, each fund exists as a separate financing entity from other funds, with its own, expenditures and fund equity.

Any transfers between funds for operating purposes are clearly set forth in the adopted budget and can only be made by the Director of Finance in accordance with the adopted budget. These operating transfers, under which financial resources are transferred from one fund to another, are distinctly different from interfund borrowings, which are usually made for temporary cash flow reasons, and are not intended to result in a transfer of financial resources by the end of the fiscal year.

The Council recognizes that accounting principles for state and local governments discourage the "earmarking" of General Fund revenues, and accordingly, the practice of designating General Fund revenues for specific programs should be minimized in the City's management of its fiscal affairs. Approval of the following revenue distribution policies does not prevent the Council from directing General Fund resources to other functions and programs as necessary.

One-Time Revenues

Once the General Fund Budget is brought into structural balance, one-time resources such as proceeds from asset sales, debt refinancing, one-time grants, revenue spikes, budget savings and similar non-recurring revenue shall not be used for current or new one-time operating expenses. Appropriate uses of one-time resources include replenishment of the Emergency Reserve if needed, replenishment of internal service fund reserves if necessary, pay down of unfunded liabilities, including CalPERS and Other Post-Employment Benefits (OPEB), early retirement of debt, capital expenditures and other non-recurring expenditures.

This policy is intended to ensure that the City maintains a structurally balanced budget and does not use onetime resources to increase the base budget that cannot be sustained by ongoing resources.

Definitions

One-time Resources: resources that the City cannot reasonably expect to receive on an ongoing basis. The source is most likely one-time if any of the following apply:

a. Will not be available the next fiscal year.
b. Has a set ending date such as 12-18 months from date of receipt.
c. Results from a one-time spike.
e. Results from temporary expenditure savings.

One-time resources include bond or debt proceeds, bond-refinancing proceeds, money from the sale of assets, one-time grant funds, budget surpluses, and fund balance.

Use of New Discretionary Revenues

New, discretionary revenues will be treated as one-time revenues for a period of two years (consecutive 24-month period), to establish that they will be permanent, steady and reliable ongoing revenues which can be added to the City's base general fund budget. For the first two years of a new, discretionary revenue, all funds will be used according to the defined one-time revenue uses in the section entitled "One-Time Revenues" above.

Once the General Fund budget is brought into structural balance, a minimum of 10 percent of all new (ongoing) discretionary revenue will be devoted to capital projects including deferred maintenance and infrastructure needs.

Allocation of discretionary revenues is intended to insure the designation of a proportionate and ongoing share of the annual budget for the needed care and construction of infrastructure.

1. This policy applies to the net increase of all discretionary General Fund recurring revenues (e.g., tax revenue, non-fee-based revenue [necessary for providing services]) due to a change in city policy, law, etc. An example would be cannabis tax revenue).

2. The designation of these funds in no way displaces or substitutes for the funds already being budgeted for capital projects.

3. Examples of projects qualifying for funding under this provision include such projects as facility repairs, roof repairs, street repairs, air conditioning repair or replacement, replacement of flooring, elimination of mold, etc.

User Fees and Charges

The City of Morro Bay recaptures, through fees, up to the full cost of providing specific services. Regular and consistent review of all fees is necessary to ensure that the costs associated with delivery of individual services have been appropriately identified, and that the City is fully recovering those costs. It is the City's policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the City Council, or when it is not cost effective to do so.

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.

On July 14, 2015, the City Council established December as the desired index for Consumer Price Index (CPI) and Engineering News Record (ENR) Construction Cost Index for the San Francisco Oakland-San Jose area as the adjusting factor.

Increases to the fee schedule, based either on CPI or ENR increase or as a result of a fee study and update, may be added to the base general fund budget, or other Internal Service Funds (ISF), if used to fund ISF needs (i.e., technology and software needs), immediately following adoption.

Reporting and Oversight

The Departments are responsible for working with the Finance Department and City Manager in identifying new revenue sources and bringing a proposed plan for allocation of new and one-time revenue sources that conforms to this policy to the City Council for consideration and direction.

RESOLUTION NO. 53-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 19-19 AND
RE-ESTABLISHING THE CITY OF MORRO BAY'S EXPENDITURE POLICY**

**T H E C I T Y C O U N C I L
City of Morro Bay, California**

WHEREAS, the City of Morro Bay wishes to establish Accounting and Financial Reporting policies to direct staff and provide transparency to the Council and Community; and

WHEREAS, those Accounting and Financial policies include a policy regarding Expenditure Management; and

WHEREAS, on March 26, 2019, the City Council adopted Resolution No. 19-19 establishing the City of Morro Bay's Revenue and Expenditure policies; and

WHEREAS, staff recommends the City Council rescind Resolution No. 19-19 and adopt separate resolutions for each of its financial policies; and

WHEREAS, the proposed Expenditure Policy demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California: Resolution No. 19-19 is hereby rescinded and the "Expenditure Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved and hereby established as City policy.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of June, 2021 by the following vote:

AYES:
NOES:
ABSENT:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

EXHIBIT "A"

CITY OF MORRO BAY

EXPENDITURE POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize City services in some fashion. As such, it is prudent for the City to establish a sound expenditure policy that conform with generally accepted accounting principles and state regulations.

Purpose

The purpose of this policy is to describe the City's expenditure management practices with respect to general expenditure management, to ensure service levels are maintained and to guide City staff and City Council in obtaining and maintaining a structurally balanced budget.

General Expenditure Management

Service Levels. The City will endeavor to achieve service levels that provide quality of life, public safety and enjoyment to residents, business owners and visitors of the City of Morro Bay in the most efficient manner possible and within the financial means of the City.

Service Delivery. The City will continue to look for and implement the most cost effective and reliable methods of delivering services to the City's residents, business owners and visitors.

Capital Investments. The City will endeavor to maintain all assets at a level that protects capital investments and minimizes future maintenance and replacement costs, if possible.

Risk Management. The risk management program will provide protection against loss and reduction in exposure to liability to the extent possible.

Safety Program. The City will endeavor to establish and maintain a safety program, to ensure that safe working conditions are provided to the City's employees, and to minimize the City's exposure to liability and thereby reduce the number of claims against the City.

General Fund Expenditures

High priority is given to expenditures that will reduce future operating costs, such as increased utilization of technology and equipment and proven business models.

As appropriate, balance will be maintained between budget dollars provided for direct public services and dollars provided to assure good management and legal compliance.

All departments share in the responsibility of looking at and understanding the City's long-term financial viability, its general spending trends, its projected incomes, and educating themselves and all employees on the necessary short-term and long-term balance between revenues and expenditures.

Before the City undertakes any agreements that would create fixed, ongoing expenses, the cost implications of such agreements will be estimated and considered for current and future years.

Organizations and agencies that are not part of the City, but which receive funds from the City, shall not have their appropriation carried forward from year to year unless contractually authorized and directed by City Council. Annual review and reauthorization of funding is required.

Maintenance and Replacement

The City's annual budget process will include a multi-year projection of facilities and vehicle replacement requirements and outline sufficient funding for adequate maintenance and orderly replacement of capital infrastructure and equipment. Future maintenance needs of new infrastructure and equipment will be costed out and included as decision criteria.

Capital Improvements

The City will prepare and maintain a multi-year Capital Improvement Plan (CIP) and update it annually as part of the City's annual budget process. The CIP will be developed in conjunction with the operating budget to ensure that all operation and maintenance costs associated with the new capital improvements are adequately addressed. All capital improvements will be made in accordance with the adopted plan. The City will endeavor to maintain all of its assets at a level adequate to protect the capital investments and minimize future maintenance and replacement costs.

Operating/Capital Expenditure Accountability

It is the City's policy to compare actual expenditures to budget, internally on a monthly basis, and generally on a quarterly basis to be reported to the City Council. If necessary, actions are taken to bring the budget into balance during the quarterly budget updates.

Human Resource Management

Regular Staffing: The budget will fully appropriate the resources needed for authorized regular staffing (full-time or full-time equivalent staffing that are provided benefits) and will limit programs to the regular staffing authorized.

Regular employees are and will continue to be the core work force and the preferred means of staffing ongoing, year-round program activities that should be performed by full-time City employees rather than independent contractors. The City will strive to provide competitive compensation and benefit schedules for its authorized regular work force. Each regular employee will:

- Fill a funded, authorized full-time equivalent (FTE) position.
- Be assigned to an appropriate classification and assigned a bargaining unit or maintain an employment agreement.
- Receive salary and benefits consistent with labor agreements or other compensation plans.

To maintain the growth of the regular work force and overall staffing costs, the City will follow these procedures:

- The Council will authorize all regular positions.
- The Human Resources Division will coordinate and approve the hiring of all regular, part-time and temporary employees.
- All requests for additional regular positions will include evaluations of:
    - The necessity, term and expected results of the proposed position.
    - Staffing and equipment costs, including salary, benefits, equipment, uniforms, facilities, etc.
    - The ability of private industry to provide the service (contract services) and the benefits of hiring in-house staff.
    - Additional revenues or cost savings, which may be realized.
- Periodically, programs will be evaluated to determine appropriate staffing levels.

Temporary Staffing: The hiring of temporary employees will not be used as an incremental method for expanding the City's regular work force.

Temporary, part-time employees include all employees other than regular employees, elected officials and volunteers. Temporary employees will augment regular City staffing as extra-help employees, seasonal employees, contract employees, interns and work-study assistants.

The use of temporary employees is encouraged to meet peak workload requirements, fill interim vacancies, and accomplish tasks where less than full-time staffing is required.

Under this guideline, temporary employee hours will generally not exceed (on a per employee basis) 50% of a regular, full-time position (1,040 hours annually). There may be limited circumstances where the use of temporary employees on an ongoing basis in excess of this target may be appropriate due to unique circumstances or staffing requirements. However, any such exceptions must be approved by the City Manager based on the review and recommendation from the Human Resources Division.

Contract employees are defined as temporary employees with written contracts approved by the City Manager. Contract employees will generally be used for medium-term (generally between six months and two years) projects, programs and activities requiring specialized or augmented levels of staffing for a specific period. Contract employees should not be used for services that are anticipated to be delivered on an ongoing basis.

Independent Contractors: Independent contractors are not City employees. They may be used in two situations:

1. Short-term, peak workload assignments to be accomplished using personnel contracted through an outside temporary employment agency. These employees are always considered to be the employee of the outside employment agency and not the City. All placements through a temporary employment agency will be coordinated through and subject to approval of the Human Resources Division.
2. Construction of Public Works projects and delivery of operation, maintenance or specialized professional services not routinely performed by City employees. Contract awards are guided by the City's purchasing policies and procedures.

Productivity

The City will constantly monitor and review the methods of operation to ensure that services continue to be delivered in the most cost-effective manner possible. This review process encompasses a wide range of productivity issues, including:

A. Analyzing systems and procedures to identify and remove unnecessary review requirements.
B. Evaluating the ability of new technologies and related capital investments to improve productivity.
C. Developing the skills and abilities of all City employees.
D. Developing and implementing appropriate methods of recognizing and rewarding exceptional employee performance.
E. Evaluating the ability of the private sector to perform the same level of service at a lower cost.
F. Conducting periodic formal reviews of operations on a systematic, ongoing basis.
G. Maintaining a decentralized approach in managing the City's support service functions. Although some level of centralization is necessary for review and control purposes, decentralization supports productivity by:
    1. Encouraging accountability by delegating responsibility to the lowest possible level.
    2. Stimulating creativity, innovation and individual initiative.
    3. Reducing the administrative costs of operation by eliminating unnecessary review procedures.
    4. Improving the organization's ability to respond to changing needs, and identify and implement cost-saving programs.
    5. Assigning responsibility for effective operations and citizen responsiveness to the department

Reporting and Oversight

The Departments are responsible for understanding and working within the direction provided in this policy. Departments will coordinate closely with the City Manager, Human Resources Staff and Finance Staff to meet compliance with this policy. To the extent necessary, the City has three-years from date of adoption, to comply with this policy in all respects, but specially to bring the Capital budget process and identification of existing or future funds needed to meet infrastructure maintenance and repair needs. Should the City fall out of compliance with this policy, it is the responsibility of the City Manager, working with all Departments, to bring forward a plan to the City Council to come into compliance with policy stipulations within three years.

RESOLUTION NO. 54-21

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING THE EXTENSION OF THE TEMPORARY MORRO BAY CARES COVID-19 UTILITY DISCOUNT PROGRAM AND EXTENSION OF THE INCREASED DISCOUNT OF 25% OF THE APPROVED RATES FOR ALL ENROLLED UTILITY DISCOUNT PROGRAM CUSTOMERS, THROUGH DECEMBER 2021 BILLING CYCLE**

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

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

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

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

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

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

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

WHEREAS, on September 22, 2020, the City Council adopted Resolution No. 83-20 increasing the maximum discount rate of that utility discount program from 10% to 25%, through the June 2021 billing cycle; and

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

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

1. Customers enrolled in the Morro Bay Cares COVID-19 Utility Discount Program established by Resolution No. 42-20 and 83-20 shall receive the discount through the December 2021 billing cycle, after which the customer will be removed from the program unless the Morro Bay Cares COVID-19 Utility Discount Program is extended by Council action.

2. The increased Utility Discount of 25% provided to qualifying customers by Resolution No. 83-20 is hereby extended through December 31, 2021 billing cycle, at which point the reduction will roll back to 10% unless authorized by Council to continue with the higher reduction amount beyond the December 31, 2021 billing cycle.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of June 2021, by the following vote:

AYES:
NOES:
ABSENT:

_____
JOHN HEADDING, Mayor

ATTEST:

_____
DANA SWANSON, City Clerk

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AGENDA NO: C-2

MEETING DATE: June 22, 2021

Staff Report Addendum

TO: **Honorable Mayor and City Council** **DATE: June 21, 2021**

FROM: **Rob Livick, PE/PLS – City Engineer**
Joe Mueller, Utility Division Manager

SUBJECT: **Approval of Amendment No. 4 to the Water Reclamation Facility Program Management Contract and Authorization for the Public Works Director to Sign the Agreement to Cover Planned Program Management Costs for Fiscal Year 2021/2022**

RECOMMENDATION

Staff recommends the City Council approve, and authorize the City Manager to sign, Amendment No. 4 (Attachment 1) to the existing agreement with Carollo Engineers, Inc., (Carollo), dated April 11, 2018, for continued program management of the Water Reclamation Facility (WRF) Project in an increased amount of $~~5,637,527~~5,454,352 to cover estimated program management scope of work and costs for Fiscal Year (FY) 2021/22.

PROGRAM MANAGEMENT STRUCTURE

At the April 10, 2018 City Council meeting, Carollo was awarded a contract for program management services. When initially hired in April 2018, Carollo provided a detailed scope and budget of $~~292,000~~291,895 for work to be performed between April 11, 2018, and December 31, 2018, and constituted the total Phase 1 program management effort. Each year of the WRF Project thereafter, City staff reviews Carollo's scope and budget for the upcoming fiscal year and presents them to the City Council for review and approval to coincide with the City's annual budget process. That approach allows flexibility as the WRF Project moves through each phase and when new information and WRF Project definition become available. City staff will return to City Council during the budgeting process in spring 2022 to present a budget allocation that will cover the scope of work for Carollo for FY 2022/23.

FISCAL IMPACT

Carollo has developed a Scope of Services, included as Exhibit A (Attachment 2), for program management services through FY 2021/22. For ease of understanding, the amendments are budget allocations for the upcoming fiscal year with remaining funds from current year carrying forward into the next fiscal year. The additional funds necessary to extend these program management services through the end of the FY 2021/22 is $5,454,352~~5,637,527~~. When added to ~~a portion of~~ the estimated carryover from FY 2020/21, the total program management budget for FY 2021/22 will be $~~5,921,000~~5,747,000. A summary of the original contract, Amendment No. 1, Amendment No. 2, Amendment No. 3, and Amendment No. 4 is included in the table below.

Prepared By: RL	**Dept Review:**
City Manager Review: SC	**City Attorney Review: JWP**

Contract Element	Total*
Original Agreement	$291,895
Budget Allocation No. 1	$1,606,948
Budget Allocation No. 2	$2,381,968
Budget Allocation No. 3	$2,073,134
Budget Allocation No. 4	$~~5,637,527~~5,454,352
Total	$~~11,991,472~~11,808,297

*Please note that these numbers differ slightly from the referenced amendment figures in attachment 1. Staff identified a calculation error and has fixed that for Budget Allocation No. 4 and the total amount.

Approval of Amendment No. 4 (Budget Allocation No. 4) will increase Carollo's total allocated budget to $~~11,991,576~~11,808,297. Like Amendment No. 4, all future amendments (budget allocations) will be developed with staff and brought to the City Council for review and approval through the annual budget process.

When initially hired in April 2018, Carollo provided an estimate of $7.64 Million for the entirety of the program management effort (anticipated end date in FY 2022/23) for Carollo and their known sub-consultants and scope at that time. During the development of Amendment No. 2 in November 2019, Carollo revised the total Program Management projection to $9.7 Million. During the Project budget reconciliation completed at the end of Q3 FY 2019/20, the estimate at completion for Carollo was $9.8 Million. It is now anticipated to be $12.~~4~~ 3 Million. None of those estimates would require an increase in the rates paid by the City's water and wastewater customers.

In order to determine the additional budget allocation for Amendment No. 4 (Budget Allocation No. 4), Carollo developed an estimate of the entire program management effort for FY 2021/22 as shown in Exhibit B (Attachment 3). Current expenditures through FY 2020/21 were forecasted based on actual expenditures through Q3 FY 2020/21 and estimates for Q4 FY 2020/21. A summary of the anticipated expenditures through the end of FY 2020/21 and the forecasted program management effort for FY 2021/22 is summarized in the table below. Information for individual tasks is included in Attachment 4.

Description	Value
Current Contract Amount (including Original Agreement, Amendment No. 1, Amendment No. 2, and Amendment 3)	$6,354,049
Expended through FY 20/21 (estimated)(1)	$5,687,609
Remaining Contract (estimated, as of July 2021)	**$666,440**
Contract Amendment Amount (Amendment No. 4)	$~~5,637,527~~5,454,352
Total Contract Remaining after Amendment No. 4	**$~~6,303,967~~6,120,792**
Projected Expenditures for FY 21/22(2)	$~~5,921,000~~5,747,000
Budget to Carry-Over to FY 22/23	**$~~382,967~~373,792**

Notes:
1. Costs include actual charges for Carollo through Q3 FY 2020/2021 and estimates for Q4 FY 2020/2021.
2. Anticipated expenditures are slightly lower yet consistent with the City's FY 21/22 budget for the WRF Project.

Anticipated Work in FY 2021/22

Construction of the WRF (treatment plant) will continue throughout FY 2021/22 with an anticipated 90%+ completion by the end of the fiscal year. Phase 3 (Project Oversight) services will continue to be provided by the Program Manager as well as ongoing elements of Phase 2 (Project Implementation), including supporting stakeholder meetings, project controls, public outreach, and

permitting support. Construction of the Conveyance Facilities commenced in Q3 FY 2020/21 and the Program Manager is providing construction management services for that element of the project as well as archeological investigations and oversight for compliance with cultural resource monitoring requirements. It is anticipated the Conveyance Facilities will be completed by the end of FY 2021/22. The Program Manager has continued hydrogeological analyses, design, and permitting responsibilities related to the potable reuse system (injection wells). These efforts as well as the installation of the pilot injection and monitoring well system will continue through FY 2021/22. Lastly, the Program Manager will execute a number of tasks related to the City's potable reuse and pretreatment ordinance requirements.

CONCLUSION

Staff recommends the City Council approve and authorize the City Manager to execute Amendment No. 4 of the existing agreement with Carollo for continued program management of the Water Reclamation Facility (WRF) Project.

ATTACHMENTS

1. Amendment No. 4
2. Exhibit A (Scope of Services)
3. Exhibit B (FY 2021/22 Budget)
4. Budget Allocation No. 4 Summary

AMENDMENT NO. 4 TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE CITY OF MORRO BAY AND CAROLLO ENGINEER, INC.

This Amendment No. 4 is entered by and among the CITY OF MORRO BAY, a municipal corporation ("City") and CAROLLO ENGINEEERS, INC., a Delaware Corporation ("Consultant"). City and Consultant are sometimes collectively referred to as the "Parties."

RECITALS

WHEREAS, City and ~~the~~ Consultant entered into an agreement as of April 10, 2018, for consulting services related to the Program Management for the Water Reclamation Facility Project (WRF Project), which was approved by the City Council for a total not-to-exceed amount of $292,000 (the "Agreement"); and

WHEREAS, the Parties understood the Agreement was to cover completion of the Project Confirmation phase of the WRF Project (Phase 1); and

WHEREAS, the Parties amended the Agreement on November 27, 2018, to include additional services for a portion of the Project Implementation phase of the WRF Project (Phase 2) and established a total not-to-exceed amount of $1,898,948.00 for the Agreement; and

WHEREAS, the Parties amended the Agreement on November 7, 2019, to include additional services for a portion of the Project Implementation and Project Oversight phases of the WRF Project (Phase 2 and 3) and established a total not-to-exceed amount of $4,280,916 for the Agreement; and

WHEREAS, the Parties amended Agreement on June 23, 2020, to include additional services for Project Oversight phases of the WRF Project (Phase 3) and established a total not-to-exceed of $6,360,378 for the Agreement, and

WHEREAS, the Agreement, the November 27, 2018 amendment, November ~~0~~7, 2019 amendment, and June 23, 2020 amendment are hereinafter referred to as the "Amended Agreement;"~~,~~ and

WHEREAS, the Parties now agree it is time again to amend the Amended Agreement to provide for Consultant's continued Program Management services through the end of Fiscal Year 2021/2022 for continuation of Phase 3; and

WHEREAS, Consultant continues to have specific knowledge and experience to provide Program Management services needed to accomplish necessary tasks to meet the City Council's goals for the WRF Project; and

WHEREAS, City and Consultant will be amending the Amended Agreement annually to align with City's Fiscal Year budget as the need for additional services occurs, as expected by the Parties; and

WHEREAS, due to the expansion of tasks to be provided for the continuation of Phase 3, the compensation payable pursuant to the Amended Agreement must be increased.

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

1. The additional services to be provided by ~~the~~ Consultant, pursuant to the Amended Agreement, as hereby amended, shall include the Scope of Work, as set forth in Exhibit A, attached hereto and incorporated herein by this reference (the "Additional Work"). The Additional Work shall be satisfactorily completed no later than June 30, 2022, unless the Amended Agreement is further amended.

2. The compensation to be paid for the Additional Work that is satisfactorily completed shall (i) be paid in accordance with Exhibit B, attached hereto and incorporated herein by this reference and the rates established by the Amended Agreement on a time and materials basis, and (ii) not exceed $~~52,630~~73,~~527133~~5,454,352, for a total not-to-exceed amount of $~~116,991~~360,~~472378~~11,814,730 for the Amended Agreement.

3. Except as expressly stated herein, all terms and conditions in the Amended Agreement shall remain in full force and effect.

4. The effective date of this Amendment No. 4 shall be deemed to be June 22~~xx~~, 2021.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 4 to be executed by their duly authorized representatives.

CITY OF MORRO BAY
a municipal corporation

By: _____
Scott Collins, City Manager

Dated: June ___, 2021

Attest:

_____
Dana Swanson, City Clerk

CONSULTANT

CAROLLO ENGINEERS, INC.

By: _____
Kyle Rhorer, Vice President

Dated: June__, 2021

By: _____
Ken Wilkins, P.E.,
Its Senior Vice President

Dated: June __, 2021

Approved As To Form:

_____
Chris Neumeyer, City Attorney

Engineers...Working Wonders With Water®

1401 Fulton Street, Suite 802, Fresno, California 93721
P. 559.436.6616 F. 559.436.1191

EXHIBIT A

SCOPE OF SERVICES

This Scope of Services is the fourth budget allocation (Fiscal Year 2021/2022) for the existing agreement executed with Carollo Engineers, Inc., (PROGRAM MANAGER) dated April 11, 2018 to provide Program Management Services to the CITY related to the Water Reclamation Facility Project (PROJECT). The major components of the PROJECT include:

- New Water Reclamation Facility (WRF);
- Offsite facilities including injection wells to facilitate potable reuse via groundwater injection (RECYCLED WATER FACILITIES); and
- New lift station located near the existing wastewater treatment plant (WWTP), a secondary lift station located near Main Street and Highway 1, raw wastewater force main from the lift station to the WRF, potable reuse line to the groundwater injection wells, and treated effluent brine line from the WRF to the existing ocean outfall (CONVEYANCE FACILITIES).

The design and construction of the new WRF is being completed through a design-build process, while the other components of the PROJECT are being and will be delivered via a traditional design-bid-build procurement. The CITY has selected a joint venture between Filanc and Black & Veatch (DB TEAM) for the new WRF; design of the CONVEYANCE FACILITIES was completed by the CITY'S design consultant (Water Works Engineers); and the CONVEYANCE FACILITIES are currently being constructed by Anvil Builders, Inc.. Procurement of a design engineer for the RECYCLED WATER FACILITIES has not yet been initiated.

The duration for the Scope of Services described below is now estimated to be 57 months (4.5 years) in duration, spanning from approximately April 2018 through January 2024. The Scope of Services includes the following elements:

- **Completed**
  - Evaluation of the PROJECT
  - PROJECT implementation
  - Procurement of the WRF design-build team
  - WRF design-build contract negotiations
  - Design of the CONVEYANCE FACILITIES
  - Procurement of the CONVEYANCE FACILITIES contractor
- **Ongoing**
  - PROJECT controls, monitoring, management and reporting
  - Permitting support including land use, biological, Title 22 potable reuse, and cultural
  - Funding support for EPA WIFIA Loan and State SRF Planning Loan
  - Public outreach for WRF and CONVEYANCE FACILITIES
  - Outfall management plan
  - Coastal Development Permit compliance
  - Management of and coordination with other PROJECT consultants (both subconsultants to Carollo and consultants to the City)
  - WRF design-build technical support services
  - WRF design-build management services
  - Construction oversight for the WRF

  - CONVEYANCE FACILITIES technical support services
  - Construction management for the CONVEYANCE FACILITIES
  - RECYCLED WATER FACILITIES Site Planning and Basis of Design through pilot and monitoring well bidding, installation, testing, and hydrogeological modeling analysis
- **New FY21/22 Budget Allocation**
  - Permitting support for the City's new pretreatment ordinance
  - Funding support for State SRF Construction Loan and USBR Title XVI Grant
  - Public outreach for the City's new pretreatment ordinance and for RECYCLED WATER FACILITIES
  - Development of a request for proposals (RFP) for design of the RECYCLED WATER FACILITIES
  - Procurement of the designer for the RECYCLED WATER FACILITIES
  - Technical support services and program coordination during preliminary and final design of the RECYCLED WATER FACILITIES
- **Future Budget Allocation**
  - Start-up and operational support services for the WRF
  - Bidding services for the RECYCLED WATER FACILITIES
  - Construction management for the RECYCLED WATER FACILITIES

The PROJECT will also include the following project activities: Hydrogeological Investigations; Outside Funding Agency Reporting and Coordination; Environmental Permitting/Mitigation; Cultural Resources Permitting, Mitigation and Monitoring; Instrumentation and Controls; and Financial Projection/Rate Analysis. The PROGRAM MANAGER will be responsible for advice, oversight, coordination and management of those activities, as well as other activities related to the PROJECT currently being led or may in the future be led by other CITY's consultants.

The PROGRAM MANAGER was the lead advisor to the CITY for the procurement of the DB TEAM and the contractor for the CONVEYANCE FACILITIES. The PROGRAM MANAGER will be the adviser to the CITY for the procurement of the RECYCLED WATER FACILITIES design engineer and the primary contact with those proposing on that project on behalf of the CITY. The PROGRAM MANAGER's services will be provided by licensed engineers, as required by law, or directly supervised by such a licensed engineer.

Phase 1 (Project Confirmation): Phase 1 of PROGRAM MANAGEMENT was included as part of the previous Scope of Services in the original Agreement. Phase 1 was completed on December 31, 2018. The goal of Phase 1 was to establish a roadmap for the next four years of the PROJECT and successfully bring on-board the DB TEAM for the WRF.

Phase 2 (Project Implementation): Phase 2 of PROGRAM MANAGEMENT was generally included as part of the previous Scope of Services between July 01, 2020 and June 30, 2021. The remaining portion of Phase 2 included in this Scope of Services includes:

- Procurement of the RECYCLED WATER FACILITIES designer
- Bidding services for the RECYCLED WATER FACILITIES
- Program management and coordination support during preliminary and/or final design of RECYCLED WATER FACILITIES from January 2021 to June 30, 2021.

Phase 3 (Project Oversight): The second portion of Phase 3 for PROGRAM MANAGEMENT is included in this Scope of Services. Phase 3 will focus on program controls, funding support, permitting support, construction support and oversight for the WRF, construction management for the CONVEYANCE

FACILITIES, and construction management for the RECYCLED WATER FACILITIES. The remaining portion of Phase 3 will be included in latter Scopes of Service and will continue through January 2024. These services will include:

- FY 22/23 and FY 23/24:
  - Construction support for the WRF from July 1, 2022 to March 2023
  - Construction management as required for CONVEYANCE FACILITIES from July 1, 2022 to August 2022
  - Ongoing program management and coordination support during preliminary and/or final design of RECYCLED WATER FACILITIES from July 1, 2022 to December 2022.
  - Construction management for RECYCLED WATER FACILITIES from January 2023 to January 2024

It is anticipated additional Scopes of Services will be developed for each fiscal year of the PROJECT and will be accompanied by a corresponding budget allocation.

Exhibit B has been provided to show the total level of effort anticipated for the PROGRAM MANAGER for the upcoming FY 21/22.

Tasks for Phase 1 Project Confirmation

Tasks for Phase 1 have been completed. No additional budget allocation will be assigned for this Amendment.

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$266,370	$277,931	$(11,561)	$-	$-	$(11,561)	$266,370

Task 1 – Project Assessment (Complete)

No additional effort will be assigned to this task.

Task 2 – Technical Evaluation (Complete)

No additional effort will be assigned to this task.

Task 3 – Design-Build Procurement Support (Complete)

No additional effort will be assigned to this task.

Task 4 – Project Controls Plan (Complete)

No additional effort will be assigned to this task.

Task 5 – Project Team Integration Plan (Complete)

No additional effort will be assigned to this task.

Tasks for Phase 2 Project Confirmation

Task 6 – Routine Program Update Meetings

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$449,325	$340,468	$108,857	**$219,756**	$300,000	$28,613	$669,081

PROGRAM MANAGER will continue to conduct and attend the following regular meetings to discuss progress, current status, and planned activities with internal PROJECT technical team, CITY staff, and CITY Council for the duration of the PROJECT.

Subtask 6.1 – Project Update Meetings

PROGRAM MANAGER will continue to conduct and attend regular meetings to discuss progress, current status, and planned activities with internal PROJECT team, CITY staff, and contractors for the duration of the PROJECT.

Subtask 6.2 – Internal Project Status Meetings

PROGRAM MANAGER will continue to conduct weekly internal progress meetings to include all members of the internal PROJECT team which consists of PROGRAM MANAGER staff (Carollo) and all PROGRAM MANAGER subcontractors. The primary focus of this meeting is to discuss technical coordination issues and the status of individual projects.

Subtask 6.3 – City Council, CFAC, and WRF Subcommittee Meetings

PROGRAM MANAGER will attend quarterly CITY Council meetings for the PROJECT to communicate the PROJECT progress to the CITY Council. PROGRAM MANAGER will assist CITY staff with development of the Staff Report and will be responsible for preparation of the CITY Council presentation. PROGRAM MANAGER will also attend quarterly Citizen's Finance Advisory Committee (CFAC), weekly WRF Subcommittee meetings, and other meetings as needed and requested.

Subtask 6.4 – Project Monitoring, Reporting and Invoicing

PROGRAM MANAGER will monitor PROJECT schedule and budget, and prepare quarterly progress reports and monthly progress reports on the status of the PROJECT. Monthly progress reports will be submitted with the program management invoicing packages in a format that meets funding reimbursement documentation requirements.

Subtask 6.5 – Budget and Financial Projection Coordination

PROGRAM MANAGER will review and track overall program expenditures and funding reimbursement progress status, and coordinate with the CITY's financial and rate consultant (Bartle Wells and Associates) in order to update the program financial projections on a quarterly basis.

Task 6 Deliverables:

- PROJECT Update Meetings (weekly up to fifty-two [52])

- Internal PROJECT Status Meetings (weekly up to fifty-two [52])
- Meetings: CITY Council (4), CFAC (4) and WRF Subcommittee Meetings (up to 52)
- Monthly Invoices and Progress Reports (monthly up to twelve [12])

Task 7 – Program Management Oversight

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$52,189	$99,691	$(47,502)	**$38,208**	$38,000	$(47,294)	$90,397

Subtask 7.1 – Management and Coordination of Carollo and Subconsultant Resources & Contracts

PROGRAM MANAGER will be responsible for management and coordination of PROGRAM MANAGER's resources and staffing; subconsultants' resources and contracts.

Subtask 7.2 – Management and Coordination of City Consultants Resources & Contracts

PROGRAM MANAGER will be responsible for management and coordination of CITY consultants' resources and contracts.

Task 8 – Program Controls

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$452,606	$459,681	$(7,075)	**$~~217,100~~162,825**	$~~220,000~~165,000	$(9,~~975~~250)	$~~669,706~~615,431

The PROGRAM MANAGER will provide overall program management, administration, and controls for the PROJECT. The PROGRAM MANAGER will manage the following PROJECT components:

- WRF
- CONVEYANCE FACILITIES
- RECYCLED WATER FACILITIES

Items covered under this task include, but are not limited to:

- Scope, budget, and schedule management.
- Interface with the established Project Management Information System (PMIS) in Sharepoint.
- Monthly invoicing and schedule updates.
- Monthly progress report preparation.

Subtask 8.1 – Project Management Information System (PMIS) Development

No additional effort will be assigned to this task.

Subtask 8.2 – Project Monitoring and Stakeholder Reporting

Using the previously developed PMIS, the PROGRAM MANAGER will monitor and report on the status of the PROJECT. PROGRAM MANAGER will monitor the scope, budget, schedule, and risks for both the

PROJECT as a whole as well as the three individual PROJECT components described above. The status for each PROJECT component and the aggregate of the projects will be measured against the PROJECT targets for schedule, budget, quality, and other key performance indicators (KPIs). PROGRAM MANAGER will coordinate with PROJECT team members (i.e., subconsultants, contractors, CITY staff, etc.) to obtain status information and report on the PROJECT activities. Scope, budget, schedule, and risk management updates for each PROJECT component will be provided to the PROGRAM MANAGER by the Project Manager for the three (3) projects. PROGRAM MANAGER will report on the PROJECT status as part of monthly CITY Council update meetings, quarterly CFAC meetings, quarterly WRFCAC meetings, and other outreach efforts (i.e., website, mailings, etc.).

Subtask 8.2.1 – Scope Management

PROGRAM MANAGER will provide overall management and administration of the scope over the duration of the PROJECT. This includes assistance with development of the overall PROJECT scope as a rollup of individual PROJECT component scopes, management of PROJECT scope changes in the context of the overall PROJECT, and monitoring of progress towards the established contract scope targets.

Subtask 8.2.2 – Schedule Management

PROGRAM MANAGER will manage the PROJECT Baseline Schedule, including the schedule for each of the three (3) PROJECT components, and monitor the PROJECT schedules in relation to the baseline schedule for the duration of the PROJECT. Schedules will be managed using Microsoft Project and updated at least bi-weekly in coordination with individual Project Managers. The schedule will be published to the PMIS and integrated with the public outreach tools and with other reports. PROGRAM MANAGER will perform regular reviews of PROJECT activities and schedule and compare progress of critical path activities to the PROJECT schedule. PROGRAM MANAGER will discuss schedule and critical path activities with the CITY at progress meetings and provide monthly schedule updates as part of the PROJECT Monitoring and Reporting task and at quarterly CITY Council meetings.

Subtask 8.2.3 – Budget Management/Cost Control

PROGRAM MANAGER will manage the PROJECT Baseline Budget, including the budget for each of the PROJECT components, and monitor the financial performance of the PROJECT in relation to the baseline budget on a quarterly basis for the duration of the PROJECT. The PROGRAM MANAGER will use information from individual Project Managers and CITY internal costs to compare current financial performance against the baseline budget and schedule. PROGRAM MANAGER will provide quarterly budget updates with cash flow projections at quarterly CFAC and CITY Council meetings.

PROGRAM MANAGER will support the review, processing, and approval procedures for progress payments (i.e., invoices) submitted monthly by Project Managers for each PROJECT component. PROGRAM MANAGER will coordinate with Project Managers and engineering supervisors to support the review and approval process for progress payments. Using the PMIS, PROGRAM MANAGER will document and monitor the progress payments for compliance with contract requirements, process and track the payment approvals, and maintain a current log of contract payments.

Subtask 8.2.4 – Document Management

PROGRAM MANAGER will follow the formal document management approach established for the PROJECT, including use of standard file structures, document naming conventions, and forms/templates for technical memoranda, meeting agendas, minutes, and monthly progress reports established in Phase 1. PROGRAM MANAGER will utilize the PMIS, established under a previous Scope of Services, to support these document management standards, enforce compliance by all PROJECT team members, and provide that PROJECT information is appropriately documented.

PROGRAM MANAGER will continue the administration of the PMIS in support of program management and construction management activities. Administration tasks include end user technical support, user permissions management, and as-need updates to the document management system and associated workflows.

Subtask 8.2.5 – Project Reporting

PROGRAM MANAGER will support timely and effective communications of the PROJECT to CITY stakeholders including, but not limited to, the CITY Council and CFAC through the development of the Quarterly PROJECT Report. Under this task, PROGRAM MANAGER will prepare Monthly Status Reports (with monthly invoices) as well as Quarterly Reports and present the findings in these reports to the CITY Council and CFAC on a quarterly basis. These meetings are detailed in Task 6.

External PROJECT communications to the general public and other non-CITY stakeholders, will be provided as documented in the Public Outreach task (Task 11).

Task 8 Deliverables:

- Project Monthly Status Reports with monthly invoicing (monthly up to twelve [12]).
- Project Quarterly Reports and presentation materials (quarterly up to four [4]).

Task 9 – Funding Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$165,984	$207,797	$(41,813)	**$317,142**	$300,000	$(24,671)	$483,126

Subtask 9.1 – Master Water Reclamation Plan Completion Support

No additional effort will be assigned to this task.

Subtask 9.2 – Title XVI Funding Applications

PROGRAM MANAGER submitted a Title XVI funding application on April 23rd, 2021 for upcoming FY 21/22 to the United Stated Department of Interior Bureau of Reclamation (USBR). Effort included reporting, data collection, graphics, document processing, beneficial use analysis, and coordination with City Staff. Under the WaterSMART Title XVI WIIN Reclamation and Reuse Projects Funding opportunity, the City has the opportunity to re-apply annually for additional funding up to a $20 million funding cap. Preparation of the April 2021 application was not previously included in the Amendment #3 scope or budget, and will be included under this task retroactively. Also under this task, PROGRAM MANAGER will prepare a second Title XVI funding application for FY 22/23 by updating the original application's content which includes but is not limited to addressing USBR comments, updating beneficial use and financial analyses, updating budget costs incurred and projections, and making revisions or include additional content for updated Notice of Funding Opportunity from the USBR.

Subtask 9.3 – Title XVI Funding Coordination and Reporting

PROGRAM MANAGER will provide general support and coordination support to facilitate the grant agreement with the USBR for the Title XVI grant throughout the remainder of the fiscal year. Services include:

- Participation in routine coordination meetings with USBR staff
- Coordination with City finance department and City Staff in providing necessary documentation as to facilitate grant agreement.
- Responses to questions and providing clarification regarding the City's Title XVI application.
- Support for finalizing a funding agreement with USBR for the WaterSMART Title XVI WIIN Reclamation and Reuse Projects Funding opportunity.
- Preparation and submittal of project progress quarterly reports.

Subtask 9.4 – WIFIA Funding Coordination and Reporting

PROGRAM MANAGER will provide general support the WIFIA loan agreement in coordination with other funding agreements to continue disbursements from the WIFIA program. Services include:

- Participation in necessary coordination calls with WIFIA staff
- Coordination with City staff regarding loan disbursements
- Coordination and organization of required forms and documentation for WIFIA loan disbursements.
- Responses to questions and general support of WIFIA loan agreement in coordination with other funding agencies and mechanisms.
- Preparation and submittal of project progress quarterly reports.

Subtask 9.5 SRF Funding Coordination and Reporting

PROGRAM MANAGER will provide general support to continue facilitating a CWSRF planning loan agreement and begin facilitating a CWSRF construction loan agreement by providing coordination services with CWSRF staff throughout the fiscal year. Services will include:

- Participation in regular, weekly coordination calls with CWSRF staff;
- Responses to questions regarding the CITY's CWSRF application;
- Providing general support for finalizing a funding agreement with CWSRF;
- Submittal of program progress reporting documents in acceptable formats;
- Coordinating with CWSRF on disbursement requests and documentation requirements.
- Preparation and submittal of project progress quarterly reports.

Subtask 9.6 – Reconciliation of Accounts for Invoice Reporting

PROGRAM MANAGER will provide account management support to the City finance department with regards to costs incurred to date and eligible costs to be reimbursed by CWSRF program. In coordination with the City, PROGRAM MANAGER will make recommendations to the City's current invoicing and accounting workflow process so that eligible expenses of past and future incurred expenses are appropriately coded, tracked, and documented for streamlined reimbursement by CWSRF.

Subtask 9.7 –SRF Loan Support for Recycled Water Facilities

PROGRAM MANAGER will provide necessary coordination with SWRCB staff to include the financial documentation and general information regarding the recycled water facilities and supporting linear infrastructure for the SRF construction loan application.

Task 9 Deliverables:

- FY 20/21 Title XVI Grant Application (submitted April 23, 2021).
- Updated FY 21/22 Title XVI Grant Application (assumes the Notice of Funding Opportunity will be issued by the Bureau of Reclamation).
- Preparation and submittal of project progress quarterly reports to each funding agency.

Task 9 Assumptions:

- Twelve (12) monthly coordination calls will be held with Title XVI staff, in addition to regular email communication.
- Twelve (12) monthly coordination calls will be held with WIFIA staff, in addition to regular email communication.
- Twelve (12) monthly coordination calls will be held with CWSRF staff, in addition to regular email communication.

Task 10 – Permitting Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$944,864	$1,104,891	$(160,027)	**$741,270**	$580,000	$1,243	$1,686,134

Subtask 10.1 – Land Use Permitting and Biological Monitoring

This task includes all coordination and management of resource regulatory agency permitting for the PROJECT, as well as any other land use permitting that may be needed. PROGRAM MANAGER will coordinate these efforts, and work with members of the PROJECT technical team, and CITY staff to prepare these permit applications.

Subtask 10.1.1 – Resource Regulatory Agency Permitting

The PROJECT requires a variety of permits from State and federal resource regulatory agencies. A Streambed Alteration Agreement (SAA) for the WRF was executed in coordination with the California Department of Fish and Wildlife. It was determined that a SAA for the CONVEYANCE FACILITIES components of the PROJECT is not needed. The additional effort needed to secure the SAA permits for the final RECYCLED WATER FACILITIES is not included in this scope but will be the responsibility of the design consultant.

Subtask 10.1.2 – Land Use Permitting

The PROJECT will require a variety of permits from State and federal land use permitting agencies.

Key land-use permitting agencies for the PROJECT will include:

- California Coastal Commission (CCC) Coastal Development Permit (CDP)
- California Department of Transportation (Caltrans) Encroachment Permit

The PROJECT pursued a consolidated CDP from the CCC. On July 11, 2019, the CCC approved a CDP for the PROJECT.

A Caltrans encroachment permit is needed since pipelines will be located within the Caltrans right-of-way (i.e., Highway 1 onramp from Atascadero Rd.). The CONVEYANCE FACILITIES design engineer and PROGRAM MANAGER submitted the encroachment permit application in 2020. Continued coordination with Caltrans is required for encroachment into their right-of-way for archeological investigations.

Subtask 10.1.3 – Annexation

No additional effort will be assigned to this task.

Subtask 10.1.4 – Monitor Procurement

The FEIR and Final Biological Opinion (BO) with United States Fish and Wildlife Service (USFWS) requires biological monitoring for all elements of the PROJECT. Biological monitoring for the WRF is being done by Kevin Merk Associates (KMA) as a subconsultant to the PROGRAM MANAGER. The PROGRAM MANAGER has included an additional allowance of $50,000 to provide services of the lead biologist to perform biological resources services between July 1, 2021 and June 30, 2022.

For the CONVEYANCE FACILITIES and RECYCLED WATER FACILITIES, the biological monitoring is directly contracted with the CITY.

Subtask 10.2 – Title 22 Potable Reuse and Pretreatment Ordinance Support

Subtask 10.2.1 – Title 22 Engineer's Report

A Draft Engineer’s Report that included the Enhanced Source Control Plan (ESCP) was developed in FY 20/21 and submitted to the State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW) for preliminary review. DDW has provided comments that need to be incorporated into the Engineer’s Report. Additionally, the draft did not include the required hydrogeology sections, which are still being developed by GSI.

Work in FY 21/22 by PROGRAM MANAGER will include coordination with the GSI in developing the proposed injection plan and locations, and review of GSI deliverables. The GSI deliverables will then be

incorporated into a revised draft Engineer's Report, which will also include changes made to incorporate DDW comments. A series of meetings and coordination with DDW is expected to arrive at the final Engineer's Report that will be approved by DDW and incorporated into the Report of Waste Discharge for the potable reuse facilities.

Subtask 10.2.2 – Report of Waste Discharge (ROWD)

Subtask 10.2.2.1

A ROWD was prepared in FY 20/21 for the NPDES permit renewal for the new WRF facility and the new discharge characteristics. Work in FY 21/22 will focus on working with the City and the RWQCB as the new NPDES permit is developed. Anticipated work includes meetings, answering questions, commenting on administrative draft and draft permits to obtain a new NPDES permit prior to startup of the WRF.

Subtask 10.2.2.2

A new ROWD will be required for the groundwater recharge elements of the potable reuse program. PROGRAM MANAGER will prepare the ROWD for review and approval by the RWQCB. The potable reuse ROWD will encompass the Title 22 Engineer's Report and will require coordination with DDW in conjunction with the RWQCB.

Work in FY 21/22 by the program management team will include coordination with the GSI in developing the proposed injection plan and locations and review of GSI deliverables. PROGRAM MANAGER will prepare the ROWD and will coordinate with DDW and RWQCB for obtaining the waste discharge requirements (WDR) for potable reuse.

Subtask 10.2.3 – Brine Analysis and Management

No additional effort will be assigned to this task.

Subtask 10.2.4 – Permitting Guidance and Regulatory Meetings

Up to four (4) meetings with DDW and the RWQCB have been included in this Scope of Services.

Subtask 10.2.5 – Start up and Commissioning Support

In order to obtain a permit to operate the new potable reuse facilities, the WRF will have to demonstrate compliance with all Title 22 standards for groundwater recharge. PROGRAM MANAGER will coordinate with the FBV Design Build team on these activities. Carollo will provide input and review FBV's summary of startup activities to prove water quality performance. This plan and the results of the demonstration of compliance will be submitted to DDW for final approval.

Also prior to permitting the potable reuse facility for operation, DDW requires an Operations Optimization Plan (OOP) to be submitted for approval. PROGRAM MANAGER will prepare the OOP in coordination with FBV and DDW.

Subtask 10.2.6 – Pretreatment/Source Control Program

As a result of the CITY's requirements concerning the new Enhanced Source Control Program, the PROGRAM MANAGER will provide the permitting and pretreatment activities described below.

Subtask 10.2.6.1 - Generic Permit Application for Class G and Class S Users

PROGRAM MANAGER shall develop permit application for Class G (general) dischargers and Class S (Significant Industrial Users (SIUs). No permit application will be needed for Class F dischargers (food facilities), and there will be a single permit for all Class G and Class S applicants. The CITY's Sewer Use Ordinance (SUO) will be reviewed to ensure that the discharge permit application will be consistent with SUO language. Feedback from the CITY on the draft permit application will be incorporated into the final permit application. Outreach support by subconsultant (Katz and Associates) could be provided as desired by the CITY.

Deliverables:

- Draft permit application
- Final permit application
- (Proposed Outreach Task) Make the permit application available on the CITY's website
- (Proposed Outreach Task) Assist the CITY with mailing permit applications to identified businesses

Subtask 10.2.6.2 Develop 8 Permit Templates

PROGRAM MANAGER shall develop permit templates for the following eight types of dischargers: Class F (food facilities), Class G (Oyster cultivation, Automobile restoration, RV or boat pump-out stations, Brewery/winery, Car wash, Dry cleaner, Mortuary). Anticipated activities include:

a. Review completed permit applications for the Class G users
b. Review the CITY's SUO to ensure that the discharge permit templates will be consistent with SUO language.
c. Include prohibitions, requirements, and/or best management practices (BMPs) unique to each discharger type on each discharge permit template.
d. Incorporate feedback from the CITY on the draft permit templates into the final permit templates.

Deliverables:

- Eight (8) draft permit templates and contact letter
- Eight (8) final permit templates and contact letter

Subtask 10.2.6.3 - Develop Permitting Fees for Class F, Class G, and Class S Users

PROGRAM MANAGER shall develop a fee schedule for the permit applications (Class G and S) as well as annual fees assessed to each IU (Class F, Class G, and Class S). The fee schedule will be developed with the intent to collect all labor and consultant costs needed to maintain the CITY's oversight of IUs. Anticipated activities include:

a. Review estimated staff hours required to process initial permit applications to determine appropriate application fee amount.
b. Review estimated staff hours required for tasks and duties associated with permitting to determine appropriate permit fee amount.
    - Determine preparation costs to develop the permit, annual site inspections, laboratory costs, and material costs, and the costs of any routine monitoring and laboratory testing of the IU.
    - Fees will also be established for initial enforcement correspondence (i.e., notices of violation) and cost recovery fees for enforcement-related activities (staff call-outs for sewer blockages, additional lab fees for repeat sampling, etc.).
c. Obtain input from the CITY on initial proposed application fee and permit fee.
d. Outreach support by subconsultant could be provided as desired by the CITY.

Deliverables:

- Application fee and permit fee amounts to be included on permit applications
- (Proposed Outreach Task) Make application fee and permit fee amounts available on the CITY's website with instructions on how to pay.

Subtask 10.2.6.4 - Permit SIUs, Site Visits

PROGRAM MANAGER shall develop Class S permits for the CITY's two SIUs (Mission Linen and Culligan Water). Anticipated activities include:

a. Review completed permit applications for the two SIUs
b. Establish site-specific prohibitions, requirements, and/or BMPs unique to Mission Linen and to Culligan Water and include on each permit.
    - Establish sampling program and schedule for each SIU
    - Establish reporting requirements for each SIU
    - Establish inspection schedule for each SIU
c. Review the CITY's SUO to ensure that both discharge permits will be consistent with SUO language.
d. Incorporate feedback from the CITY on the draft permits into the final permits for each SIU.

Visit each SIU site for pre-permit-issuance inspection

a. Develop inspection checklist
b. Accompany CITY staff on site visits

Issue Class S permits to the CITY's two SIUs

a. Organize the initial permitting activities

Deliverables:

- Two (2) draft permits
- Two (2) final permits
- Assistance to the CITY with issuance and delivery of permits to Mission Linen and Culligan Water.

Assumptions:

- Assisting the CITY with potential permit appeals, modifications, revocations or suspensions, and/or reissuance is not included with this Amendment but could be added to scope at a later time.

Subtask 10.2.6.5 - Update Industrial Waste Survey

PROGRAM MANAGER shall establish procedures and workflow for updating the Industrial Waste Survey (IWS), which would include:

- Develop a dynamic IU inventory spreadsheet
- Identify Public Works Department personnel to manage updates to the IWS Master List
- Determine the Administrative Services Division's business license issuance process and develop a flow chart and schedule for communication and data sharing between the Public Works Department and the Administrative Services Division.
- Generate procedures for making a determination on whether or not to classify the business as an IU (Class F, Class G, or Class S), adding information to the IWS master list, requesting that businesses submit a wastewater discharge permit application, and scheduling inspections prior to issuance of the discharge permit.
- Trigger 12-month notifications/reminders to update records based on the business license renewal date. PROGRAM MANAGER shall update the IWS Master List.

- Call the businesses that could be potential significant dischargers, complete the IWS survey form, assign an industrial user category, and input the data into the Master List.

Deliverables:

- Updated dynamic IU inventory as an Excel spreadsheet
- Workflow, procedures, checklists for updating the IWS on a regular schedule
- Online workshop to explain procedures

Assumptions:

- Any follow-up activities, such as inspections and permit development, will be the responsibility of the CITY.

Subtask 10.2.6.6 - Inspect and Permit All Class G Users

PROGRAM MANAGER shall visit all 22 Class G user sites for pre-permit-issuance inspection

a. Develop inspection checklist
b. Accompany CITY staff on site visits

PROGRAM MANAGER shall issue Class G permits (developed in Task 2) to the CITY's Class G users

a. Organize the initial permitting activities
b. Review the IWS to determine the complete list of Class G users
c. Stagger the permit start dates so that a manageable schedule is developed. This will optimize staff time utilization for the renewal process that will proceed in future years.

Deliverables:

- Assistance to the CITY with issuance and delivery of permits to all Class G users

Assumptions:

- Assisting the CITY with potential permit appeals, modifications, revocations or suspensions, and/or reissuance is not included with this Amendment but could be added to scope at a later time.

Subtask 10.2.6.7 - Inspect (5/187) and Permit (20/187) Class F Users

PROGRAM MANAGER shall visit five (5) Class F user site for pre-permit-issuance inspection

- Develop inspection checklist
- Accompany CITY staff on five (5) site visits

PROGRAM MANAGER shall issue Class G permits (developed in Task 2) to 20 of the CITY's Class F users, as follows:

a. Organize the initial permitting activities
b. Review the IWS to determine the complete list of Class F users
c. Stagger the permit start dates so that a manageable schedule is developed. This will optimize staff time utilization for the renewal process that will proceed in future years.

Deliverables:

- Assistance to the CITY with issuance and delivery of permits to all Class G users

Assumptions:

- CITY staff will perform the remaining Class F inspections and will issue the remaining Class F permits
- Assisting the CITY with potential permit appeals, modifications, revocations or suspensions, and/or reissuance is not included with this Amendment but could be added to scope at a later time.
- CITY staff will prepare notification packets to accompany permits

~~Subtask 10.2.6.8 - Outreach – Website and Fact Sheets~~

~~PROGRAM MANAGER and Outreach Subconsultant shall perform outreach as follows:~~

~~1. Regular industry meetings: introduction to the new permitting program and the AWPF~~
   ~~a. Two meetings for Class F users~~
   ~~b. Two meetings for Class G users~~
~~2. Residential and other businesses outreach:~~
   ~~a. Development of two flyers (to go out with bills) about the AWPF and what to flush – one for January 2021 and one for August 2021.~~
~~3. ESCP webpage: morrobaywrf.com/pretreatment~~
   ~~a. General info on pretreatment and ESCP being enhanced for the AWPF. Link to SUO and description of changes for industries and residents.~~
   ~~b. Information page for F and G industries, other businesses, and SIUs~~
      ~~▪ Download permit applications~~
      ~~▪ Link to information on FOG~~
   ~~c. Information for residents:~~
      ~~▪ General information/ graphics on what not to flush to protect environment and AWPF~~
      ~~▪ Links to utility bill insert flyers~~
      ~~▪ Links to existing county disposal programs~~

~~Deliverables:~~

- ~~Single page flyer, sent as utility bill inserts (4)~~
- ~~Development of a pretreatment homepage/portal on the WRF website with a page for industry/businesses, and a page for residents. (3 web pages in total, plus links to external sites and several PDFs)~~
- ~~Industry meetings (4)~~

Subtask 10.2.6.9 - Review/Compile Industrial Self-Monitoring

PROGRAM MANAGER shall receive and review all self-monitoring sampling data and compliance reports from Class F, Class G, and Class users as required by the SUO and/or wastewater discharge permits. Proposed activities include:

a. Enter and compile data into a spreadsheet/database
b. Review lab reports
c. Compare data with any applicable limits, prohibitions, and requirements to determine compliance.

Deliverables:

- Spreadsheet tool that CITY staff can use for compiling and reviewing industrial self-monitoring data moving forward.
- Self-monitoring data for six months.

Subtask 10.2.6.10 - Management and Procedures Manual

PROGRAM MANAGER shall develop a pretreatment program management and procedures manual and checklist including the following elements:

a. Introduction the Pretreatment Program
   - Industrial Waste Survey (established in Task 5)
   - Legal Authority - understanding the SUO and ERP

- Technical Information – monitoring plant performance, effluent and sludge limits, and review of the narrative limits established in the SUO
- Monitoring Program - Scheduled and unscheduled monitoring, investigative monitoring, industrial self-monitoring, laboratory considerations and chain-of-custody
- Program Organization, costs, and revenue - organization chart and staffing requirements, program costs and funding mechanisms

b. Ongoing activities
   - Monitoring IUs - sampling, inspection, self-monitoring, and reporting – all surveillance activities needed to ensure continuing compliance by IUs with pretreatment standards and requirements. SIU inspection and monitoring schedule
   - Administering the Program – outreach activities, permitting industries, identifying new industries, evaluating self-monitoring reports, and planning staff and equipment requirements. Administering the program also includes providing funds and staff to carry out the program, including training. Working with users, answering questions, and providing guidance on pretreatment equipment are importance activities to help IUs achieve compliance.
   - Undertaking Compliance Activities – enforcing compliance through administrative and legal remedies. Responding to instances of noncompliance in a timely manner and documenting records of violations and efforts to obtain compliance.
   - Record Keeping – Because the CITY's pretreatment program is not an EPA-approved program, the CITY does not have the same reporting obligations that an approved program would have. However, regular record-keeping on the program can show the program's effectiveness. Records can be kept documenting program status, activities performed during the year, and records of any SIUs found to be in significant noncompliance.
   - Program Updates – periodically reevaluate the need for local limits and update the industrial waste survey.

Deliverables:

- Draft multi-chapter pretreatment program manual and checklist
- Final multi-chapter pretreatment program manual and checklist

Subtask 10.2.6.11 - Staff Training

PROGRAM MANAGER shall conduct staff training as follows:

1. Develop a presentation based on all project tasks and procedures
2. Distribute all needed materials related to the CITY's ESCP program
3. Provide training for CITY staff to go over the Management and Procedures Manual

Deliverables:

- Video conference or in-person training session with CITY staff (3 hours)

Subtask 10.2.6.12 - Meetings

PROGRAM MANAGER shall schedule and hold periodic check-in meetings with CITY staff to discuss data needs and give updates on progress.

Deliverables:

- Check-in meetings (ongoing)

Subtask 10.2.6.13 - Coordination

PROGRAM MANAGER shall conduct internal coordination to facilitate the completion of the other project tasks.

Subtask 10.3 – SAFE System

No additional effort will be assigned to this task.

Subtask 10.4 – Archeological/Paleontological Monitoring and Tribal Representation

Subtask 10.4.1 – Programmatic Agreement Coordination

The CITY finalized a Programmatic Agreement (PA) with the State Historic Preservation Office (SHPO) in November 2019. The PA requires the following:

- Monitoring Plan for the CONVEYANCE FACILITIES (referred to as Phase 2 in the PA)
- Pre-Construction Archeological Study for the CONVEYANCE FACILITIES (referred to as Phase 2 in the PA)
- Monitoring Plan for the RECYCLED WATER FACILITIES (referred to as Phase 3 in the PA)
- Pre-Construction Archeological Study for the RECYCLED WATER FACILITIES (referred to as Phase 3 in the PA)

While these items will be prepared by Far Western, who is directly contracted with the CITY, the PROGRAM MANAGER will review and coordinate Far Western's activities.

Subtask 10.4.2 – Archeological/Paleontological Monitoring and Tribal Representation

The FEIR and PA require archeological/paleontological monitoring and tribal representation for the construction for all phases of the PROJECT. While this work is being managed by the WRF Design-Build Team for the WRF, the monitors and representatives for the CONVEYANCE FACILITIES and RECYCLED WATER FACILITIES components of the PROJECT are contracted directly with the CITY.

Task 10 Assumptions:

- Scope of Services includes coordination with regulatory agencies, CITY, and COUNTY and does not include any supplemental CEQA studies or environmental documents in addition to the FEIR and the FEIR Addendum.

Task 10 Deliverables:

- Final Title 22 Engineering Report
  - Current Percent Complete (end of FY20/21) = 65 percent
  - Anticipated Percent Complete (end of FY20=21/22) = 100 percent
- Draft ROWD – Ocean Discharge
  - Current Percent Complete (end of FY20/21) = 90 percent
  - Anticipated Percent Complete (end of FY21/22) = 100 percent
- Final ROWD – Ocean Discharge
  - Current Percent Complete (end of FY20/21) = 0 percent
  - Anticipated Percent Complete (end of FY21/22) = 100 percent
- Draft ROWD – Indirect Potable Reuse
  - Current Percent Complete (end of FY20/21) = 0 percent
  - Anticipated Percent Complete (end of FY21/22) = 50 percent

- Final ROWD – Indirect Potable Reuse
  - Current Percent Complete (end of FY20/21) = 0 percent
  - Anticipated Percent Complete (end of FY21/22) = 0 percent

Task 11 – Public Outreach

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$472,169	$439,557	$32,612	~~$426,568~~297,668	$~~449,000~~330,000	$~~10,180~~280	$~~898,737~~769,837

The PROJECT is not only a significant undertaking for the CITY, but it is also a highly visible program throughout the CITY that impacts customers, residents, business owners, community leaders, elected officials, regulatory authorities, and funding partners. Clear, timely, and informative communication is instrumental to encouraging trust and collaboration for the successful completion of the PROJECT.

Subtask 11.1 – Public Outreach Plan

No additional effort will be assigned to this task.

Subtask 11.2 – Public Outreach (FY 18/19)

No additional effort will be assigned to this task.

Subtask 11.3 – Weekly Coordination Meetings

Weekly virtual (and as-needed in-person; 6 assumed) coordination meetings will continue to be conducted with the PROGRAM MANAGER's public outreach team and the CITY.

Subtask 11.4 – Public Outreach (FY 19/20)

No additional effort will be assigned to this task.

Subtask 11.5 – Public Outreach Activities ~~(Website, Office Hours, Notices, Events)~~

~~**Subtask 11.5 includes the anticipated notifications and materials to be developed and used during FY 21/22 and will include the following components:**~~

~~**Notifications**~~

~~**Phone Line and Community Inquiries**~~

~~**Website Update and Management**~~

The primary and most critical objective of current public outreach and communications efforts is to communicate clearly and proactively about Water Reclamation Facility Program construction – primarily the Water Reclamation Facility Pipelines.

Below is a summary of activities budgeted for FY21/22:

Construction Outreach

- **Construction notification development and deployment:** Maintain as core activity
- **Informational materials development and deployment:** Maintain as as-needed activity, including bi-monthly construction progress video development
- **One-on-one business outreach:** Maintain with understanding that Project Manager will support from a project coordination perspective; consider that business resource documents developed and deployed in 2021 will be final versions
- **WRF website management:** Maintain as core activity with understanding that community members visit website for information; assumes management of interactive map by Program Management team
- **WRF e-blasts and email list management:** Maintain as core activity with understanding that community members sign up to receive e-blasts
- **WRF phone line/email/website form inquiry management:** Maintain as core activity with understanding that community members call and email team with questions about program and construction
- **Media relations:** Maintain as as-needed activity
- **Monthly virtual community meeting planning and implementation:** Remove due to limited stakeholder attendance; repurpose information into monthly look-ahead presentation during Council meeting without staffing from Outreach team

Program Communication

- **Potable reuse communication:** Maintain with assumption that content prepared can be used once approved by Program Management team

Team Coordination

- **Project meeting attendance:** Maintain as core method to obtain understanding of current construction activities
- **Issues communication:** Maintain as core method of understanding unique project circumstances that require communications strategy or sensitivities

~~Efforts under this Subtask will be adjusted and applied as necessary to address the various PROJECT components (WRF, CONVEYANCE FACILITIES, RECYCLED WATER FACILITIES.)~~

Subtask 11.5.1 – Notifications

Quarterly utility bill newsletter inserts will be used to keep the community updated on the status of the CONVEYANCE FACILITIES component of the PROJECT after construction begins in October 2020. Newsletters will be brief, and professionally designed with both text and visual elements to convey technical concepts and address known questions. Content for these CITY-wide bill inserts will be provided by the PROGRAM MANAGER in English and Spanish.

Direct email will continue to be used to reach a broad base of business owners in advance of meetings and events, and to provide PROJECT updates throughout the construction of the CONVEYANCE FACILITIES component of the PROJECT. Email notifications can include links to website information and can include visual elements like photos and maps. Email contact information will be collected during

meetings, public outreach efforts, and subscriptions to the PROJECT website. It is estimated that up to four email newsletters will be developed.

Subtask 11.5.2 – Phone Line and Community Inquiries

An information line has been established and will continue to be used and monitored by the PROGRAM MANAGER for public inquiries. All inquiries will be logged and organized by topic and responded to in a timely manner. The information line developed in FY 18/19 is 877-MORROBAYH2O.

The information line tracking log will be saved on the PMIS in SharePoint for internal access.

Subtask 11.5.3 – Website Update and Management

A new PROJECT website was recently launched in spring 2020. The website will serve as the online hub for PROJECT updates and materials and will serve as the go-to source of information about the PROJECT. A designated page was developed on the website for construction notices and schedule information. However, the CITY and PROGRAM MANAGER have determined the need for additional content for the website including:

- Information on the potable reuse elements of the PROJECT (i.e., technology selection, regulatory requirements, etc.)
- Information to support the CITY's new ESCP

These content updates will be made under this Scope of Services.

Task 11 Deliverables:

- As-needed bill insert newsletters
- Monthly email notifications.
- As-needed social media content
- New website content for potable reuse and support of the ESCP
- Updates to the public inquiry log

Task 11 Assumptions:

- CITY to print all materials and provide postage for any mailings
- CITY to provide updates to the PROJECT website in the form of regularly uploading reference material
- CITY to pay monthly subscription fees for the information line
- Site tour / milestone activity support is not included
- Pre-treatment ordinance communication support is not included
- Injection well communication support will be provided in a future amendment (FY 22/23)
- Completion event support will be provided in future amendment (FY 22/23)

Task 12 - Conveyance Facilities Design Oversight

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$243,243	$252,392	$(9,149)	$-	$-	$(9,149)	$243,243

Subtask 12.1 – General Design Oversight Services

No additional effort will be assigned to this task.

Subtask 12.2 – Subsurface Utility Investigations

No additional effort will be assigned to this task.

Subtask 12.3 – Bidding Support Services

No additional effort will be assigned to this task.

Task 13 – WRF Onsite DB Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$517,144	$483,493	$33,651	**$40,436**	$40,000	$34,087	$557,580

Subtask 13.1 – Design Build Kick-Off Meeting

No additional effort will be assigned to this task.

Subtask 13.2 – Design-Build Team Meetings

No additional effort will be assigned to this task.

Subtask 13.3 – Design Oversight

No additional effort will be assigned to this task.

Subtask 13.4 – Major Equipment Procurement Support

No additional effort will be assigned to this task.

Subtask 13.5 – Major Subconsultant Procurement Support

No additional effort will be assigned to this task.

Subtask 13.6 – Process Site Visits

No additional effort will be assigned to this task.

Subtask 13.7 – General Technical Support

PROGRAM MANAGER will provide engineering support in the review of the remaining technical submittals and/or issues related to the WRF. PROGRAM MANAGER will utilize all necessary technical disciplines to respond to requests for clarification, perform design reviews, provide third party cost estimates, or other technical support as required by the submittals.

Task 13 Deliverables:

- NA

Task 13 Assumptions:

- NA

Task 14 – Outfall Management Plan

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$307,863	$217,591	$90,272	**$75,872**	$100,000	$66,144	$383,735

The CITY's existing outfall was constructed in 1981. It replaced the original 1,760 linear foot (LF), 18-inch diameter outfall constructed in 1953 with 5,160 LF of 27-inch diameter pipeline consisting of 708 LF of reinforced concrete pipe (RCP) and 4,452 LF of mortar lined and coated welded steel cylinder pipe (WSP). The most downstream portion of the WSP has a 170 LF section that contains 34 diffuser ports spaced 5-feet on center with alternating orientations at the 10:00 and 2:00 o'clock positions. The CITY conducted an outfall inspection in 2011 that identified that there was approximately 30 cubic yards of sediment that had accumulated in the outfall since it was placed into service.

The purpose of this task is to develop an Outfall Management Plan (OMP), which is a requirement of the CDP issued by the CCC. The OMP will need to address long-term management of the outfall and identify any modifications that will be needed to accommodate the change in the quantity and quality of effluent produced by the WRF and discharged through the outfall. It will also identify any capital improvements needed to preserve and extend the outfall's service life.

This task includes the following subtasks:

- Condition Assessment
- Hydraulic Analysis
- Dilution Modeling

Subtask 14.1 – Outfall Assessment Plan

No additional effort will be assigned to this task.

Subtask 14.2 – Condition Assessment

No additional effort will be assigned to this task.

Subtask 14.3 – Hydraulic Assessment

The purpose of this subtask is to assess outfall hydraulics and to support the dilution modeling described in Subtask 14.3. The PROGRAM MANAGER will perform the following activities to complete this subtask:

- Use the SWMM-based hydraulic model to evaluate up to four (4) additional scenarios to simulate hydraulic conditions during a range of flows to support corrections or changes due to the WRF project and/or to address NPDES comments.

Subtask 14.4 – Dilution Modeling

The purpose of this task is to conduct dilution modeling of the CITY's ocean discharge to calculate the dilution factor that will be used for the CITY's NPDES permit. The PROGRAM MANAGER will perform the following activities to complete this subtask:

- Perform dilution simulations for all discharge scenarios available from the new WRF project.
- Perform dilution analyses for up to three (3) alternate diffuser configurations using the hydraulic model developed in Subtask 14.3.
- Recommend diffuser configuration modifications (i.e., number of ports, orientation, spacing, etc.) to meet dilution and environmental criteria as required to comply with the requirements in the NPDES permit documents.
- Prepare a draft technical memorandum that documents the results of the hydraulic assessment. Conduct a workshop with the CITY to review the technical memorandum and to receive CITY comments. Prepare a final technical memorandum and submit it to the CITY.

Subtask 14.5 – Outfall Management Plan Report

The purpose of this subtask is to summarize the findings from the condition assessment, hydraulic analysis, and dilution modeling. This report will provide recommendations for improvements correct any defects for the pipeline, diffusers, or any hydraulic deficiencies. The final report will incorporate any comments from the previous technical memoranda and will be submitted to the CITY.

Task 14 Deliverables:

- Draft Outfall Management Plan
  - Current Percent Complete (end of FY20/21) = 10 percent
  - Anticipated Percent Complete (end of FY1/22) = 100 percent
- Final Outfall Management Plan
  - Current Percent Complete (end of FY20/21) = 0 percent
  - Anticipated Percent Complete (end of FY21/22) = 100 percent

Task 14 Assumptions:

- NA

Task 15 – Coastal Development Permit Compliance

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$74,934	$60,127	$14,807	**$30,932**	$40,000	$5,739	$105,866

While a CDP has been approved by the CCC for the PROJECT, it has been granted subject to a number of special conditions. Specifically, the permit includes requirements that must be met before the CDP can be issued, before construction can be started, and prior to operation of the new WRF. Since the

PROJECT is a combination of three separate project components each with a separate schedule, the CITY is taking a phased approach to compliance with the special conditions. This task includes completion of the plans identified in the special conditions that must be completed before construction can be started on the CONVEYANCE FACILITIES.

Subtask 15.1 – Revised Final Plans

Prior to the issuance of the CDP, the CITY is required to prepare and submit the Revised Final Plans to the CCC for review. As defined in the NOI for Permit No. 3-19-0463, the Revised Final Plans must show the following required changes and clarifications to the PROJECT:

- Approved Development Envelope
- Final Design
- Pump Stations and Related Development Design
- Landscaping
- Lighting Minimized
- Windows and Other Surfaces
- Utilities
- Storm Water and Drainage

PROGRAM MANAGER will complete a Draft Revised Final Plans package for the RECYCLED WATER FACILITIES for review by the CITY. Following review by CITY staff, the PROGRAM MANAGER will incorporate the CITY's comments and produce the Final Revised Final Plans package. The PROGRAM MANAGER will also deliver the Final Revised Design Plans package to the CCC.

Subtask 15.3 – Recycled Water Management Plan

No additional effort will be assigned to this task.

Subtask 15.4 – Other Authorizations – Recycled Water Facilities

Prior to the issuance of the CDP, the CITY is required to prepare and submit the list of authorizations from approving regulatory agencies. The PROGRAM MANAGER will provide the other authorization documentation for the RECYCLED WATER FACILITIES to the City for review and will incorporate CITY's comments and produce the final report to the CCC for approval. As defined in the NOI for Permit No. 3-19-0463, the Other Authorizations report must include, at a minimum, the following components for the RECYCLED WATER FACILITIES component:

- List of agencies involved in design and permitting
- Description of each agency's involvement
- Permit requirements from each agency
- Responsible party of each listed permit

Task 16 – Operations Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$21,132	$22,250	$(1,118)	**$13,118**	$12,000	$-	$34,250

Subtask 16.1 – DDW Designated Operator

It is critical that the CITY work closely with DDW and demonstrate continual compliance during the duration of the PROJECT implementation as DDW is the entity that will ultimately permit the advanced treatment facility for IPR. At this time, the CITY is in need of a California certified Grade III or higher potable water distribution operator to perform the following as-needed functions:

- Act as and be listed with the State as the chief distribution system operator (i.e., designated operator)
- Participate in a weekly conference call with the CITY's Utilities Manager and operations staff to discuss distribution system activities, performance, polices, etc.
- Perform a monthly site visit to review the distribution system activities and the monthly report.
- As-needed telephone consultation in the event of a system failure or operational challenge
- Review design information and provide comments regarding the PROJECT as it relates to the potable water distribution system

Task 17 – Recycled Water Facilities Site Planning and Basis of Design

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$153,472	$79,499	$73,973	**$306,248**	$350,000	$30,221	$459,720

For the RECYCLED WATER FACILITIES, the CITY will construct up to four (4) new injection wells at the West injection area. Based on the information obtained from the PROJECT hydrogeologist, the PROGRAM MANAGER will prepare the site planning evaluation and coordinate with the PROJECT hydrogeologist to develop the Basis of Design for the RECYCLED WATER FACILITIES. This task does not currently include detailed land surveying of the entire proposed well site, vegetation removal of the proposed well site, updates to the PROJECT environmental (CEQA) document, any PROJECT permitting including environmental or cultural, or the geotechnical investigation that will ultimately be required for final design of these facilities.

Subtask 17.1 – Site Planning Coordination and Pilot Well Bidding (Through Pilot Well Testing Phase)

PROGRAM MANAGER in coordination with the PROJECT hydrogeologist, biologist, and archeologist will perform a site planning study of the west injection area. Site planning and basis of design will include defining project components required to meet specific project objectives; verifying site conditions to understand opportunities and constraints that may be imposed upon the project and its design (such as property acquisition constraints, permitting requirements, initial pilot well site topographic survey,

biological and cultural resources surveys and investigations, and utility locations); preparing schematic drawings to determine general scope, site layout, scale, and relationships among project components. This subtask also includes preparing the pilot and monitoring well bid package; providing bidding support and administrative support through construction. Engineering services during construction of pilot injection and monitoring wells construction are NOT included in this scope and is assumed to be provided by the design consultant.

Subtask 17.2 – RFP for Design of Recycled Water Facilities

Upon completion of Subtask 17.1, the PROGRAM MANAGER will prepare a Request for Proposals (RFP) to procure a design consultant for the RECYCLED WATER FACILITIES and supporting infrastructure. This task will incorporate information from the site planning analysis and the basis of design from the results of the pilot injection study to prepare the necessary scope of work for the RFP.

Subtask 17.3 – Technical Support and Program Coordination (During Preliminary and Final Design)

PROGRAM MANAGER will provide technical support and program coordination with the procured design consultant and the PROJECT hydrogeologist through the preliminary and final design phase of the Final Recycled Water Facilities and supporting infrastructure.

Task 17 Deliverables:

- Draft and Final Bid Package for the Pilot Injection and Monitoring Wells (in conjunction with the PROJECT hydrogeologist)
- Draft and Final Request for Proposals for procuring a design consultant for the RECYCLED WATER FACILITIES for preliminary and final design services.

Task 18 – WRF Construction Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$1,077,645	$804,012	$273,633	**$965,534**	$1,192,000	$47,167	$2,043,179

PROGRAM MANAGER's role during Phase 3 of the WRF component of the PROJECT will shift from an engineering-focus to a construction and commissioning oversight, auditing, and support focus. All field and office-related activities during Phase 3 will be coordinated by the PROGRAM MANAGER. Core design oversight team members will continue to provide engineering office support and commissioning support accordingly.

PROGRAM MANAGER's level of effort defined for the various tasks herein is based on the ongoing construction schedule and anticipated construction progress by June 30, 2022 (i.e. substantial completion). The level of effort for this Scope of Services is for the next twelve (12) months of construction. Efforts by the PROGRAM MANAGER after June 30, 2021 (anticipated to primarily be startup, testing, and commissioning) will be covered by a future Scope of Services.

Task 18.1 – Pre-Construction Conference

No additional effort will be assigned to this task.

Subtask 18.2 – Construction Oversight Services

PROGRAM MANAGER will provide a CONSTRUCTION MANAGER (i.e., Subconsultant: Mimiaga Engineering Group) to oversee all field activities for the PROGRAM MANAGER. The CONSTRUCTION MANAGER will be the central liaison for communication between the PROGRAM MANAGER/CITY and the DB TEAM's Construction Manager. The CONSTRUCTION MANAGER will be provided on-site full-time starting with the Construction Notice to Proceed (NTP) as required by the CITY's CDP Special Condition No. 2 (Construction Plan). PROGRAM MANAGER's CONSTRUCTION MANAGER's level of effort for this task assumes the following:

- 40 hours per week during heavy construction (July 2021 through June 2022)

CONSTRUCTION MANAGER will provide contract administration as an agent of the CITY, and will assist in establishing and implementing coordination and communication procedures among the PROGRAM MANAGER, CITY, and DB TEAM.

PROGRAM MANAGER will work with CITY and DB TEAM to identify potential changes, mitigate if possible, determine appropriate change procedure, evaluate DB TEAM's basis for proposed price and schedule adjustment, negotiate changes to Exhibit B of the DB TEAM's agreement, and recommend change action to the CITY. CONSTRUCTION MANAGER will maintain regular communication with the DB TEAM to identify and manage potential changes early.

PROGRAM MANAGER will attempt to resolve any dispute with the DB TEAM in an effort to avoid claims. An escalation matrix will be developed identifying appropriate levels of authority and time allowed for resolution at each level prior to escalation.

PROGRAM MANAGER will receive and evaluate the DB TEAM’s claims, including claims of differing site conditions or extra work. PROGRAM MANAGER will respond to notification of claims in accordance with the DB TEAM's agreement and inform the CITY on a timely basis.

PROGRAM MANAGER will be familiar with all Contract Documents for the WRF component of the PROJECT. PROGRAM MANAGER will have responsibility for enforcing the requirements of the Contract Documents by use of the tools available in Article 8 of the Contract Documents. The CONSTRUCTION MANAGER will provide interpretations and clarifications of Contract Documents.

PROGRAM MANAGER will utilize its own staff for general administrative support in the field (e.g., clerical and word processing support). PROGRAM MANAGER’s CONSTRUCTION MANAGER will coordinate with the DB TEAM to assist with establishing the CITY/PROGRAM MANAGER’s field office facilities, maintain office supplies, manage supply contracts, verify invoices, coordinate correspondence, and provide customer service to visitors.

PROGRAM MANAGER’s CONSTRUCTION MANAGER will manage construction records for the CITY electronically using the SharePoint PMIS, including files for correspondence, reports, Contract Documents, Change Documents, clarifications, and interpretations of the Contract Documents, progress reports, and other PROJECT-related documents. PROGRAM MANAGER and CITY will provide chain-of-

authority to release documents for construction; review DB TEAM management of documents and record drawings; review DB TEAM management of shop drawing reviews, material delivery inspections, etc.; and provide PROJECT record documents to CITY for filing in accordance with CITY procedures.

Subtask 18.3 – Construction Inspection Services and Geotechnical Construction Support

CONSTRUCTION MANAGER will provide as-needed construction inspection services as needed to supplement the inspections being completed by the DB TEAM during construction of the WRF.

PROGRAM MANAGER will provide as-needed geotechnical inspection and construction services through a subconsultant (Yeh and Associates) as needed to supplement the geotechnical inspection and construction services being completed by the DB TEAM during construction of the WRF including the FY 20/21 and FY 21/22 soil slip evaluation, mitigation, and remediation support services.

Subtask 18.5 – Biological Mitigation Support

The FEIR includes several mitigation measures for the WRF biological resources. The PROGRAM MANAGER has included an additional allowance of $10,000 to provide services of the lead biologist (Kevin Merk Associates) to perform the following subtasks between July 1, 2021 and June 30, 2022.

Subtask 18.5.1 – Education

No additional effort will be assigned to this task.

Subtask 18.5.2 – Nesting Bird Survey

No additional effort will be assigned to this task.

Subtask 18.5.3 – Monitoring

The PROGRAM MANAGER will provide necessary monitoring through FY 21/22. If the combined effort for Subtask 18.5 exceeds $10,000, the PROGRAM MANAGER will discuss an additional budget allocation with the CITY prior to the start of FY 22/23.

Subtask 18.6 – Construction Progress Reporting

PROGRAM MANAGER will review and comment on the DB TEAM's monthly status updates which describe the previous month's construction activities, and include a summary of work completed, photographs, an updated schedule of the planned versus actual work completed, summaries of change orders and claims, and a cost summary of budgets and expenditures for construction. The report shall identify Change Orders (COs) issued, potential changes orders (PCOs), and PCO and CO amounts. This information will be incorporated into the progress reports developed as part of Task 8.2.

On a quarterly basis, PROGRAM MANAGER and CONSTRUCTION MANAGER will prepare a report to the CWSRF and WIFIA programs that summarizes the following information (at a minimum):

- Summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed
- Description of compliance with environmental requirements (i.e., FEIR, Final Biological Opinion, PA with SHPO, etc.)
- Listing of COs including amount, description of work, and change in contract amount and schedule
- Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions

Subtask 18.7 – Construction Progress Meetings

CONSTRUCTION MANAGER will prepare for and lead weekly construction meetings with the CITY and DB TEAM. CONSTRUCTION MANAGER will develop the agenda and meeting minutes.

Subtask 18.8 – Project Signage

No additional effort will be assigned to this task.

Subtask 18.9 – Construction Control Plan Review

No additional effort will be assigned to this task.

Subtask 18.10 – Monthly Progress Payment Review

CONSTRUCTION MANAGER will evaluate the DB TEAM's monthly progress payment requests and recommend payment by the CITY if requirements are met. CONSTRUCTION MANAGER will compare requested quantities to the actual quantities completed and negotiate the appropriate progress payment request with the DB TEAM.

Task 18.11 – Certified Payroll Review

PROGRAM MANAGER will review the DB TEAM's certified payroll for compliance with prevailing wage requirements. Any discrepancies will be identified and returned to the DB TEAM for immediate correction. Violations will be addressed in accordance with the State Labor Code. PROGRAM MANAGER will also conduct interviews with select DB TEAM field personnel to confirm payroll conditions. The certified payroll findings will be included in the monthly project progress reporting described in Tasks 18.2 and 18.3. Efforts from this task will ensure the DB TEAM is meeting the CWSRF Davis-Bacon requirements. PROGRAM MANAGER will require the DB TEAM to maintain records on site and periodically check records for completeness and accuracy.

Task 18.12 – SRF and WIFIA Payment Reimbursement Requests Support

Upon completion of certified payroll checks and progress payment processing, PROGRAM MANAGER will prepare a monthly reimbursement request in a form acceptable to the CWSRF and WIFIA programs to the CITY for approval and signature. PROGRAM MANAGER will also submit the reimbursement request to CWSRF and WIFIA on behalf of the CITY. Title XVI Payment Reimbursement Requests are anticipated to begin in FY22/23 and hence are not included in this amendment.

Task 18.13 – Soil Slip Mitigation Support FY20/21 Reimbursement

PROGRAM MANAGER will provide technical support and coordination services associated with the WRF soil slip mitigation activities that were completed in FY20/21, including attending meetings to discuss mitigation alternatives and procurement of the geotechnical subconsultant (Yeh and Associates). This scope was not previously included in Amendment No. 3 and is hence retroactively included with this task.

Task 18.14 – Soil Slip Mitigation and Remediation Support FY21/22

PROGRAM MANAGER will provide technical support and coordination services associated with the WRF soil slip mitigation and remediation activities for FY21/22, including attending meetings to discuss mitigation alternatives and review of technical and cost proposals associated with the remediation effort.

Task 18 Assumptions:

- CONSTRUCTION MANAGER will arrange, prepare for, and lead weekly progress meetings.

Task 18 Deliverables:

- Development and maintenance of a Dispute Escalation and Resolution Matrix on the PMIS.
- Orderly maintenance of files for correspondence, reports, Contract Documents, Change Documents, clarifications, and interpretations of the Contract Documents, progress reports, and other PROJECT-related documents on the SharePoint PMIS.
- Review of twelve (12) of the DB TEAM's monthly updates.
- Processing of twelve (12) Applications for Payment, which includes review, verification, and process of the application.
- CONSTRUCTION MANAGER will develop and distribute the agenda prior to the weekly construction meetings.
- CONSTRUCTION MANAGER will record minutes for the weekly progress meetings and distribute electronic copies within seven (7) calendar days after meeting to participants and others affected by decisions made within the meeting.
- CONSTRUCTION MANAGER will provide written comments, compile CITY'S comments, and develop a Comments and Response Log for the various construction control plans for distribution back to the DB team.

Task 19 – Conveyance Facilities Construction Management

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$1,155,005	$838,125	$316,880	**$2,245,343**	$2,300,000	$262,223	$3,400,348

PROGRAM MANAGER's role during the construction of the CONVEYANCE FACILITIES component of the PROJECT will be overseeing construction and commissioning, auditing, and other support functions as described in the Subtasks below. All field and office-related activities during Phase 3 will be coordinated by the PROGRAM MANAGER. Core design oversight team members will continue to provide engineering office support and commissioning support accordingly.

PROGRAM MANAGER's level of effort defined for the various tasks herein is based on twelve (12) months of construction activities including commissioning and final completion. Any remaining efforts by the PROGRAM MANAGER after June 30, 2022 will be covered by a future Scope of Services.

PROGRAM MANAGER will provide a CONVEYANCE FACILITIES CONSTRUCTION MANAGER to oversee all field activities for the PROGRAM MANAGER. The CONVEYANCE FACILITIES CONSTRUCTION MANAGER will be the central liaison for communication between the PROGRAM MANAGER/CITY and the CONVEYANCE FACILITIES contractor. The CONVEYANCE FACILITIES CONSTRUCTION MANAGER will be provided on-site full-time as required by the CITY's CDP Special Condition No. 2 (Construction Plan).

Subtask 19.1 – Pre-Construction Services

Subtask 19.1.1 – Bid Escrow Document Review

No additional effort will be assigned to this task.

Subtask 19.1.2 – Construction Contract Compliance

No additional effort will be assigned to this task.

Subtask 19.1.3 – Pre-Construction Conference

No additional effort will be assigned to this task.

Subtask 19.2 –Construction Services

Subtask 19.2.1 – Documentation System Set-up

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will modify and maintain the PROJECT PMIS for use as a web-based documentation system for construction of the CONVEYANCE FACILITIES. The system will be tailored to meet the needs of each party and will be maintained by the PROGRAM MANAGER for the duration of the CONVEYANCE FACILITIES component of the PROJECT.

Subtask 19.2.2 – Communication and Construction Management Plan

No additional effort will be assigned to this task.

Subtask 19.2.3 – Manage Field Inspection Personnel

PROGRAM MANAGER will provide resident inspection and the CONVEYANCE FACILITIES CONSTRUCTION MANAGER and/or RESIDENT ENGINEER will manage the activities of the field inspection personnel, including the materials testing subcontractor. The inspectors will prepare daily inspection reports, and our construction team will provide monthly summary reports to the CITY.

Subtask 19.2.4 – Track Submittals

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will coordinate and manage the shop drawing and submittal review process between the design engineer and the contractor. All submittals will be handled using the PMIS. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will screen all submittals and determine their completeness before reviewing them or forwarding them to the design engineer for technical review.

Subtask 19.2.5 – Prepare Field Memos and Clarifications

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will coordinate and manage preparation of field memos and clarifications of drawings and specifications between the design engineer and the contractor. Memos will be handled in PMIS to allow easy tracking of their status and outcome.

Subtask 19.2.6 – Track Requests for Information

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will coordinate and manage the RFI process between the design engineer and the contractor. All RFIs will be handled using the PMIS. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will screen all RFIs and determine their validity before responding to them or forwarding them to the design engineer for response.

Subtask 19.2.7 – Review Monthly Progress Payment Requests

We will evaluate the contractor's monthly progress payment requests and recommend payment by the CITY if requirements are met. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will compare requested quantities to the actual quantities completed and negotiate the appropriate progress payment request with the contractor.

Subtask 19.2.8 – Review Construction Schedule

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will review and approve the contractor's construction schedule, including updates and revisions, in accordance with the contract documents. CONVEYANCE FACILITIES CONSTRUCTION MANAGER's review will focus on key elements such as logic, duration of activities, duration of start-up and testing, and construction sequencing constraints and milestones.

Subtask 19.2.9 – Review Change Order Requests

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will review change order requests in conjunction with the design engineer to determine changes in scope and conditions. PROGRAM MANAGER will prepare independent cost estimates and negotiate with the contractor. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will prepare and process approved change orders and incorporate them into the contract. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will prepare a log for tracking all potential change orders and agreed upon change orders.

Subtask 19.2.10 – Resolve Conflicts

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will work with all parties involved to resolve potential conflicts before they become an issue.

Subtask 19.2.11 – Review Labor Compliance

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will monitor project records and review labor compliance of the contractor. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will work with the contractor to correct any deficiencies found and report status to the CITY.

Subtask 19.2.12 – Review Installation and Maintenance of BMPs and Implementation of the SWPPP

CONVEYANCE FACILITIES CONSTRUCTION MANAGER's staff is educated in California's evolving stormwater policies. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will monitor the stormwater

protection installed by the contractor and work with him to maintain it and report its effectiveness in accordance with the current state regulations.

Subtask 19.2.13 – Documentation of Existing Site Conditions

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will prepare video and photographic records of initial site conditions before the contractor begins construction. Video documentation will be accompanied by a verbal description of existing conditions. A copy of the video and photographic documentation will be provided to the CITY.

Subtask 19.2.14 – Electrical Construction Inspection

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will provide a qualified inspector to monitor the contractor's compliance with the specifications requirements in placing the duct banks and conduit runs. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will inspect and ensure conformance with the specifications on the placement and installation of electrical equipment. Wiring will be inspected for proper terminations and labeling. Installations will be monitored for compliance with NEC and other applicable codes.

Subtask 19.2.15 – Electrical Testing

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will work with the designer, contractor and vendors to determine all the required testing, then witness and document all site acceptance tests on electrical equipment. This includes witnessing all point-to-point checks and run tests for electrical equipment. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will confirm that circuit breaker settings conform to the values shown in the short circuit study and that all harmonic filters are correct and in place. All electrical testing results will be documented and filed in the project records.

Subtask 19.2.16 – Monitor Contractor's Compliance with Contract Documents

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will review and monitor the contractor's work against the contract documents to ensure compliance. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will report any non-conformances and deficiencies to the City and contractor and will work with the contractor to correct these deficiencies in a timely manner to the satisfaction of the City.

Subtask 19.2.17 – Review Certified Payroll

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will review the contractor and subcontractor certified payroll for compliance with State and Federal prevailing wage requirements. Any discrepancies will be identified and returned to the contractor for immediate correction. Violations will be addressed in accordance with the State Labor Code and Davis Bacon wage requirements. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will also conduct interviews as necessary with select contractor field personnel to confirm payroll conditions. Certified payroll findings will be included in the monthly project progress report.

Subtask 19.2.18 – Monitor Contractor's Compliance with CEQA Requirements

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will maintain a copy of the CEQA requirements and monitor the contractor's compliance against these requirements. CONVEYANCE FACILITIES

CONSTRUCTION MANAGER will periodically inform the CITY and contractor of compliance status and recommend a course of action to the CITY and contractor if these requirements are not being met.

Subtask 19.2.19 – Monitor and Review Record Drawings

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will monitor and coordinate the contractor's recording and maintenance of field changes to plans and specifications during construction on a monthly basis, or more frequently as required. At the 50-, 75-, and 90-percent project completion levels, CONVEYANCE FACILITIES CONSTRUCTION MANAGER will perform a review of the contractor's working record drawings for general completeness and advise him of status.

Subtask 19.3 – Provide Material Testing

A material testing subconsultant (Earth Systems) has been hired by the PROGRAM MANAGER to take quality assurance samples and conduct as-needed laboratory testing and/or special inspection during construction and report to the CONVEYANCE FACILITIES CONSTRUCTION MANAGER. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will coordinate callouts of the materials testing services firm with the contractor to efficiently use the testing firm. Testing results will be monitored for compliance with the contract documents. Discrepancies will be noted and the contractor will be directed to make necessary corrections.

Summary of Current and Previous Budget Allocations

Task	Description	Original Contract	Budget Allocation No. 1	Budget Allocation No. 2	Budget Allocation No. 3	Budget Allocation No. 4	Total Contract Amount
1	Program Assessment	$35,235	$-	$-	$6,329	$-	$266,370
2	Technical Evaluation	$47,748	$-	$-		$-	
3	Design-Build Procurement Support	$95,181	$-	$-		$-	
4	Program Controls Plan	$54,316	$-	$-		$-	
5	Program Team Integration Plan	$27,561	$-	$-		$-	
6	Routine Project Update Meetings	$31,854	$188,447	$229,024	$-	$219,756	$669,081
7	Program Management Oversight	$-	$17,389	$34,800	$-	$38,208	$90,397
8	Project Controls	$-	$162,596	$240,240	$49,770	$~~217,100~~162,825	$~~669,706~~615,431
9	Funding Support	$-	$77,632	$88,352	$-	$317,142	$483,126
10	Permitting Support	$-	$499,242	$110,000	$335,622	$741,270	$1,686,134
11	Public Outreach	$-	$181,246	$244,060	$46,863	$~~426,568~~297,668	$~~898,737~~769,837
12	Conveyance Facilities Design Oversight	$-	$107,478	$52,632	$83,133	$-	$243,243
13	WRF Onsite Design-Build Support	$-	$372,918	$61,242	$82,984	$40,436	$557,580
14	Outfall Management Plan	$-	$-	$303,834	$4,029	$75,872	$383,735
15	Coastal Development Permit Compliance	$-	$-	$54,228	$20,706	$30,932	$105,866
16	Operations Support	$-	$-	$21,132	$-	$13,118	$34,250

Task	Description	Original Contract	Budget Allocation No. 1	Budget Allocation No. 2	Budget Allocation No. 3	Budget Allocation No. 4	Total Contract Amount
17	Recycled Water Facilities Preliminary Design	$-	$-	$153,472	$-	$306,248	$459,720
18	WRF Construction Support	$-	$-	$788,952	$288,693	$965,534	$2,043,179
19	Conveyance Facilities Construction Management	$-	$-	$-	$1,155,005	$2,245,343	$3,400,348
	Total	**$291,895**	**$1,606,948**	**$2,381,968**	**$2,073,134**	**$~~5,637,527~~ 5,454,352**	**$~~11,991,472~~1 1,808,297**

MORRO BAY
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RELIABLE. CLEAN. FOR LIFE.

CITY OF MORRO BAY
WATER RECLAMATION FACILITY PROGRAM
PROGRAM MANAGEMENT - FY21/22 BUDGET ALLOCATION
SUMMARY AND FISCAL YEAR BREAKDOWN

carollo

Task	Description	Original Contract	Budget Allocation Amend No. 1	Budget Allocation Amend No. 2	Budget Allocation Amend No. 3	Subtotal	Expended through Q3 FY20/21	Estimated Remaining at Start of FY21/22	Budget Allocation Amend No. 4	Estimated Percent Complete Total Program End of FY 20/21[1]	Estimated Percent Complete Total Program End of FY 21/22[1]	Key Deliverables	Total Expenditures in FY21/22 (Forecasted)	Remaining at End of FY21/22 (Forecasted)	Total Contract	Task Status for FY20/21	Task Status for FY21/22
Task 1	Program Assessment	$ 35,235	$ -	$ -	$ 6,329	$ 41,564	$ 46,122	$ 220,248	$ -	100%	100%	N/A	$ -	$ 220,248			
Task 2	Technical Evaluation	$ 47,748	$ -	$ -	$ -	$ 47,748	$ 75,071	$ (75,071)	$ -	100%	100%	N/A	$ -	$ (75,071)			
Task 3	Design-Build Procurement Support	$ 95,181	$ -	$ -	$ -	$ 95,181	$ 126,451	$ (126,451)	$ -	100%	100%	N/A	$ -	$ (126,451)	$ 266,370	Closed	Closed
Task 4	Program Controls Plan	$ 54,316	$ -	$ -	$ -	$ 54,316	$ 27,812	$ (27,812)	$ -	100%	100%	N/A	$ -	$ (27,812)			
Task 5	Program Team Integration Plan	$ 27,561	$ -	$ -	$ -	$ 27,561	$ 2,475	$ (2,475)	$ -	100%	100%	N/A	$ -	$ (2,475)			
Task 6	Routine Project Update Meetings	$ 31,854	$ 188,447	$ 229,024	$ -	$ 449,325	$ 277,134	$ 108,857	$ 219,756	51%	70%	Project update meetings Internal status meetings CFAC meetings City Council meetings Progress reports	$ 300,000	$ 28,613	$ 669,081	Ongoing	Ongoing
Task 7	Program Management Oversight	$ -	$ 17,389	$ 34,800	$ -	$ 52,189	$ 47,687	$ (47,502)	$ 38,208	51%	70%	Resource management Subcontractor contracting Subcontractor management	$ 38,000	$ (47,294)	$ 90,397	Ongoing	Ongoing
Task 8	Project Controls	$ -	$ 162,596	$ 240,240	$ 49,770	$ 452,606	$ 392,502	$ (7,075)	$ 162,825	51%	70%	PMIS support Dashboard maintenance Scope management Schedule management Budget management	$ 165,000	$ (9,250)	$ 615,431	Ongoing	Ongoing
Task 9	Funding Support	$ -	$ 77,632	$ 88,352	$ -	$ 165,984	$ 127,273	$ (41,813)	$ 317,142	51%	70%	Title XVI grant app FY 20/21 & 21/22 Funding agency progress reports Title XVI coordination meetings WIFIA coordination meetings SRF coordination meetings	$ 300,000	$ (24,671)	$ 483,126	Ongoing	Ongoing
Task 10	Permitting Support	$ -	$ 499,242	$ 110,000	$ 335,622	$ 944,864	$ 1,069,126	$ (160,027)	$ 741,270	Final Title 22: 65% Draft ROWD (Ocean): 90% Final ROWD (Ocean): 0% Draft ROWD (IPR):0% Final ROWD (IPR):0%	Final Title 22: 100% Draft ROWD (Ocean): 100% Final ROWD (Ocean): 100% Draft ROWD (IPR):50% Final ROWD (IPR):0%	Extensive deliverables - See scope. Land use permitting Title 22 permitting Pretreatment ordinance Archeological monitoring	$ 580,000	$ 1,243	$ 1,686,134	Ongoing	Ongoing
Task 11	Public Outreach	$ -	$ 181,246	$ 244,060	$ 46,863	$ 472,169	$ 395,045	$ 32,612	$ 297,668	51%	70%	Direct community outreach Bill inserts Email notifications Website content/maintenance Social media content Public inquiry data management	$ 330,000	$ 280	$ 769,837	Ongoing	Ongoing
Task 12	Conveyance Facilities Design Oversight	$ -	$ 107,478	$ 52,632	$ 83,133	$ 243,243	$ 252,392	$ (9,149)	$-	100%	100%	N/A	$ -	$ (9,149)	$ 243,243	Ongoing	Closed
Task 13	WRF Onsite Design-Build Support	$ -	$ 372,918	$ 61,242	$ 82,984	$ 517,144	$ 471,922	$ 33,651	$ 40,436	51%	92%	As-needed technical support	$ 40,000	$ 34,087	$ 557,580	Ongoing	Ongoing
Task 14	Outfall Management Plan	$ -	$ -	$ 303,834	$ 4,029	$ 307,863	$ 208,183	$ 90,272	$ 75,872	Draft Outfall Mgt. Plan 10% Final Outfall Mgt. Plan 0%	Draft Outfall Mgt. Plan 100% Final Outfall Mgt. Plan 100%	Draft Outfall Management Plan Final Outfall Management Plan	$ 100,000	$ 66,144	$ 383,735	Ongoing	Ongoing
Task 15	Coastal Development Permit Compliance	$ -	$ -	$ 54,228	$ 20,706	$ 74,934	$ 60,127	$ 14,807	$ 30,932	51%	70%	Draft Revised Final Plans for CCC Final Revised Plans for CCC Regulatory authorizations information	$ 40,000	$ 5,739	$ 105,866	Ongoing	Ongoing

Task	Description	Original Contract	Budget Allocation Amend No. 1	Budget Allocation Amend No. 2	Budget Allocation Amend No. 3	Subtotal	Expended through Q3 FY20/21	Estimated Remaining at Start of FY21/22	Budget Allocation Amend No. 4	Estimated Percent Complete Total Program End of FY 20/21[1]	Estimated Percent Complete Total Program End of FY 21/22[1]	Key Deliverables	Total Expenditures in FY21/22 (Forecasted)	Remaining at End of FY21/22 (Forecasted)	Total Contract	Task Status for FY20/21	Task Status for FY21/22
Task 16	Operations Support	$ -	$ -	$ 21,132	$ -	$ 21,132	$ 15,500	$ (1,118)	$ 13,118	51%	70%	As-needed oversite/coordination	$ 12,000	$ -	$ 34,250	Closed	Ongoing
Task 17	Recycled Water Facilities Site Planning and Basis of Design	$ -	$ -	$ 153,472	$ -	$ 153,472	$ 21,949	$ 73,973	$ 306,248	30%	80%	Draft wells design bid package Final wells design bid package Draft well design RFP Final well design RFP	$ 350,000	$ 30,221	$ 459,720	Ongoing	Ongoing
Task 18	WRF Construction Support	$ -	$ -	$ 788,952	$ 288,693	$ 1,077,645	$ 780,245	$ 273,633	$ 965,534	51%	92%	File maintenance DB update reviews DB application for payment reviews Construction meeting materials Construction meetings Construction progress reports	$ 1,192,000	$ 47,167	$ 2,043,179	Ongoing	Ongoing
Task 19	Conveyance Facilities Construction Management	$ -	$ -	$ -	$ 1,155,005	$ 1,155,005	$ 326,625	$ 316,880	$ 2,245,343	5%	90%	Extensive deliverables - See scope.	$ 2,300,000	$ 262,223	$ 3,400,348	Ongoing	Ongoing
Task 20	Recycled Water Facilities Construction Management	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	To be determined	$ -	$ -	$ -	Not Started	Not Started
	Total	**$ 291,895**	**$ 1,606,948**	**$ 2,381,968**	**$ 2,073,134**	**$ 6,353,945**	**$ 4,723,641**	**$ 666,440**	**$ 5,454,352**				**$ 5,747,000**	**$ 373,792**	**$ 11,808,297**		

Notes:
1. Calculated for Tasks 6, 7, 8, 9, 11, 15 and 16 from the program management start date for Carollo Engineers, which began on November 27, 2018 (the effective date of Amendment No. 1 to the Agreement for Consultant Services).

EXHIBIT B
CITY OF MORRO BAY
WRF PROGRAM MANAGEMENT
Amendment No. 4 Budget for Fiscal Year July 1, 2021 through June 30, 2022 Services

carollo
Engineers...Working Wonders With Water®

Task[4]	Subtask Number and Task Description[5]	Carollo Engineers, Inc. [1]																				Katz	KMA	MEG	P Carlo	P. Roberts	Rincon	URI	Earth Sys	CM Soln	Yeh	PROJECT TOTAL [3]
		Program Manager / Senior Professional $315	Principal-In-Charge / Senior Professional $293	Project Manager / Lead Project Professional $293	Engineering Manager / Senior Professional $315	Senior Engineer / Project Professional $273	Project Engineer / Professional $230	Staff Engineer / Assistant Professional $188	Construction Manager $275	Resident Engineer $210	Civil/Mech Inspector $170	Electrical Inspector $170	Field Engineer $110	Field Word Processor $132	Billing Admin $142	CAD/ Graphics Tech. $198	Doc. Process. $125	Total Hours	Labor Cost	PECE [2] $13	Expenses [2]	Outreach	Biologist	WRF CM	Pretreat-ment Support	Dilution Model	Ocean Resource Monitor	Outfall Inspection	Material Testing	Schedule Review	Geotech	
6	**Routine Program Update Meetings**																															
	6.1 Project Update Meetings	52		52			52											156	$ 43,576	$ 2,028												$ 45,604
	6.2 Internal Project Status Meetings	52		52			52											156	$ 43,576	$ 2,028												$ 45,604
	6.3 City Council, CFAC, and WRF Subcommittee Meetings	136																136	$ 42,840	$ 1,768												$ 44,608
	6.4 Program Monitoring, Reporting and Invoicing	48		72			72								40		16	248	$ 60,456	$ 3,224												$ 63,680
	6.5 Budget and Financial Projection Coordination	16		30			24											70	$ 19,350	$ 910												$ 20,260
	TASK 6 TOTAL	**304**		**206**	**-**	**-**	**200**	**-**							**40**	**-**	**16**	**766**	**$ 209,798**	**$ 9,958**		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 219,756**
7	**Program Management Oversight**																															
	7.1 Management and Coordination of Carollo and Subconsultant Resources & Contracts			60											24			84	$ 20,988	$ 1,092												$ 22,080
	7.2 Management and Coordination of City Consultants Resources & Contracts			40			16											56	$ 15,400	$ 728												$ 16,128
	TASK 7 TOTAL	**-**	**-**	**100**	**-**	**-**	**16**	**-**	**-**	**-**					**24**	**-**	**-**	**140**	**$ 36,388**	**$ 1,820**		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 38,208**
8	**Program Controls**																															
	8.2 Project Monitoring and Stakeholder Reporting	96		132		144	192										23	587	$ 155,201	$ 7,625												$ 162,825
	TASK 8 TOTAL	**96**	**-**	**132**	**-**	**144**	**192**	**-**							**-**	**-**	**23**	**587**	**$ 155,201**	**$ 7,625**		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 162,825**
9	**Funding Support**																															
	9.2 Title XVI Funding Applications					72	154										20	246	$ 57,576	$ 3,198												$ 60,774
	9.3 Title XVI Funding Coordination and Reporting			46		48	96	60									4	254	$ 60,442	$ 3,302												$ 63,744
	9.4 WIFIA Funding Coordination and Reporting			46		48	96	60									4	254	$ 60,442	$ 3,302												$ 63,744
	9.5 SRF Funding Coordination and Reporting			46		48	96	60									4	254	$ 60,442	$ 3,302												$ 63,744
	9.6 Reconciliation of Accounts for Invoice Reporting			60											80			140	$ 28,940	$ 1,820												$ 30,760
	9.7 SRF Loan Support - Recycled Water Facilities					24	48	48							40			160	$ 32,296	$ 2,080												$ 34,376
	TASK 9 TOTAL	**-**	**-**	**198**	**-**	**240**	**490**	**228**	**-**	**-**					**120**		**32**	**1,308**	**$ 300,138**	**$ 17,004**		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 317,142**
10	**Permitting Support**																															
	10.1 Land Use Permitting and Biological Monitoring				40		200											240	$ 58,600	$ 3,120			$ 50,000									$ 116,720
	10.2 T22 Potable Reuse and Pretreatment Ordinance Support			40	380	400	400	400								196	80	1,896	$ 456,628	$ 24,648		$ 20,000			$ 30,500							$ 536,826
	10.4 Archeo/Paleontological Monitoring and Tribal Representation			24		100	180	40										344	$ 83,252	$ 4,472												$ 87,724
	TASK 10 TOTAL	**-**	**-**	**64**	**420**	**500**	**780**	**440**	**-**	**-**					**-**	**196**	**80**	**2,480**	**$ 598,480**	**$ 32,240**		**$ 20,000**	**$ 50,000**	**$ -**	**$ 30,500**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 741,270**
11	**Public Outreach**																															
	11.3 Weekly Coordination Meetings	26	26															52	$ 15,808	$ 676												$ 16,484
	11.5 Public Outreach Activities (Website, Notices, Events)	48	48	48			48											192	$ 54,288	$ 2,496		$ 144,000										$ 215,184
	FY20/21 Subconsultant Carryover																	-	$ -	$ -		$ 60,000										$ 66,000
	TASK 11 TOTAL	**74**	**74**	**48**	**-**	**-**	**48**	**-**	**-**	**-**					**-**	**-**	**-**	**244**	**$ 70,096**	**$ 3,172**		**$ 204,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 297,668**
13	**WRF Onsite DB Support**																															
	13.7 General Technical Support			16	8	36	60	40										160	$ 38,356	$ 2,080												$ 40,436
	TASK 13 TOTAL	**-**	**-**	**16**	**8**	**36**	**60**	**40**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**160**	**38,356**	**2,080**	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 40,436**
14	**Outfall Management Plan**																															
	14.3 Hydraulic Assessment				8	20	20	20										68	$ 16,340	$ 884												$ 17,224
	14.4 Dilution Modeling				8	20	20	20										68	$ 16,340	$ 884												$ 17,224
	14.5 Outfall Management Plan Report				8	20	20	20										68	$ 16,340	$ 884												$ 17,224
	FY20/21 Subconsultant Carryover																	-	$ -	$ -						$ 3,000	$ 3,000	$ 16,000				$ 24,200
	TASK 14 TOTAL	**-**	**-**	**-**	**24**	**60**	**60**	**60**	**-**	**-**					**-**	**-**	**-**	**204**	**$ 49,020**	**$ 2,652**		**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,000**	**$ 3,000**	**$ 16,000**	**$ -**	**$ -**	**$ -**	**$ 75,872**
15	**Coastal Development Permit Compliance**																															
	15.1 Revised Final Plans				4	24	30											58	$ 14,712	$ 754												$ 15,466
	15.4 Other Authorizations - Recycled Water Facilities				4	24	30											58	$ 14,712	$ 754												$ 15,466
	TASK 15 TOTAL	**-**	**-**	**-**	**8**	**48**	**60**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**116**	**$ 29,424**	**$ 1,508**		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 30,932**
16	**Operations Support**																															
	16.1 DDW Designated Operator																	-	$ -	$ -	$ 13,118											$ 13,118
	TASK 16 TOTAL	**-**		**-**		**-**	**-**	**-**								**-**	**-**	**-**	**$ -**	**$ -**	**$ 13,118**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 13,118**
17	**Recycled Water Facilities Site Planning and Basis of Design[6]**																															
	17.1 Site Planning Coordination and Pilot Well Bidding (Through Pilot Well Testing Phase)	20		20	40	100	100	100										380	$ 93,860	$ 4,940			$ 10,000									$ 109,800
	17.2 RFP for Design of Recycled Water Facilities	20		20	40	80	60	60									16	296	$ 73,680	$ 3,848												$ 77,528
	17.3 Technical Support and Program Coordination (During Preliminary and Final Design)				40	200	200											440	$ 113,200	$ 5,720												$ 118,920
	TASK 17 TOTAL	**40**	**-**	**40**	**120**	**380**	**360**	**160**	**-**	**-**					**-**	**-**	**16**	**1,116**	**$ 280,740**	**$ 14,508**		**$ -**	**$ 10,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 306,248**
18	**WRF Construction Support**																															
	18.2 Construction Oversight Services (Mimiaga, Carollo)	96		96	48	48	48	48								40		424	$ 114,576	$ 5,512				$ 407,480								$ 568,316
	18.3 Construction Inspection Services and Geotechnical Construction Support (Yeh)																	-	$ -	$ -											$ 6,000	$ 6,600
	18.5 Biological Mitigation Support (KMA)																	-	$ -	$ -			$ 10,000									$ 11,000
	18.6 Construction Progress Reporting (Mimiaga)																	-	$ -	$ -												$ -
	18.7 Construction Progress Meetings (Mimiaga)																	-	$ -	$ -												$ -
	18.10 Monthly Progress Payment Review (Mimiaga)																	-	$ -	$ -												$ -
	18.11 Certified Payroll Review (Carollo)																180	180	$ 22,500	$ 2,340												$ 24,840
	18.12 SRF and WIFIA Payment Reimburse Support (Carollo)	24		160		160	160								240			744	$ 169,000	$ 9,672												$ 178,672
	18.13 Soil Slip Mitigation Support FY20/21 Reimbursement (Carollo)				40	40	20											100	$ 28,120	$ 1,300												$ 29,420
	18.14 Soil Slip Mitigation and Remediation Support FY21/22 (Carollo, Yeh)				60	60												120	$ 35,280	$ 1,560											$ 32,000	$ 72,040
	FY20/21 Subconsultant Carryover																	-	$ -	$ -				$ 67,860								$ 74,646
	TASK 18 TOTAL	**120**	**-**	**256**	**148**	**308**	**228**	**48**	**-**	**-**					**240**	**40**	**180**	**1,568**	**$ 369,476**	**$ 20,384**		**$ -**	**$ 10,000**	**$ 475,340**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 38,000**	**$ 965,534**
19	**Conveyance Facilities Construction Management**																															
	19.2 Construction Services (Carollo, CM Solns, Yeh)		490						238	2,040	3,060	1,275	1,734	306				9,143	$ 1,605,502	$ 118,859	$ 201,862	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50,000	$ 27,000	$ 2,010,923
	19.3 Provide Material Testing (Earth Systems, Carollo)									40								40	$ 8,400	$ 520		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,000	$ -	$ -	$ 74,920
	FY20/21 Subconsultant Carryover																	-	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,000	$ 75,000	$ 10,000	$ 159,500
	TASK 19 TOTAL	**-**	**490**	**-**	**-**	**-**	**-**	**-**	**238**	**2,080**	**3,060**	**1,275**	**1,734**	**306**	**-**	**-**	**-**	**9,183**	**$ 1,613,902**	**$ 119,379**	**$ 201,862**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 120,000**	**$ 125,000**	**$ 37,000**	**$ 2,245,343**
Total (Base Scope)		**634**	**564**	**1,060**	**728**	**1,716**	**2,494**	**976**	**238**	**2,080**	**3,060**	**1,275**	**1,734**	**306**	**424**	**236**	**347**	**17,872**	**$ 3,751,019**	**$ 232,330**	**$ 214,980**	**$ 224,000**	**$ 70,000**	**$ 475,340**	**$ 30,500**	**$ 3,000**	**$ 3,000**	**$ 16,000**	**$ 120,000**	**$ 125,000**	**$ 75,000**	**$ 5,454,352**

Notes:
[1] Rates are based on Carollo Engineers, Inc., Fee Schedule as of Jan 1, 2020 for California.
[2] Other direct expenses include mileage traveling to/from meetings at IRS Federal Rate, travel at cost and Project Equipment and Communication Expense (PECE) at $13 per Direct Labor Hour.
[3] Includes Subconsultant markup of 10%.
[4] Tasks 1-5 and 12 have been completed as of Amendment No. 3 and are no longer shown in Amendment No. 4.
[5] Subtask numbering may be out of sequence if no additional effort will be assigned for this amendment, as indicated in the corresponding scope of work.
[6] Task 17 was previously named Recycled Water Facilities Preliminary Design in Amendment No. 3.

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AGENDA NO: C-2

MEETING DATE: June 22, 2021

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 17, 2021**

FROM: **Rob Livick, PE/PLS – City Engineer**
Joe Mueller, Utility Division Manager

SUBJECT: **Approval of Amendment No. 4 to the Water Reclamation Facility Program Management Contract and Authorization for the Public Works Director to Sign the Agreement to Cover Planned Program Management Costs for Fiscal Year 2021/2022**

RECOMMENDATION

Staff recommends the City Council approve, and authorize the City Manager to sign, Amendment No. 4 (Attachment 1) to the existing agreement with Carollo Engineers, Inc., (Carollo), dated April 11, 2018, for continued program management of the Water Reclamation Facility (WRF) Project in an increased amount of $5,637,527 to cover estimated program management scope of work and costs for Fiscal Year (FY) 2021/22.

PROGRAM MANAGEMENT STRUCTURE

At the April 10, 2018 City Council meeting, Carollo was awarded a contract for program management services. When initially hired in April 2018, Carollo provided a detailed scope and budget of $292,000 for work to be performed between April 11, 2018, and December 31, 2018, and constituted the total Phase 1 program management effort. Each year of the WRF Project thereafter, City staff reviews Carollo's scope and budget for the upcoming fiscal year and presents them to the City Council for review and approval to coincide with the City's annual budget process. That approach allows flexibility as the WRF Project moves through each phase and when new information and WRF Project definition become available. City staff will return to City Council during the budgeting process in spring 2022 to present a budget allocation that will cover the scope of work for Carollo for FY 2022/23.

FISCAL IMPACT

Carollo has developed a Scope of Services, included as Exhibit A (Attachment 2), for program management services through FY 2021/22. For ease of understanding, the amendments are budget allocations for the upcoming fiscal year with remaining funds from current year carrying forward into the next fiscal year. The additional funds necessary to extend these program management services through the end of the FY 2021/22 is $5,637,527. When added to a portion of the estimated carryover from FY 2020/21, the total program management budget for FY 2021/22 will be $5,921,000. A summary of the original contract, Amendment No. 1, Amendment No. 2, Amendment No. 3, and Amendment No. 4 is included in the table below.

Prepared By: ___RL_____	**Dept Review:**
City Manager Review: __SC__	**City Attorney Review:** _JWP____

Contract Element	Total*
Original Agreement	$291,895
Budget Allocation No. 1	$1,606,948
Budget Allocation No. 2	$2,381,968
Budget Allocation No. 3	$2,073,134
Budget Allocation No. 4	$5,637,527
Total	$11,991,472

*Please note that these numbers differ slightly from the referenced amendment figures in attachment 1. Staff identified a calculation error and has fixed that for Budget Allocation No. 4 and the total amount.

Approval of Amendment No. 4 (Budget Allocation No. 4) will increase Carollo's total allocated budget to $11,991,576. Like Amendment No. 4, all future amendments (budget allocations) will be developed with staff and brought to the City Council for review and approval through the annual budget process.

When initially hired in April 2018, Carollo provided an estimate of $7.64 Million for the entirety of the program management effort (anticipated end date in FY 2022/23) for Carollo and their known sub-consultants and scope at that time. During the development of Amendment No. 2 in November 2019, Carollo revised the total Program Management projection to $9.7 Million. During the Project budget reconciliation completed at the end of Q3 FY 2019/20, the estimate at completion for Carollo was $9.8 Million. It is now anticipated to be $12.4 Million. None of those estimates would require an increase in the rates paid by the City's water and wastewater customers.

In order to determine the additional budget allocation for Amendment No. 4 (Budget Allocation No. 4), Carollo developed an estimate of the entire program management effort for FY 2021/22 as shown in Exhibit B (Attachment 3). Current expenditures through FY 2020/21 were forecasted based on actual expenditures through Q3 FY 2020/21 and estimates for Q4 FY 2020/21. A summary of the anticipated expenditures through the end of FY 2020/21 and the forecasted program management effort for FY 2021/22 is summarized in the table below. Information for individual tasks is included in Attachment 4.

Description	Value
Current Contract Amount (including Original Agreement, Amendment No. 1, Amendment No. 2, and Amendment 3)	$6,354,049
Expended through FY 20/21 (estimated)(1)	$5,687,609
Remaining Contract (estimated, as of July 2021)	**$666,440**
Contract Amendment Amount (Amendment No. 4)	$5,637,527
Total Contract Remaining after Amendment No. 4	**$6,303,967**
Projected Expenditures for FY 21/22(2)	$5,921,000
Budget to Carry-Over to FY 22/23	**$382,967**

Notes:
1. Costs include actual charges for Carollo through Q3 FY 2020/2021 and estimates for Q4 FY 2020/2021.
2. Anticipated expenditures are slightly lower yet consistent with the City's FY 21/22 budget for the WRF Project.

Anticipated Work in FY 2021/22

Construction of the WRF (treatment plant) will continue throughout FY 2021/22 with an anticipated 90%+ completion by the end of the fiscal year. Phase 3 (Project Oversight) services will continue to be provided by the Program Manager as well as ongoing elements of Phase 2 (Project Implementation), including supporting stakeholder meetings, project controls, public outreach, and permitting support. Construction of the Conveyance Facilities commenced in Q3 FY 2020/21 and the Program Manager is providing construction management services for that element of the project as

well as archeological investigations and oversight for compliance with cultural resource monitoring requirements. It is anticipated the Conveyance Facilities will be completed by the end of FY 2021/22. The Program Manager has continued hydrogeological analyses, design, and permitting responsibilities related to the potable reuse system (injection wells). These efforts as well as the installation of the pilot injection and monitoring well system will continue through FY 2021/22. Lastly, the Program Manager will execute a number of tasks related to the City's potable reuse and pretreatment ordinance requirements.

CONCLUSION

Staff recommends the City Council approve and authorize the City Manager to execute Amendment No. 4 of the existing agreement with Carollo for continued program management of the Water Reclamation Facility (WRF) Project.

ATTACHMENTS

1. Amendment No. 4
2. Exhibit A (Scope of Services)
3. Exhibit B (FY 2021/22 Budget)
4. Budget Allocation No. 4 Summary

AMENDMENT NO. 4 TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE CITY OF MORRO BAY AND CAROLLO ENGINEER, INC.

This Amendment No. 4 is entered by and among the CITY OF MORRO BAY, a municipal corporation ("City") and CAROLLO ENGINEEERS, INC., a Delaware Corporation ("Consultant"). City and Consultant are sometimes collectively referred to as the "Parties."

RECITALS

WHEREAS, City and Consultant entered into an agreement as of April 10, 2018, for consulting services related to the Program Management for the Water Reclamation Facility Project (WRF Project), which was approved by the City Council for a total not-to-exceed amount of $292,000 (the "Agreement"); and

WHEREAS, the Parties understood the Agreement was to cover completion of the Project Confirmation phase of the WRF Project (Phase 1); and

WHEREAS, the Parties amended the Agreement on November 27, 2018, to include additional services for a portion of the Project Implementation phase of the WRF Project (Phase 2) and established a total not-to-exceed amount of $1,898,948.00 for the Agreement; and

WHEREAS, the Parties amended the Agreement on November 7, 2019, to include additional services for a portion of the Project Implementation and Project Oversight phases of the WRF Project (Phase 2 and 3) and established a total not-to-exceed amount of $4,280,916 for the Agreement; and

WHEREAS, the Parties amended Agreement on June 23, 2020, to include additional services for Project Oversight phases of the WRF Project (Phase 3) and established a total not-to-exceed of $6,360,378 for the Agreement, and

WHEREAS, the Agreement, the November 27, 2018 amendment, November 7, 2019 amendment, and June 23, 2020 amendment are hereinafter referred to as the "Amended Agreement;" and

WHEREAS, the Parties now agree it is time again to amend the Amended Agreement to provide for Consultant's continued Program Management services through the end of Fiscal Year 2021/2022 for continuation of Phase 3; and

WHEREAS, Consultant continues to have specific knowledge and experience to provide Program Management services needed to accomplish necessary tasks to meet the City Council's goals for the WRF Project; and

WHEREAS, City and Consultant will be amending the Amended Agreement annually to align with City's Fiscal Year budget as the need for additional services occurs, as expected by the Parties; and

WHEREAS, due to the expansion of tasks to be provided for the continuation of Phase 3, the compensation payable pursuant to the Amended Agreement must be increased.

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

1. The additional services to be provided by Consultant, pursuant to the Amended Agreement, as hereby amended, shall include the Scope of Work, as set forth in Exhibit A, attached hereto and incorporated herein by this reference (the "Additional Work"). The Additional Work shall be satisfactorily completed no later than June 30, 2022, unless the Amended Agreement is further amended.

2. The compensation to be paid for the Additional Work that is satisfactorily completed shall (i) be paid in accordance with Exhibit B, attached hereto and incorporated herein by this reference and the rates established by the Amended Agreement on a time and materials basis, and (ii) not exceed $5,637,527, for a total not-to-exceed amount of $11,991,472 for the Amended Agreement.

3. Except as expressly stated herein, all terms and conditions in the Amended Agreement shall remain in full force and effect.

4. The effective date of this Amendment No. 4 shall be deemed to be June 22, 2021.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 4 to be executed by their duly authorized representatives.

CITY OF MORRO BAY
a municipal corporation

By: _____
Scott Collins, City Manager

Dated: June ___, 2021

Attest:

_____
Dana Swanson, City Clerk

Approved As To Form:

_____
Chris Neumeyer, City Attorney

CONSULTANT

CAROLLO ENGINEERS, INC.

By: _____
Kyle Rhorer, Vice President

Dated: June__, 2021

By: _____
Ken Wilkins, P.E.,
Its Senior Vice President

Dated: June __, 2021

Engineers...Working Wonders With Water®

1401 Fulton Street, Suite 802, Fresno, California 93721
P. 559.436.6616 F. 559.436.1191

EXHIBIT A

SCOPE OF SERVICES

This Scope of Services is the fourth budget allocation (Fiscal Year 2021/2022) for the existing agreement executed with Carollo Engineers, Inc., (PROGRAM MANAGER) dated April 11, 2018 to provide Program Management Services to the CITY related to the Water Reclamation Facility Project (PROJECT). The major components of the PROJECT include:

- New Water Reclamation Facility (WRF);
- Offsite facilities including injection wells to facilitate potable reuse via groundwater injection (RECYCLED WATER FACILITIES); and
- New lift station located near the existing wastewater treatment plant (WWTP), a secondary lift station located near Main Street and Highway 1, raw wastewater force main from the lift station to the WRF, potable reuse line to the groundwater injection wells, and treated effluent brine line from the WRF to the existing ocean outfall (CONVEYANCE FACILITIES).

The design and construction of the new WRF is being completed through a design-build process, while the other components of the PROJECT are being and will be delivered via a traditional design-bid-build procurement. The CITY has selected a joint venture between Filanc and Black & Veatch (DB TEAM) for the new WRF; design of the CONVEYANCE FACILITIES was completed by the CITY'S design consultant (Water Works Engineers); and the CONVEYANCE FACILITIES are currently being constructed by Anvil Builders, Inc.. Procurement of a design engineer for the RECYCLED WATER FACILITIES has not yet been initiated.

The duration for the Scope of Services described below is now estimated to be 57 months (4.5 years) in duration, spanning from approximately April 2018 through January 2024. The Scope of Services includes the following elements:

- **Completed**
  - Evaluation of the PROJECT
  - PROJECT implementation
  - Procurement of the WRF design-build team
  - WRF design-build contract negotiations
  - Design of the CONVEYANCE FACILITIES
  - Procurement of the CONVEYANCE FACILITIES contractor
- **Ongoing**
  - PROJECT controls, monitoring, management and reporting
  - Permitting support including land use, biological, Title 22 potable reuse, and cultural
  - Funding support for EPA WIFIA Loan and State SRF Planning Loan
  - Public outreach for WRF and CONVEYANCE FACILITIES
  - Outfall management plan
  - Coastal Development Permit compliance
  - Management of and coordination with other PROJECT consultants (both subconsultants to Carollo and consultants to the City)
  - WRF design-build technical support services
  - WRF design-build management services
  - Construction oversight for the WRF

  - CONVEYANCE FACILITIES technical support services
  - Construction management for the CONVEYANCE FACILITIES
  - RECYCLED WATER FACILITIES Site Planning and Basis of Design through pilot and monitoring well bidding, installation, testing, and hydrogeological modeling analysis
- **New FY21/22 Budget Allocation**
  - Permitting support for the City's new pretreatment ordinance
  - Funding support for State SRF Construction Loan and USBR Title XVI Grant
  - Public outreach for the City's new pretreatment ordinance and for RECYCLED WATER FACILITIES
  - Development of a request for proposals (RFP) for design of the RECYCLED WATER FACILITIES
  - Procurement of the designer for the RECYCLED WATER FACILITIES
  - Technical support services and program coordination during preliminary and final design of the RECYCLED WATER FACILITIES
- **Future Budget Allocation**
  - Start-up and operational support services for the WRF
  - Bidding services for the RECYCLED WATER FACILITIES
  - Construction management for the RECYCLED WATER FACILITIES

The PROJECT will also include the following project activities: Hydrogeological Investigations; Outside Funding Agency Reporting and Coordination; Environmental Permitting/Mitigation; Cultural Resources Permitting, Mitigation and Monitoring; Instrumentation and Controls; and Financial Projection/Rate Analysis. The PROGRAM MANAGER will be responsible for advice, oversight, coordination and management of those activities, as well as other activities related to the PROJECT currently being led or may in the future be led by other CITY's consultants.

The PROGRAM MANAGER was the lead advisor to the CITY for the procurement of the DB TEAM and the contractor for the CONVEYANCE FACILITIES. The PROGRAM MANAGER will be the adviser to the CITY for the procurement of the RECYCLED WATER FACILITIES design engineer and the primary contact with those proposing on that project on behalf of the CITY. The PROGRAM MANAGER's services will be provided by licensed engineers, as required by law, or directly supervised by such a licensed engineer.

Phase 1 (Project Confirmation): Phase 1 of PROGRAM MANAGEMENT was included as part of the previous Scope of Services in the original Agreement. Phase 1 was completed on December 31, 2018. The goal of Phase 1 was to establish a roadmap for the next four years of the PROJECT and successfully bring on-board the DB TEAM for the WRF.

Phase 2 (Project Implementation): Phase 2 of PROGRAM MANAGEMENT was generally included as part of the previous Scope of Services between July 01, 2020 and June 30, 2021. The remaining portion of Phase 2 included in this Scope of Services includes:

- Procurement of the RECYCLED WATER FACILITIES designer
- Bidding services for the RECYCLED WATER FACILITIES
- Program management and coordination support during preliminary and/or final design of RECYCLED WATER FACILITIES from January 2021 to June 30, 2021.

Phase 3 (Project Oversight): The second portion of Phase 3 for PROGRAM MANAGEMENT is included in this Scope of Services. Phase 3 will focus on program controls, funding support, permitting support, construction support and oversight for the WRF, construction management for the CONVEYANCE

FACILITIES, and construction management for the RECYCLED WATER FACILITIES. The remaining portion of Phase 3 will be included in latter Scopes of Service and will continue through January 2024. These services will include:

- FY 22/23 and FY 23/24:
  - Construction support for the WRF from July 1, 2022 to March 2023
  - Construction management as required for CONVEYANCE FACILITIES from July 1, 2022 to August 2022
  - Ongoing program management and coordination support during preliminary and/or final design of RECYCLED WATER FACILITIES from July 1, 2022 to December 2022.
  - Construction management for RECYCLED WATER FACILITIES from January 2023 to January 2024

It is anticipated additional Scopes of Services will be developed for each fiscal year of the PROJECT and will be accompanied by a corresponding budget allocation.

Exhibit B has been provided to show the total level of effort anticipated for the PROGRAM MANAGER for the upcoming FY 21/22.

Tasks for Phase 1 Project Confirmation

Tasks for Phase 1 have been completed. No additional budget allocation will be assigned for this Amendment.

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$266,370	$277,931	$(11,561)	$-	$-	$(11,561)	$266,370

Task 1 – Project Assessment (Complete)

No additional effort will be assigned to this task.

Task 2 – Technical Evaluation (Complete)

No additional effort will be assigned to this task.

Task 3 – Design-Build Procurement Support (Complete)

No additional effort will be assigned to this task.

Task 4 – Project Controls Plan (Complete)

No additional effort will be assigned to this task.

Task 5 – Project Team Integration Plan (Complete)

No additional effort will be assigned to this task.

Tasks for Phase 2 Project Confirmation

Task 6 – Routine Program Update Meetings

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$449,325	$340,468	$108,857	**$219,756**	$300,000	$28,613	$669,081

PROGRAM MANAGER will continue to conduct and attend the following regular meetings to discuss progress, current status, and planned activities with internal PROJECT technical team, CITY staff, and CITY Council for the duration of the PROJECT.

Subtask 6.1 – Project Update Meetings

PROGRAM MANAGER will continue to conduct and attend regular meetings to discuss progress, current status, and planned activities with internal PROJECT team, CITY staff, and contractors for the duration of the PROJECT.

Subtask 6.2 – Internal Project Status Meetings

PROGRAM MANAGER will continue to conduct weekly internal progress meetings to include all members of the internal PROJECT team which consists of PROGRAM MANAGER staff (Carollo) and all PROGRAM MANAGER subcontractors. The primary focus of this meeting is to discuss technical coordination issues and the status of individual projects.

Subtask 6.3 – City Council, CFAC, and WRF Subcommittee Meetings

PROGRAM MANAGER will attend quarterly CITY Council meetings for the PROJECT to communicate the PROJECT progress to the CITY Council. PROGRAM MANAGER will assist CITY staff with development of the Staff Report and will be responsible for preparation of the CITY Council presentation. PROGRAM MANAGER will also attend quarterly Citizen's Finance Advisory Committee (CFAC), weekly WRF Subcommittee meetings, and other meetings as needed and requested.

Subtask 6.4 – Project Monitoring, Reporting and Invoicing

PROGRAM MANAGER will monitor PROJECT schedule and budget, and prepare quarterly progress reports and monthly progress reports on the status of the PROJECT. Monthly progress reports will be submitted with the program management invoicing packages in a format that meets funding reimbursement documentation requirements.

Subtask 6.5 – Budget and Financial Projection Coordination

PROGRAM MANAGER will review and track overall program expenditures and funding reimbursement progress status, and coordinate with the CITY's financial and rate consultant (Bartle Wells and Associates) in order to update the program financial projections on a quarterly basis.

Task 6 Deliverables:

- PROJECT Update Meetings (weekly up to fifty-two [52])

- Internal PROJECT Status Meetings (weekly up to fifty-two [52])
- Meetings: CITY Council (4), CFAC (4) and WRF Subcommittee Meetings (up to 52)
- Monthly Invoices and Progress Reports (monthly up to twelve [12])

Task 7 – Program Management Oversight

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$52,189	$99,691	$(47,502)	**$38,208**	$38,000	$(47,294)	$90,397

Subtask 7.1 – Management and Coordination of Carollo and Subconsultant Resources & Contracts

PROGRAM MANAGER will be responsible for management and coordination of PROGRAM MANAGER's resources and staffing; subconsultants' resources and contracts.

Subtask 7.2 – Management and Coordination of City Consultants Resources & Contracts

PROGRAM MANAGER will be responsible for management and coordination of CITY consultants' resources and contracts.

Task 8 – Program Controls

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$452,606	$459,681	$(7,075)	**$217,100**	$220,000	$(9,975)	$669,706

The PROGRAM MANAGER will provide overall program management, administration, and controls for the PROJECT. The PROGRAM MANAGER will manage the following PROJECT components:

- WRF
- CONVEYANCE FACILITIES
- RECYCLED WATER FACILITIES

Items covered under this task include, but are not limited to:

- Scope, budget, and schedule management.
- Interface with the established Project Management Information System (PMIS) in Sharepoint.
- Monthly invoicing and schedule updates.
- Monthly progress report preparation.

Subtask 8.1 – Project Management Information System (PMIS) Development

No additional effort will be assigned to this task.

Subtask 8.2 – Project Monitoring and Stakeholder Reporting

Using the previously developed PMIS, the PROGRAM MANAGER will monitor and report on the status of the PROJECT. PROGRAM MANAGER will monitor the scope, budget, schedule, and risks for both the PROJECT as a whole as well as the three individual PROJECT components described above. The status for

each PROJECT component and the aggregate of the projects will be measured against the PROJECT targets for schedule, budget, quality, and other key performance indicators (KPIs). PROGRAM MANAGER will coordinate with PROJECT team members (i.e., subconsultants, contractors, CITY staff, etc.) to obtain status information and report on the PROJECT activities. Scope, budget, schedule, and risk management updates for each PROJECT component will be provided to the PROGRAM MANAGER by the Project Manager for the three (3) projects. PROGRAM MANAGER will report on the PROJECT status as part of monthly CITY Council update meetings, quarterly CFAC meetings, quarterly WRFCAC meetings, and other outreach efforts (i.e., website, mailings, etc.).

Subtask 8.2.1 – Scope Management

PROGRAM MANAGER will provide overall management and administration of the scope over the duration of the PROJECT. This includes assistance with development of the overall PROJECT scope as a rollup of individual PROJECT component scopes, management of PROJECT scope changes in the context of the overall PROJECT, and monitoring of progress towards the established contract scope targets.

Subtask 8.2.2 – Schedule Management

PROGRAM MANAGER will manage the PROJECT Baseline Schedule, including the schedule for each of the three (3) PROJECT components, and monitor the PROJECT schedules in relation to the baseline schedule for the duration of the PROJECT. Schedules will be managed using Microsoft Project and updated at least bi-weekly in coordination with individual Project Managers. The schedule will be published to the PMIS and integrated with the public outreach tools and with other reports. PROGRAM MANAGER will perform regular reviews of PROJECT activities and schedule and compare progress of critical path activities to the PROJECT schedule. PROGRAM MANAGER will discuss schedule and critical path activities with the CITY at progress meetings and provide monthly schedule updates as part of the PROJECT Monitoring and Reporting task and at quarterly CITY Council meetings.

Subtask 8.2.3 – Budget Management/Cost Control

PROGRAM MANAGER will manage the PROJECT Baseline Budget, including the budget for each of the PROJECT components, and monitor the financial performance of the PROJECT in relation to the baseline budget on a quarterly basis for the duration of the PROJECT. The PROGRAM MANAGER will use information from individual Project Managers and CITY internal costs to compare current financial performance against the baseline budget and schedule. PROGRAM MANAGER will provide quarterly budget updates with cash flow projections at quarterly CFAC and CITY Council meetings.

PROGRAM MANAGER will support the review, processing, and approval procedures for progress payments (i.e., invoices) submitted monthly by Project Managers for each PROJECT component. PROGRAM MANAGER will coordinate with Project Managers and engineering supervisors to support the review and approval process for progress payments. Using the PMIS, PROGRAM MANAGER will document and monitor the progress payments for compliance with contract requirements, process and track the payment approvals, and maintain a current log of contract payments.

Subtask 8.2.4 – Document Management

PROGRAM MANAGER will follow the formal document management approach established for the PROJECT, including use of standard file structures, document naming conventions, and forms/templates

for technical memoranda, meeting agendas, minutes, and monthly progress reports established in Phase 1. PROGRAM MANAGER will utilize the PMIS, established under a previous Scope of Services, to support these document management standards, enforce compliance by all PROJECT team members, and provide that PROJECT information is appropriately documented.

PROGRAM MANAGER will continue the administration of the PMIS in support of program management and construction management activities. Administration tasks include end user technical support, user permissions management, and as-need updates to the document management system and associated workflows.

Subtask 8.2.5 – Project Reporting

PROGRAM MANAGER will support timely and effective communications of the PROJECT to CITY stakeholders including, but not limited to, the CITY Council and CFAC through the development of the Quarterly PROJECT Report. Under this task, PROGRAM MANAGER will prepare Monthly Status Reports (with monthly invoices) as well as Quarterly Reports and present the findings in these reports to the CITY Council and CFAC on a quarterly basis. These meetings are detailed in Task 6.

External PROJECT communications to the general public and other non-CITY stakeholders, will be provided as documented in the Public Outreach task (Task 11).

Task 8 Deliverables:

- Project Monthly Status Reports with monthly invoicing (monthly up to twelve [12]).
- Project Quarterly Reports and presentation materials (quarterly up to four [4]).

Task 9 – Funding Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$165,984	$207,797	$(41,813)	**$317,142**	$300,000	$(24,671)	$483,126

Subtask 9.1 – Master Water Reclamation Plan Completion Support

No additional effort will be assigned to this task.

Subtask 9.2 – Title XVI Funding Applications

PROGRAM MANAGER submitted a Title XVI funding application on April 23rd, 2021 for upcoming FY 21/22 to the United Stated Department of Interior Bureau of Reclamation (USBR). Effort included reporting, data collection, graphics, document processing, beneficial use analysis, and coordination with City Staff. Under the WaterSMART Title XVI WIIN Reclamation and Reuse Projects Funding opportunity, the City has the opportunity to re-apply annually for additional funding up to a $20 million funding cap. Preparation of the April 2021 application was not previously included in the Amendment #3 scope or budget, and will be included under this task retroactively. Also under this task, PROGRAM MANAGER will prepare a second Title XVI funding application for FY 22/23 by updating the original application's content which includes but is not limited to addressing USBR comments, updating beneficial use and financial analyses, updating budget

costs incurred and projections, and making revisions or include additional content for updated Notice of Funding Opportunity from the USBR.

Subtask 9.3 – Title XVI Funding Coordination and Reporting

PROGRAM MANAGER will provide general support and coordination support to facilitate the grant agreement with the USBR for the Title XVI grant throughout the remainder of the fiscal year. Services include:

- Participation in routine coordination meetings with USBR staff
- Coordination with City finance department and City Staff in providing necessary documentation as to facilitate grant agreement.
- Responses to questions and providing clarification regarding the City's Title XVI application.
- Support for finalizing a funding agreement with USBR for the WaterSMART Title XVI WIIN Reclamation and Reuse Projects Funding opportunity.
- Preparation and submittal of project progress quarterly reports.

Subtask 9.4 – WIFIA Funding Coordination and Reporting

PROGRAM MANAGER will provide general support the WIFIA loan agreement in coordination with other funding agreements to continue disbursements from the WIFIA program. Services include:

- Participation in necessary coordination calls with WIFIA staff
- Coordination with City staff regarding loan disbursements
- Coordination and organization of required forms and documentation for WIFIA loan disbursements.
- Responses to questions and general support of WIFIA loan agreement in coordination with other funding agencies and mechanisms.
- Preparation and submittal of project progress quarterly reports.

Subtask 9.5 SRF Funding Coordination and Reporting

PROGRAM MANAGER will provide general support to continue facilitating a CWSRF planning loan agreement and begin facilitating a CWSRF construction loan agreement by providing coordination services with CWSRF staff throughout the fiscal year. Services will include:

- Participation in regular, weekly coordination calls with CWSRF staff;
- Responses to questions regarding the CITY's CWSRF application;
- Providing general support for finalizing a funding agreement with CWSRF;
- Submittal of program progress reporting documents in acceptable formats;
- Coordinating with CWSRF on disbursement requests and documentation requirements.
- Preparation and submittal of project progress quarterly reports.

Subtask 9.6 – Reconciliation of Accounts for Invoice Reporting

PROGRAM MANAGER will provide account management support to the City finance department with regards to costs incurred to date and eligible costs to be reimbursed by CWSRF program. In coordination with the City, PROGRAM MANAGER will make recommendations to the City's current invoicing and

accounting workflow process so that eligible expenses of past and future incurred expenses are appropriately coded, tracked, and documented for streamlined reimbursement by CWSRF.

Subtask 9.7 –SRF Loan Support for Recycled Water Facilities

PROGRAM MANAGER will provide necessary coordination with SWRCB staff to include the financial documentation and general information regarding the recycled water facilities and supporting linear infrastructure for the SRF construction loan application.

Task 9 Deliverables:

- FY 20/21 Title XVI Grant Application (submitted April 23, 2021).
- Updated FY 21/22 Title XVI Grant Application (assumes the Notice of Funding Opportunity will be issued by the Bureau of Reclamation).
- Preparation and submittal of project progress quarterly reports to each funding agency.

Task 9 Assumptions:

- Twelve (12) monthly coordination calls will be held with Title XVI staff, in addition to regular email communication.
- Twelve (12) monthly coordination calls will be held with WIFIA staff, in addition to regular email communication.
- Twelve (12) monthly coordination calls will be held with CWSRF staff, in addition to regular email communication.

Task 10 – Permitting Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$944,864	$1,104,891	$(160,027)	**$741,270**	$580,000	$1,243	$1,686,134

Subtask 10.1 – Land Use Permitting and Biological Monitoring

This task includes all coordination and management of resource regulatory agency permitting for the PROJECT, as well as any other land use permitting that may be needed. PROGRAM MANAGER will coordinate these efforts, and work with members of the PROJECT technical team, and CITY staff to prepare these permit applications.

Subtask 10.1.1 – Resource Regulatory Agency Permitting

The PROJECT requires a variety of permits from State and federal resource regulatory agencies. A Streambed Alteration Agreement (SAA) for the WRF was executed in coordination with the California Department of Fish and Wildlife. It was determined that a SAA for the CONVEYANCE FACILITIES components of the PROJECT is not needed. The additional effort needed to secure the SAA permits for the final RECYCLED WATER FACILITIES is not included in this scope but will be the responsibility of the design consultant.

Subtask 10.1.2 – Land Use Permitting

The PROJECT will require a variety of permits from State and federal land use permitting agencies.

Key land-use permitting agencies for the PROJECT will include:

- California Coastal Commission (CCC) Coastal Development Permit (CDP)
- California Department of Transportation (Caltrans) Encroachment Permit

The PROJECT pursued a consolidated CDP from the CCC. On July 11, 2019, the CCC approved a CDP for the PROJECT.

A Caltrans encroachment permit is needed since pipelines will be located within the Caltrans right-of-way (i.e., Highway 1 onramp from Atascadero Rd.). The CONVEYANCE FACILITIES design engineer and PROGRAM MANAGER submitted the encroachment permit application in 2020. Continued coordination with Caltrans is required for encroachment into their right-of-way for archeological investigations.

Subtask 10.1.3 – Annexation

No additional effort will be assigned to this task.

Subtask 10.1.4 – Monitor Procurement

The FEIR and Final Biological Opinion (BO) with United States Fish and Wildlife Service (USFWS) requires biological monitoring for all elements of the PROJECT. Biological monitoring for the WRF is being done by Kevin Merk Associates (KMA) as a subconsultant to the PROGRAM MANAGER. The PROGRAM MANAGER has included an additional allowance of $50,000 to provide services of the lead biologist to perform biological resources services between July 1, 2021 and June 30, 2022.

For the CONVEYANCE FACILITIES and RECYCLED WATER FACILITIES, the biological monitoring is directly contracted with the CITY.

Subtask 10.2 – Title 22 Potable Reuse and Pretreatment Ordinance Support

Subtask 10.2.1 – Title 22 Engineer's Report

A Draft Engineer’s Report that included the Enhanced Source Control Plan (ESCP) was developed in FY 20/21 and submitted to the State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW) for preliminary review. DDW has provided comments that need to be incorporated into the Engineer’s Report. Additionally, the draft did not include the required hydrogeology sections, which are still being developed by GSI.

Work in FY 21/22 by PROGRAM MANAGER will include coordination with the GSI in developing the proposed injection plan and locations, and review of GSI deliverables. The GSI deliverables will then be incorporated into a revised draft Engineer’s Report, which will also include changes made to incorporate DDW comments. A series of meetings and coordination with DDW is expected to arrive at the final Engineer’s Report that will be approved by DDW and incorporated into the Report of Waste Discharge for the potable reuse facilities.

Subtask 10.2.2 – Report of Waste Discharge (ROWD)

Subtask 10.2.2.1

A ROWD was prepared in FY 20/21 for the NPDES permit renewal for the new WRF facility and the new discharge characteristics. Work in FY 21/22 will focus on working with the City and the RWQCB as the

new NPDES permit is developed. Anticipated work includes meetings, answering questions, commenting on administrative draft and draft permits to obtain a new NPDES permit prior to startup of the WRF.

Subtask 10.2.2.2

A new ROWD will be required for the groundwater recharge elements of the potable reuse program. PROGRAM MANAGER will prepare the ROWD for review and approval by the RWQCB. The potable reuse ROWD will encompass the Title 22 Engineer's Report and will require coordination with DDW in conjunction with the RWQCB.

Work in FY 21/22 by the program management team will include coordination with the GSI in developing the proposed injection plan and locations and review of GSI deliverables. PROGRAM MANAGER will prepare the ROWD and will coordinate with DDW and RWQCB for obtaining the waste discharge requirements (WDR) for potable reuse.

Subtask 10.2.3 – Brine Analysis and Management

No additional effort will be assigned to this task.

Subtask 10.2.4 – Permitting Guidance and Regulatory Meetings

Up to four (4) meetings with DDW and the RWQCB have been included in this Scope of Services.

Subtask 10.2.5 – Start up and Commissioning Support

In order to obtain a permit to operate the new potable reuse facilities, the WRF will have to demonstrate compliance with all Title 22 standards for groundwater recharge. PROGRAM MANAGER will coordinate with the FBV Design Build team on these activities. Carollo will provide input and review FBV's summary of startup activities to prove water quality performance. This plan and the results of the demonstration of compliance will be submitted to DDW for final approval.

Also prior to permitting the potable reuse facility for operation, DDW requires an Operations Optimization Plan (OOP) to be submitted for approval. PROGRAM MANAGER will prepare the OOP in coordination with FBV and DDW.

Subtask 10.2.6 – Pretreatment/Source Control Program

As a result of the CITY's requirements concerning the new Enhanced Source Control Program, the PROGRAM MANAGER will provide the permitting and pretreatment activities described below.

Subtask 10.2.6.1 - Generic Permit Application for Class G and Class S Users

PROGRAM MANAGER shall develop permit application for Class G (general) dischargers and Class S (Significant Industrial Users (SIUs). No permit application will be needed for Class F dischargers (food facilities), and there will be a single permit for all Class G and Class S applicants. The CITY's Sewer Use Ordinance (SUO) will be reviewed to ensure that the discharge permit application will be consistent with SUO language. Feedback from the CITY on the draft permit application will be incorporated into the final permit application. Outreach support by subconsultant (Katz and Associates) could be provided as desired by the CITY.

Deliverables:

- Draft permit application

- Final permit application
- (Proposed Outreach Task) Make the permit application available on the CITY's website
- (Proposed Outreach Task) Assist the CITY with mailing permit applications to identified businesses

Subtask 10.2.6.2 Develop 8 Permit Templates

PROGRAM MANAGER shall develop permit templates for the following eight types of dischargers: Class F (food facilities), Class G (Oyster cultivation, Automobile restoration, RV or boat pump-out stations, Brewery/winery, Car wash, Dry cleaner, Mortuary). Anticipated activities include:

a. Review completed permit applications for the Class G users
b. Review the CITY's SUO to ensure that the discharge permit templates will be consistent with SUO language.
c. Include prohibitions, requirements, and/or best management practices (BMPs) unique to each discharger type on each discharge permit template.
d. Incorporate feedback from the CITY on the draft permit templates into the final permit templates.

Deliverables:

- Eight (8) draft permit templates and contact letter
- Eight (8) final permit templates and contact letter

Subtask 10.2.6.3 - Develop Permitting Fees for Class F, Class G, and Class S Users

PROGRAM MANAGER shall develop a fee schedule for the permit applications (Class G and S) as well as annual fees assessed to each IU (Class F, Class G, and Class S). The fee schedule will be developed with the intent to collect all labor and consultant costs needed to maintain the CITY's oversight of IUs. Anticipated activities include:

a. Review estimated staff hours required to process initial permit applications to determine appropriate application fee amount.
b. Review estimated staff hours required for tasks and duties associated with permitting to determine appropriate permit fee amount.
    - Determine preparation costs to develop the permit, annual site inspections, laboratory costs, and material costs, and the costs of any routine monitoring and laboratory testing of the IU.
    - Fees will also be established for initial enforcement correspondence (i.e., notices of violation) and cost recovery fees for enforcement-related activities (staff call-outs for sewer blockages, additional lab fees for repeat sampling, etc.).
c. Obtain input from the CITY on initial proposed application fee and permit fee.
d. Outreach support by subconsultant could be provided as desired by the CITY.

Deliverables:

- Application fee and permit fee amounts to be included on permit applications
- (Proposed Outreach Task) Make application fee and permit fee amounts available on the CITY's website with instructions on how to pay.

Subtask 10.2.6.4 - Permit SIUs, Site Visits

PROGRAM MANAGER shall develop Class S permits for the CITY's two SIUs (Mission Linen and Culligan Water). Anticipated activities include:

a. Review completed permit applications for the two SIUs
b. Establish site-specific prohibitions, requirements, and/or BMPs unique to Mission Linen and to Culligan Water and include on each permit.

- Establish sampling program and schedule for each SIU
- Establish reporting requirements for each SIU
- Establish inspection schedule for each SIU

c. Review the CITY's SUO to ensure that both discharge permits will be consistent with SUO language.
d. Incorporate feedback from the CITY on the draft permits into the final permits for each SIU.

Visit each SIU site for pre-permit-issuance inspection
a. Develop inspection checklist
b. Accompany CITY staff on site visits

Issue Class S permits to the CITY's two SIUs
a. Organize the initial permitting activities

Deliverables:
- Two (2) draft permits
- Two (2) final permits
- Assistance to the CITY with issuance and delivery of permits to Mission Linen and Culligan Water.

Assumptions:
- Assisting the CITY with potential permit appeals, modifications, revocations or suspensions, and/or reissuance is not included with this Amendment but could be added to scope at a later time.

Subtask 10.2.6.5 - Update Industrial Waste Survey

PROGRAM MANAGER shall establish procedures and workflow for updating the Industrial Waste Survey (IWS), which would include:
- Develop a dynamic IU inventory spreadsheet
- Identify Public Works Department personnel to manage updates to the IWS Master List
- Determine the Administrative Services Division's business license issuance process and develop a flow chart and schedule for communication and data sharing between the Public Works Department and the Administrative Services Division.
- Generate procedures for making a determination on whether or not to classify the business as an IU (Class F, Class G, or Class S), adding information to the IWS master list, requesting that businesses submit a wastewater discharge permit application, and scheduling inspections prior to issuance of the discharge permit.
- Trigger 12-month notifications/reminders to update records based on the business license renewal date. PROGRAM MANAGER shall update the IWS Master List.
- Call the businesses that could be potential significant dischargers, complete the IWS survey form, assign an industrial user category, and input the data into the Master List.

Deliverables:
- Updated dynamic IU inventory as an Excel spreadsheet
- Workflow, procedures, checklists for updating the IWS on a regular schedule
- Online workshop to explain procedures

Assumptions:
- Any follow-up activities, such as inspections and permit development, will be the responsibility of the CITY.

Subtask 10.2.6.6 - Inspect and Permit All Class G Users

PROGRAM MANAGER shall visit all 22 Class G user sites for pre-permit-issuance inspection
a. Develop inspection checklist
b. Accompany CITY staff on site visits

PROGRAM MANAGER shall issue Class G permits (developed in Task 2) to the CITY's Class G users
a. Organize the initial permitting activities
b. Review the IWS to determine the complete list of Class G users
c. Stagger the permit start dates so that a manageable schedule is developed. This will optimize staff time utilization for the renewal process that will proceed in future years.

Deliverables:
- Assistance to the CITY with issuance and delivery of permits to all Class G users

Assumptions:
- Assisting the CITY with potential permit appeals, modifications, revocations or suspensions, and/or reissuance is not included with this Amendment but could be added to scope at a later time.

Subtask 10.2.6.7 - Inspect (5/187) and Permit (20/187) Class F Users

PROGRAM MANAGER shall visit five (5) Class F user site for pre-permit-issuance inspection
- Develop inspection checklist
- Accompany CITY staff on five (5) site visits

PROGRAM MANAGER shall issue Class G permits (developed in Task 2) to 20 of the CITY's Class F users, as follows:
a. Organize the initial permitting activities
b. Review the IWS to determine the complete list of Class F users
c. Stagger the permit start dates so that a manageable schedule is developed. This will optimize staff time utilization for the renewal process that will proceed in future years.

Deliverables:
- Assistance to the CITY with issuance and delivery of permits to all Class G users

Assumptions:
- CITY staff will perform the remaining Class F inspections and will issue the remaining Class F permits
- Assisting the CITY with potential permit appeals, modifications, revocations or suspensions, and/or reissuance is not included with this Amendment but could be added to scope at a later time.
- CITY staff will prepare notification packets to accompany permits

Subtask 10.2.6.8 - Outreach – Website and Fact Sheets

PROGRAM MANAGER and Outreach Subconsultant shall perform outreach as follows:
1. Regular industry meetings: introduction to the new permitting program and the AWPF
   a. Two meetings for Class F users
   b. Two meetings for Class G users
2. Residential and other businesses outreach:
   a. Development of two flyers (to go out with bills) about the AWPF and what to flush – one for January 2021 and one for August 2021.
3. ESCP webpage: morrobaywrf.com/pretreatment

a. General info on pretreatment and ESCP being enhanced for the AWPF. Link to SUO and description of changes for industries and residents.
b. Information page for F and G industries, other businesses, and SIUs
   - Download permit applications
   - Link to information on FOG
c. Information for residents:
   - General information/ graphics on what not to flush to protect environment and AWPF
   - Links to utility bill insert flyers
   - Links to existing county disposal programs

Deliverables:

- Single page flyer, sent as utility bill inserts (4)
- Development of a pretreatment homepage/portal on the WRF website with a page for industry/businesses, and a page for residents. (3 web pages in total, plus links to external sites and several PDFs)
- Industry meetings (4)

Subtask 10.2.6.9 - Review/Compile Industrial Self-Monitoring

PROGRAM MANAGER shall receive and review all self-monitoring sampling data and compliance reports from Class F, Class G, and Class users as required by the SUO and/or wastewater discharge permits. Proposed activities include:

a. Enter and compile data into a spreadsheet/database
b. Review lab reports
c. Compare data with any applicable limits, prohibitions, and requirements to determine compliance.

Deliverables:

- Spreadsheet tool that CITY staff can use for compiling and reviewing industrial self-monitoring data moving forward.
- Self-monitoring data for six months.

Subtask 10.2.6.10 - Management and Procedures Manual

PROGRAM MANAGER shall develop a pretreatment program management and procedures manual and checklist including the following elements:

a. Introduction the Pretreatment Program
   - Industrial Waste Survey (established in Task 5)
   - Legal Authority - understanding the SUO and ERP
   - Technical Information – monitoring plant performance, effluent and sludge limits, and review of the narrative limits established in the SUO
   - Monitoring Program - Scheduled and unscheduled monitoring, investigative monitoring, industrial self-monitoring, laboratory considerations and chain-of-custody
   - Program Organization, costs, and revenue - organization chart and staffing requirements, program costs and funding mechanisms
b. Ongoing activities
   - Monitoring IUs - sampling, inspection, self-monitoring, and reporting – all surveillance activities needed to ensure continuing compliance by IUs with pretreatment standards and requirements. SIU inspection and monitoring schedule

- Administering the Program – outreach activities, permitting industries, identifying new industries, evaluating self-monitoring reports, and planning staff and equipment requirements. Administering the program also includes providing funds and staff to carry out the program, including training. Working with users, answering questions, and providing guidance on pretreatment equipment are importance activities to help IUs achieve compliance.
- Undertaking Compliance Activities – enforcing compliance through administrative and legal remedies. Responding to instances of noncompliance in a timely manner and documenting records of violations and efforts to obtain compliance.
- Record Keeping – Because the CITY's pretreatment program is not an EPA-approved program, the CITY does not have the same reporting obligations that an approved program would have. However, regular record-keeping on the program can show the program's effectiveness. Records can be kept documenting program status, activities performed during the year, and records of any SIUs found to be in significant noncompliance.
- Program Updates – periodically reevaluate the need for local limits and update the industrial waste survey.

Deliverables:

- Draft multi-chapter pretreatment program manual and checklist
- Final multi-chapter pretreatment program manual and checklist

Subtask 10.2.6.11 - Staff Training

PROGRAM MANAGER shall conduct staff training as follows:

1. Develop a presentation based on all project tasks and procedures
2. Distribute all needed materials related to the CITY's ESCP program
3. Provide training for CITY staff to go over the Management and Procedures Manual

Deliverables:

- Video conference or in-person training session with CITY staff (3 hours)

Subtask 10.2.6.12 - Meetings

PROGRAM MANAGER shall schedule and hold periodic check-in meetings with CITY staff to discuss data needs and give updates on progress.

Deliverables:

- Check-in meetings (ongoing)

Subtask 10.2.6.13 - Coordination

PROGRAM MANAGER shall conduct internal coordination to facilitate the completion of the other project tasks.

Subtask 10.3 – SAFE System

No additional effort will be assigned to this task.

Subtask 10.4 – Archeological/Paleontological Monitoring and Tribal Representation

Subtask 10.4.1 – Programmatic Agreement Coordination

The CITY finalized a Programmatic Agreement (PA) with the State Historic Preservation Office (SHPO) in November 2019. The PA requires the following:

- Monitoring Plan for the CONVEYANCE FACILITIES (referred to as Phase 2 in the PA)
- Pre-Construction Archeological Study for the CONVEYANCE FACILITIES (referred to as Phase 2 in the PA)
- Monitoring Plan for the RECYCLED WATER FACILITIES (referred to as Phase 3 in the PA)
- Pre-Construction Archeological Study for the RECYCLED WATER FACILITIES (referred to as Phase 3 in the PA)

While these items will be prepared by Far Western, who is directly contracted with the CITY, the PROGRAM MANAGER will review and coordinate Far Western's activities.

Subtask 10.4.2 – Archeological/Paleontological Monitoring and Tribal Representation

The FEIR and PA require archeological/paleontological monitoring and tribal representation for the construction for all phases of the PROJECT. While this work is being managed by the WRF Design-Build Team for the WRF, the monitors and representatives for the CONVEYANCE FACILITIES and RECYCLED WATER FACILITIES components of the PROJECT are contracted directly with the CITY.

Task 10 Assumptions:

- Scope of Services includes coordination with regulatory agencies, CITY, and COUNTY and does not include any supplemental CEQA studies or environmental documents in addition to the FEIR and the FEIR Addendum.

Task 10 Deliverables:

- Final Title 22 Engineering Report
  - Current Percent Complete (end of FY20/21) = 65 percent
  - Anticipated Percent Complete (end of FY20=21/22) = 100 percent
- Draft ROWD – Ocean Discharge
  - Current Percent Complete (end of FY20/21) = 90 percent
  - Anticipated Percent Complete (end of FY21/22) = 100 percent
- Final ROWD – Ocean Discharge
  - Current Percent Complete (end of FY20/21) = 0 percent
  - Anticipated Percent Complete (end of FY21/22) = 100 percent
- Draft ROWD – Indirect Potable Reuse
  - Current Percent Complete (end of FY20/21) = 0 percent
  - Anticipated Percent Complete (end of FY21/22) = 50 percent
- Final ROWD – Indirect Potable Reuse
  - Current Percent Complete (end of FY20/21) = 0 percent
  - Anticipated Percent Complete (end of FY21/22) = 0 percent

Task 11 – Public Outreach

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$472,169	$439,557	$32,612	**$426,568**	$449,000	$10,180	$898,737

The PROJECT is not only a significant undertaking for the CITY, but it is also a highly visible program throughout the CITY that impacts customers, residents, business owners, community leaders, elected officials, regulatory authorities, and funding partners. Clear, timely, and informative communication is instrumental to encouraging trust and collaboration for the successful completion of the PROJECT.

Subtask 11.1 – Public Outreach Plan

No additional effort will be assigned to this task.

Subtask 11.2 – Public Outreach (FY 18/19)

No additional effort will be assigned to this task.

Subtask 11.3 – Weekly Coordination Meetings

Weekly virtual (and as-needed in-person; 6 assumed) coordination meetings will continue to be conducted with the PROGRAM MANAGER's public outreach team and the CITY.

Subtask 11.4 – Public Outreach (FY 19/20)

No additional effort will be assigned to this task.

Subtask 11.5 – Public Outreach Activities (Website, Office Hours, Notices, Events)

Subtask 11.5 includes the anticipated notifications and materials to be developed and used during FY 21/22 and will include the following components:

- Notifications
- Phone Line and Community Inquiries
- Website Update and Management

Efforts under this Subtask will be adjusted and applied as necessary to address the various PROJECT components (WRF, CONVEYANCE FACILITIES, RECYCLED WATER FACILITIES.)

Subtask 11.5.1 – Notifications

Quarterly utility bill newsletter inserts will be used to keep the community updated on the status of the CONVEYANCE FACILITIES component of the PROJECT after construction begins in October 2020. Newsletters will be brief, and professionally designed with both text and visual elements to convey technical concepts and address known questions. Content for these CITY-wide bill inserts will be provided by the PROGRAM MANAGER in English and Spanish.

Direct email will continue to be used to reach a broad base of business owners in advance of meetings and events, and to provide PROJECT updates throughout the construction of the CONVEYANCE FACILITIES component of the PROJECT. Email notifications can include links to website information and can include visual elements like photos and maps. Email contact information will be collected during meetings, public outreach efforts, and subscriptions to the PROJECT website. It is estimated that up to four email newsletters will be developed.

Subtask 11.5.2 – Phone Line and Community Inquiries

An information line has been established and will continue to be used and monitored by the PROGRAM MANAGER for public inquiries. All inquiries will be logged and organized by topic and responded to in a timely manner. The information line developed in FY 18/19 is 877-MORROBAYH2O.

The information line tracking log will be saved on the PMIS in SharePoint for internal access.

Subtask 11.5.3 – Website Update and Management

A new PROJECT website was recently launched in spring 2020. The website will serve as the online hub for PROJECT updates and materials and will serve as the go-to source of information about the PROJECT. A designated page was developed on the website for construction notices and schedule information. However, the CITY and PROGRAM MANAGER have determined the need for additional content for the website including:

- Information on the potable reuse elements of the PROJECT (i.e., technology selection, regulatory requirements, etc.)
- Information to support the CITY's new ESCP

These content updates will be made under this Scope of Services.

Task 11 Deliverables:

- As-needed bill insert newsletters
- Monthly email notifications.
- As-needed social media content
- New website content for potable reuse and support of the ESCP
- Updates to the public inquiry log

Task 11 Assumptions:

- CITY to print all materials and provide postage for any mailings
- CITY to provide updates to the PROJECT website in the form of regularly uploading reference material
- CITY to pay monthly subscription fees for the information line

Task 12 - Conveyance Facilities Design Oversight

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$243,243	$252,392	$(9,149)	$-	$-	$(9,149)	$243,243

Subtask 12.1 – General Design Oversight Services

No additional effort will be assigned to this task.

Subtask 12.2 – Subsurface Utility Investigations

No additional effort will be assigned to this task.

Subtask 12.3 – Bidding Support Services

No additional effort will be assigned to this task.

Task 13 – WRF Onsite DB Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$517,144	$483,493	$33,651	**$40,436**	$40,000	$34,087	$557,580

Subtask 13.1 – Design Build Kick-Off Meeting

No additional effort will be assigned to this task.

Subtask 13.2 – Design-Build Team Meetings

No additional effort will be assigned to this task.

Subtask 13.3 – Design Oversight

No additional effort will be assigned to this task.

Subtask 13.4 – Major Equipment Procurement Support

No additional effort will be assigned to this task.

Subtask 13.5 – Major Subconsultant Procurement Support

No additional effort will be assigned to this task.

Subtask 13.6 – Process Site Visits

No additional effort will be assigned to this task.

Subtask 13.7 – General Technical Support

PROGRAM MANAGER will provide engineering support in the review of the remaining technical submittals and/or issues related to the WRF. PROGRAM MANAGER will utilize all necessary technical disciplines to respond to requests for clarification, perform design reviews, provide third party cost estimates, or other technical support as required by the submittals.

Task 13 Deliverables:

- NA

Task 13 Assumptions:

- NA

Task 14 – Outfall Management Plan

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$307,863	$217,591	$90,272	**$75,872**	$100,000	$66,144	$383,735

The CITY's existing outfall was constructed in 1981. It replaced the original 1,760 linear foot (LF), 18-inch diameter outfall constructed in 1953 with 5,160 LF of 27-inch diameter pipeline consisting of 708 LF of reinforced concrete pipe (RCP) and 4,452 LF of mortar lined and coated welded steel cylinder pipe (WSP). The most downstream portion of the WSP has a 170 LF section that contains 34 diffuser ports spaced 5-feet on center with alternating orientations at the 10:00 and 2:00 o'clock positions. The CITY conducted an outfall inspection in 2011 that identified that there was approximately 30 cubic yards of sediment that had accumulated in the outfall since it was placed into service.

The purpose of this task is to develop an Outfall Management Plan (OMP), which is a requirement of the CDP issued by the CCC. The OMP will need to address long-term management of the outfall and identify any modifications that will be needed to accommodate the change in the quantity and quality of effluent produced by the WRF and discharged through the outfall. It will also identify any capital improvements needed to preserve and extend the outfall's service life.

This task includes the following subtasks:

- Condition Assessment
- Hydraulic Analysis
- Dilution Modeling

Subtask 14.1 – Outfall Assessment Plan

No additional effort will be assigned to this task.

Subtask 14.2 – Condition Assessment

No additional effort will be assigned to this task.

Subtask 14.3 – Hydraulic Assessment

The purpose of this subtask is to assess outfall hydraulics and to support the dilution modeling described in Subtask 14.3. The PROGRAM MANAGER will perform the following activities to complete this subtask:

- Use the SWMM-based hydraulic model to evaluate up to four (4) additional scenarios to simulate hydraulic conditions during a range of flows to support corrections or changes due to the WRF project and/or to address NPDES comments.

Subtask 14.4 – Dilution Modeling

The purpose of this task is to conduct dilution modeling of the CITY's ocean discharge to calculate the dilution factor that will be used for the CITY's NPDES permit. The PROGRAM MANAGER will perform the following activities to complete this subtask:

- Perform dilution simulations for all discharge scenarios available from the new WRF project.
- Perform dilution analyses for up to three (3) alternate diffuser configurations using the hydraulic model developed in Subtask 14.3.
- Recommend diffuser configuration modifications (i.e., number of ports, orientation, spacing, etc.) to meet dilution and environmental criteria as required to comply with the requirements in the NPDES permit documents.
- Prepare a draft technical memorandum that documents the results of the hydraulic assessment. Conduct a workshop with the CITY to review the technical memorandum and to receive CITY comments. Prepare a final technical memorandum and submit it to the CITY.

Subtask 14.5 – Outfall Management Plan Report

The purpose of this subtask is to summarize the findings from the condition assessment, hydraulic analysis, and dilution modeling. This report will provide recommendations for improvements correct any defects for the pipeline, diffusers, or any hydraulic deficiencies. The final report will incorporate any comments from the previous technical memoranda and will be submitted to the CITY.

Task 14 Deliverables:

- Draft Outfall Management Plan
  - Current Percent Complete (end of FY20/21) = 10 percent
  - Anticipated Percent Complete (end of FY1/22) = 100 percent
- Final Outfall Management Plan
  - Current Percent Complete (end of FY20/21) = 0 percent
  - Anticipated Percent Complete (end of FY21/22) = 100 percent

Task 14 Assumptions:

- NA

Task 15 – Coastal Development Permit Compliance

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$74,934	$60,127	$14,807	**$30,932**	$40,000	$5,739	$105,866

While a CDP has been approved by the CCC for the PROJECT, it has been granted subject to a number of special conditions. Specifically, the permit includes requirements that must be met before the CDP can be issued, before construction can be started, and prior to operation of the new WRF. Since the

PROJECT is a combination of three separate project components each with a separate schedule, the CITY is taking a phased approach to compliance with the special conditions. This task includes completion of the plans identified in the special conditions that must be completed before construction can be started on the CONVEYANCE FACILITIES.

Subtask 15.1 – Revised Final Plans

Prior to the issuance of the CDP, the CITY is required to prepare and submit the Revised Final Plans to the CCC for review. As defined in the NOI for Permit No. 3-19-0463, the Revised Final Plans must show the following required changes and clarifications to the PROJECT:

- Approved Development Envelope
- Final Design
- Pump Stations and Related Development Design
- Landscaping
- Lighting Minimized
- Windows and Other Surfaces
- Utilities
- Storm Water and Drainage

PROGRAM MANAGER will complete a Draft Revised Final Plans package for the RECYCLED WATER FACILITIES for review by the CITY. Following review by CITY staff, the PROGRAM MANAGER will incorporate the CITY's comments and produce the Final Revised Final Plans package. The PROGRAM MANAGER will also deliver the Final Revised Design Plans package to the CCC.

Subtask 15.3 – Recycled Water Management Plan

No additional effort will be assigned to this task.

Subtask 15.4 – Other Authorizations – Recycled Water Facilities

Prior to the issuance of the CDP, the CITY is required to prepare and submit the list of authorizations from approving regulatory agencies. The PROGRAM MANAGER will provide the other authorization documentation for the RECYCLED WATER FACILITIES to the City for review and will incorporate CITY's comments and produce the final report to the CCC for approval. As defined in the NOI for Permit No. 3-19-0463, the Other Authorizations report must include, at a minimum, the following components for the RECYCLED WATER FACILITIES component:

- List of agencies involved in design and permitting
- Description of each agency's involvement
- Permit requirements from each agency
- Responsible party of each listed permit

Task 16 – Operations Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$21,132	$22,250	$(1,118)	**$13,118**	$12,000	$-	$34,250

Subtask 16.1 – DDW Designated Operator

It is critical that the CITY work closely with DDW and demonstrate continual compliance during the duration of the PROJECT implementation as DDW is the entity that will ultimately permit the advanced treatment facility for IPR. At this time, the CITY is in need of a California certified Grade III or higher potable water distribution operator to perform the following as-needed functions:

- Act as and be listed with the State as the chief distribution system operator (i.e., designated operator)
- Participate in a weekly conference call with the CITY's Utilities Manager and operations staff to discuss distribution system activities, performance, polices, etc.
- Perform a monthly site visit to review the distribution system activities and the monthly report.
- As-needed telephone consultation in the event of a system failure or operational challenge
- Review design information and provide comments regarding the PROJECT as it relates to the potable water distribution system

Task 17 – Recycled Water Facilities Site Planning and Basis of Design

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$153,472	$79,499	$73,973	**$306,248**	$350,000	$30,221	$459,720

For the RECYCLED WATER FACILITIES, the CITY will construct up to four (4) new injection wells at the West injection area. Based on the information obtained from the PROJECT hydrogeologist, the PROGRAM MANAGER will prepare the site planning evaluation and coordinate with the PROJECT hydrogeologist to develop the Basis of Design for the RECYCLED WATER FACILITIES. This task does not currently include detailed land surveying of the entire proposed well site, vegetation removal of the proposed well site, updates to the PROJECT environmental (CEQA) document, any PROJECT permitting including environmental or cultural, or the geotechnical investigation that will ultimately be required for final design of these facilities.

Subtask 17.1 – Site Planning Coordination and Pilot Well Bidding (Through Pilot Well Testing Phase)

PROGRAM MANAGER in coordination with the PROJECT hydrogeologist, biologist, and archeologist will perform a site planning study of the west injection area. Site planning and basis of design will include defining project components required to meet specific project objectives; verifying site conditions to understand opportunities and constraints that may be imposed upon the project and its design (such as property acquisition constraints, permitting requirements, initial pilot well site topographic survey,

biological and cultural resources surveys and investigations, and utility locations); preparing schematic drawings to determine general scope, site layout, scale, and relationships among project components. This subtask also includes preparing the pilot and monitoring well bid package; providing bidding support and administrative support through construction. Engineering services during construction of pilot injection and monitoring wells construction are NOT included in this scope and is assumed to be provided by the design consultant.

Subtask 17.2 – RFP for Design of Recycled Water Facilities

Upon completion of Subtask 17.1, the PROGRAM MANAGER will prepare a Request for Proposals (RFP) to procure a design consultant for the RECYCLED WATER FACILITIES and supporting infrastructure. This task will incorporate information from the site planning analysis and the basis of design from the results of the pilot injection study to prepare the necessary scope of work for the RFP.

Subtask 17.3 – Technical Support and Program Coordination (During Preliminary and Final Design)

PROGRAM MANAGER will provide technical support and program coordination with the procured design consultant and the PROJECT hydrogeologist through the preliminary and final design phase of the Final Recycled Water Facilities and supporting infrastructure.

Task 17 Deliverables:

- Draft and Final Bid Package for the Pilot Injection and Monitoring Wells (in conjunction with the PROJECT hydrogeologist)
- Draft and Final Request for Proposals for procuring a design consultant for the RECYCLED WATER FACILITIES for preliminary and final design services.

Task 18 – WRF Construction Support

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$1,077,645	$804,012	$273,633	**$965,534**	$1,192,000	$47,167	$2,043,179

PROGRAM MANAGER's role during Phase 3 of the WRF component of the PROJECT will shift from an engineering-focus to a construction and commissioning oversight, auditing, and support focus. All field and office-related activities during Phase 3 will be coordinated by the PROGRAM MANAGER. Core design oversight team members will continue to provide engineering office support and commissioning support accordingly.

PROGRAM MANAGER's level of effort defined for the various tasks herein is based on the ongoing construction schedule and anticipated construction progress by June 30, 2022 (i.e. substantial completion). The level of effort for this Scope of Services is for the next twelve (12) months of construction. Efforts by the PROGRAM MANAGER after June 30, 2021 (anticipated to primarily be startup, testing, and commissioning) will be covered by a future Scope of Services.

Task 18.1 – Pre-Construction Conference

No additional effort will be assigned to this task.

Subtask 18.2 – Construction Oversight Services

PROGRAM MANAGER will provide a CONSTRUCTION MANAGER (i.e., Subconsultant: Mimiaga Engineering Group) to oversee all field activities for the PROGRAM MANAGER. The CONSTRUCTION MANAGER will be the central liaison for communication between the PROGRAM MANAGER/CITY and the DB TEAM's Construction Manager. The CONSTRUCTION MANAGER will be provided on-site full-time starting with the Construction Notice to Proceed (NTP) as required by the CITY's CDP Special Condition No. 2 (Construction Plan). PROGRAM MANAGER's CONSTRUCTION MANAGER's level of effort for this task assumes the following:

- 40 hours per week during heavy construction (July 2021 through June 2022)

CONSTRUCTION MANAGER will provide contract administration as an agent of the CITY, and will assist in establishing and implementing coordination and communication procedures among the PROGRAM MANAGER, CITY, and DB TEAM.

PROGRAM MANAGER will work with CITY and DB TEAM to identify potential changes, mitigate if possible, determine appropriate change procedure, evaluate DB TEAM's basis for proposed price and schedule adjustment, negotiate changes to Exhibit B of the DB TEAM's agreement, and recommend change action to the CITY. CONSTRUCTION MANAGER will maintain regular communication with the DB TEAM to identify and manage potential changes early.

PROGRAM MANAGER will attempt to resolve any dispute with the DB TEAM in an effort to avoid claims. An escalation matrix will be developed identifying appropriate levels of authority and time allowed for resolution at each level prior to escalation.

PROGRAM MANAGER will receive and evaluate the DB TEAM’s claims, including claims of differing site conditions or extra work. PROGRAM MANAGER will respond to notification of claims in accordance with the DB TEAM's agreement and inform the CITY on a timely basis.

PROGRAM MANAGER will be familiar with all Contract Documents for the WRF component of the PROJECT. PROGRAM MANAGER will have responsibility for enforcing the requirements of the Contract Documents by use of the tools available in Article 8 of the Contract Documents. The CONSTRUCTION MANAGER will provide interpretations and clarifications of Contract Documents.

PROGRAM MANAGER will utilize its own staff for general administrative support in the field (e.g., clerical and word processing support). PROGRAM MANAGER’s CONSTRUCTION MANAGER will coordinate with the DB TEAM to assist with establishing the CITY/PROGRAM MANAGER’s field office facilities, maintain office supplies, manage supply contracts, verify invoices, coordinate correspondence, and provide customer service to visitors.

PROGRAM MANAGER’s CONSTRUCTION MANAGER will manage construction records for the CITY electronically using the SharePoint PMIS, including files for correspondence, reports, Contract Documents, Change Documents, clarifications, and interpretations of the Contract Documents, progress reports, and other PROJECT-related documents. PROGRAM MANAGER and CITY will provide chain-of-

authority to release documents for construction; review DB TEAM management of documents and record drawings; review DB TEAM management of shop drawing reviews, material delivery inspections, etc.; and provide PROJECT record documents to CITY for filing in accordance with CITY procedures.

Subtask 18.3 – Construction Inspection Services and Geotechnical Construction Support

CONSTRUCTION MANAGER will provide as-needed construction inspection services as needed to supplement the inspections being completed by the DB TEAM during construction of the WRF.

PROGRAM MANAGER will provide as-needed geotechnical inspection and construction services through a subconsultant (Yeh and Associates) as needed to supplement the geotechnical inspection and construction services being completed by the DB TEAM during construction of the WRF including the FY 20/21 and FY 21/22 soil slip evaluation, mitigation, and remediation support services.

Subtask 18.5 – Biological Mitigation Support

The FEIR includes several mitigation measures for the WRF biological resources. The PROGRAM MANAGER has included an additional allowance of $10,000 to provide services of the lead biologist (Kevin Merk Associates) to perform the following subtasks between July 1, 2021 and June 30, 2022.

Subtask 18.5.1 – Education

No additional effort will be assigned to this task.

Subtask 18.5.2 – Nesting Bird Survey

No additional effort will be assigned to this task.

Subtask 18.5.3 – Monitoring

The PROGRAM MANAGER will provide necessary monitoring through FY 21/22. If the combined effort for Subtask 18.5 exceeds $10,000, the PROGRAM MANAGER will discuss an additional budget allocation with the CITY prior to the start of FY 22/23.

Subtask 18.6 – Construction Progress Reporting

PROGRAM MANAGER will review and comment on the DB TEAM's monthly status updates which describe the previous month's construction activities, and include a summary of work completed, photographs, an updated schedule of the planned versus actual work completed, summaries of change orders and claims, and a cost summary of budgets and expenditures for construction. The report shall identify Change Orders (COs) issued, potential changes orders (PCOs), and PCO and CO amounts. This information will be incorporated into the progress reports developed as part of Task 8.2.

On a quarterly basis, PROGRAM MANAGER and CONSTRUCTION MANAGER will prepare a report to the CWSRF and WIFIA programs that summarizes the following information (at a minimum):

- Summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed
- Description of compliance with environmental requirements (i.e., FEIR, Final Biological Opinion, PA with SHPO, etc.)
- Listing of COs including amount, description of work, and change in contract amount and schedule
- Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions

Subtask 18.7 – Construction Progress Meetings

CONSTRUCTION MANAGER will prepare for and lead weekly construction meetings with the CITY and DB TEAM. CONSTRUCTION MANAGER will develop the agenda and meeting minutes.

Subtask 18.8 – Project Signage

No additional effort will be assigned to this task.

Subtask 18.9 – Construction Control Plan Review

No additional effort will be assigned to this task.

Subtask 18.10 – Monthly Progress Payment Review

CONSTRUCTION MANAGER will evaluate the DB TEAM's monthly progress payment requests and recommend payment by the CITY if requirements are met. CONSTRUCTION MANAGER will compare requested quantities to the actual quantities completed and negotiate the appropriate progress payment request with the DB TEAM.

Task 18.11 – Certified Payroll Review

PROGRAM MANAGER will review the DB TEAM's certified payroll for compliance with prevailing wage requirements. Any discrepancies will be identified and returned to the DB TEAM for immediate correction. Violations will be addressed in accordance with the State Labor Code. PROGRAM MANAGER will also conduct interviews with select DB TEAM field personnel to confirm payroll conditions. The certified payroll findings will be included in the monthly project progress reporting described in Tasks 18.2 and 18.3. Efforts from this task will ensure the DB TEAM is meeting the CWSRF Davis-Bacon requirements. PROGRAM MANAGER will require the DB TEAM to maintain records on site and periodically check records for completeness and accuracy.

Task 18.12 – SRF and WIFIA Payment Reimbursement Requests Support

Upon completion of certified payroll checks and progress payment processing, PROGRAM MANAGER will prepare a monthly reimbursement request in a form acceptable to the CWSRF and WIFIA programs to the CITY for approval and signature. PROGRAM MANAGER will also submit the reimbursement request to CWSRF and WIFIA on behalf of the CITY. Title XVI Payment Reimbursement Requests are anticipated to begin in FY22/23 and hence are not included in this amendment.

Task 18.13 – Soil Slip Mitigation Support FY20/21 Reimbursement

PROGRAM MANAGER will provide technical support and coordination services associated with the WRF soil slip mitigation activities that were completed in FY20/21, including attending meetings to discuss mitigation alternatives and procurement of the geotechnical subconsultant (Yeh and Associates). This scope was not previously included in Amendment No. 3 and is hence retroactively included with this task.

Task 18.14 – Soil Slip Mitigation and Remediation Support FY21/22

PROGRAM MANAGER will provide technical support and coordination services associated with the WRF soil slip mitigation and remediation activities for FY21/22, including attending meetings to discuss mitigation alternatives and review of technical and cost proposals associated with the remediation effort.

Task 18 Assumptions:

- CONSTRUCTION MANAGER will arrange, prepare for, and lead weekly progress meetings.

Task 18 Deliverables:

- Development and maintenance of a Dispute Escalation and Resolution Matrix on the PMIS.
- Orderly maintenance of files for correspondence, reports, Contract Documents, Change Documents, clarifications, and interpretations of the Contract Documents, progress reports, and other PROJECT-related documents on the SharePoint PMIS.
- Review of twelve (12) of the DB TEAM's monthly updates.
- Processing of twelve (12) Applications for Payment, which includes review, verification, and process of the application.
- CONSTRUCTION MANAGER will develop and distribute the agenda prior to the weekly construction meetings.
- CONSTRUCTION MANAGER will record minutes for the weekly progress meetings and distribute electronic copies within seven (7) calendar days after meeting to participants and others affected by decisions made within the meeting.
- CONSTRUCTION MANAGER will provide written comments, compile CITY'S comments, and develop a Comments and Response Log for the various construction control plans for distribution back to the DB team.

Task 19 – Conveyance Facilities Construction Management

Previous Approved Contract Amount	Projected Expenditures through FY 20/21	Estimated Remaining Budget	Additional Funds (FY 21/22 Allocation)	Anticipated Expenditures in FY 21/22	Remaining at the End of FY 21/22	Total Contract Amount
$1,155,005	$838,125	$316,880	**$2,245,343**	$2,300,000	$262,223	$3,400,348

PROGRAM MANAGER's role during the construction of the CONVEYANCE FACILITIES component of the PROJECT will be overseeing construction and commissioning, auditing, and other support functions as described in the Subtasks below. All field and office-related activities during Phase 3 will be coordinated by the PROGRAM MANAGER. Core design oversight team members will continue to provide engineering office support and commissioning support accordingly.

PROGRAM MANAGER's level of effort defined for the various tasks herein is based on twelve (12) months of construction activities including commissioning and final completion. Any remaining efforts by the PROGRAM MANAGER after June 30, 2022 will be covered by a future Scope of Services.

PROGRAM MANAGER will provide a CONVEYANCE FACILITIES CONSTRUCTION MANAGER to oversee all field activities for the PROGRAM MANAGER. The CONVEYANCE FACILITIES CONSTRUCTION MANAGER will be the central liaison for communication between the PROGRAM MANAGER/CITY and the CONVEYANCE FACILITIES contractor. The CONVEYANCE FACILITIES CONSTRUCTION MANAGER will be provided on-site full-time as required by the CITY's CDP Special Condition No. 2 (Construction Plan).

Subtask 19.1 – Pre-Construction Services

Subtask 19.1.1 – Bid Escrow Document Review

No additional effort will be assigned to this task.

Subtask 19.1.2 – Construction Contract Compliance

No additional effort will be assigned to this task.

Subtask 19.1.3 – Pre-Construction Conference

No additional effort will be assigned to this task.

Subtask 19.2 –Construction Services

Subtask 19.2.1 – Documentation System Set-up

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will modify and maintain the PROJECT PMIS for use as a web-based documentation system for construction of the CONVEYANCE FACILITIES. The system will be tailored to meet the needs of each party and will be maintained by the PROGRAM MANAGER for the duration of the CONVEYANCE FACILITIES component of the PROJECT.

Subtask 19.2.2 – Communication and Construction Management Plan

No additional effort will be assigned to this task.

Subtask 19.2.3 – Manage Field Inspection Personnel

PROGRAM MANAGER will provide resident inspection and the CONVEYANCE FACILITIES CONSTRUCTION MANAGER and/or RESIDENT ENGINEER will manage the activities of the field inspection personnel, including the materials testing subcontractor. The inspectors will prepare daily inspection reports, and our construction team will provide monthly summary reports to the CITY.

Subtask 19.2.4 – Track Submittals

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will coordinate and manage the shop drawing and submittal review process between the design engineer and the contractor. All submittals will be handled using the PMIS. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will screen all submittals and determine their completeness before reviewing them or forwarding them to the design engineer for technical review.

Subtask 19.2.5 – Prepare Field Memos and Clarifications

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will coordinate and manage preparation of field memos and clarifications of drawings and specifications between the design engineer and the contractor. Memos will be handled in PMIS to allow easy tracking of their status and outcome.

Subtask 19.2.6 – Track Requests for Information

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will coordinate and manage the RFI process between the design engineer and the contractor. All RFIs will be handled using the PMIS. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will screen all RFIs and determine their validity before responding to them or forwarding them to the design engineer for response.

Subtask 19.2.7 – Review Monthly Progress Payment Requests

We will evaluate the contractor's monthly progress payment requests and recommend payment by the CITY if requirements are met. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will compare requested quantities to the actual quantities completed and negotiate the appropriate progress payment request with the contractor.

Subtask 19.2.8 – Review Construction Schedule

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will review and approve the contractor's construction schedule, including updates and revisions, in accordance with the contract documents. CONVEYANCE FACILITIES CONSTRUCTION MANAGER's review will focus on key elements such as logic, duration of activities, duration of start-up and testing, and construction sequencing constraints and milestones.

Subtask 19.2.9 – Review Change Order Requests

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will review change order requests in conjunction with the design engineer to determine changes in scope and conditions. PROGRAM MANAGER will prepare independent cost estimates and negotiate with the contractor. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will prepare and process approved change orders and incorporate them into the contract. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will prepare a log for tracking all potential change orders and agreed upon change orders.

Subtask 19.2.10 – Resolve Conflicts

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will work with all parties involved to resolve potential conflicts before they become an issue.

Subtask 19.2.11 – Review Labor Compliance

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will monitor project records and review labor compliance of the contractor. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will work with the contractor to correct any deficiencies found and report status to the CITY.

Subtask 19.2.12 – Review Installation and Maintenance of BMPs and Implementation of the SWPPP

CONVEYANCE FACILITIES CONSTRUCTION MANAGER's staff is educated in California's evolving stormwater policies. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will monitor the stormwater

protection installed by the contractor and work with him to maintain it and report its effectiveness in accordance with the current state regulations.

Subtask 19.2.13 – Documentation of Existing Site Conditions

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will prepare video and photographic records of initial site conditions before the contractor begins construction. Video documentation will be accompanied by a verbal description of existing conditions. A copy of the video and photographic documentation will be provided to the CITY.

Subtask 19.2.14 – Electrical Construction Inspection

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will provide a qualified inspector to monitor the contractor's compliance with the specifications requirements in placing the duct banks and conduit runs. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will inspect and ensure conformance with the specifications on the placement and installation of electrical equipment. Wiring will be inspected for proper terminations and labeling. Installations will be monitored for compliance with NEC and other applicable codes.

Subtask 19.2.15 – Electrical Testing

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will work with the designer, contractor and vendors to determine all the required testing, then witness and document all site acceptance tests on electrical equipment. This includes witnessing all point-to-point checks and run tests for electrical equipment. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will confirm that circuit breaker settings conform to the values shown in the short circuit study and that all harmonic filters are correct and in place. All electrical testing results will be documented and filed in the project records.

Subtask 19.2.16 – Monitor Contractor's Compliance with Contract Documents

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will review and monitor the contractor's work against the contract documents to ensure compliance. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will report any non-conformances and deficiencies to the City and contractor and will work with the contractor to correct these deficiencies in a timely manner to the satisfaction of the City.

Subtask 19.2.17 – Review Certified Payroll

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will review the contractor and subcontractor certified payroll for compliance with State and Federal prevailing wage requirements. Any discrepancies will be identified and returned to the contractor for immediate correction. Violations will be addressed in accordance with the State Labor Code and Davis Bacon wage requirements. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will also conduct interviews as necessary with select contractor field personnel to confirm payroll conditions. Certified payroll findings will be included in the monthly project progress report.

Subtask 19.2.18 – Monitor Contractor's Compliance with CEQA Requirements

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will maintain a copy of the CEQA requirements and monitor the contractor's compliance against these requirements. CONVEYANCE FACILITIES

CONSTRUCTION MANAGER will periodically inform the CITY and contractor of compliance status and recommend a course of action to the CITY and contractor if these requirements are not being met.

Subtask 19.2.19 – Monitor and Review Record Drawings

CONVEYANCE FACILITIES CONSTRUCTION MANAGER will monitor and coordinate the contractor's recording and maintenance of field changes to plans and specifications during construction on a monthly basis, or more frequently as required. At the 50-, 75-, and 90-percent project completion levels, CONVEYANCE FACILITIES CONSTRUCTION MANAGER will perform a review of the contractor's working record drawings for general completeness and advise him of status.

Subtask 19.3 – Provide Material Testing

A material testing subconsultant (Earth Systems) has been hired by the PROGRAM MANAGER to take quality assurance samples and conduct as-needed laboratory testing and/or special inspection during construction and report to the CONVEYANCE FACILITIES CONSTRUCTION MANAGER. CONVEYANCE FACILITIES CONSTRUCTION MANAGER will coordinate callouts of the materials testing services firm with the contractor to efficiently use the testing firm. Testing results will be monitored for compliance with the contract documents. Discrepancies will be noted and the contractor will be directed to make necessary corrections.

Summary of Current and Previous Budget Allocations

Task	Description	Original Contract	Budget Allocation No. 1	Budget Allocation No. 2	Budget Allocation No. 3	Budget Allocation No. 4	Total Contract Amount
1	Program Assessment	$35,235	$-	$-	$6,329	$-	$266,370
2	Technical Evaluation	$47,748	$-	$-		$-	
3	Design-Build Procurement Support	$95,181	$-	$-		$-	
4	Program Controls Plan	$54,316	$-	$-		$-	
5	Program Team Integration Plan	$27,561	$-	$-		$-	
6	Routine Project Update Meetings	$31,854	$188,447	$229,024	$-	$219,756	$669,081
7	Program Management Oversight	$-	$17,389	$34,800	$-	$38,208	$90,397
8	Project Controls	$-	$162,596	$240,240	$49,770	$217,100	$669,706
9	Funding Support	$-	$77,632	$88,352	$-	$317,142	$483,126
10	Permitting Support	$-	$499,242	$110,000	$335,622	$741,270	$1,686,134
11	Public Outreach	$-	$181,246	$244,060	$46,863	$426,568	$898,737
12	Conveyance Facilities Design Oversight	$-	$107,478	$52,632	$83,133	$-	$243,243
13	WRF Onsite Design-Build Support	$-	$372,918	$61,242	$82,984	$40,436	$557,580
14	Outfall Management Plan	$-	$-	$303,834	$4,029	$75,872	$383,735
15	Coastal Development Permit Compliance	$-	$-	$54,228	$20,706	$30,932	$105,866
16	Operations Support	$-	$-	$21,132	$-	$13,118	$34,250
17	Recycled Water Facilities Preliminary Design	$-	$-	$153,472	$-	$306,248	$459,720

Task	Description	Original Contract	Budget Allocation No. 1	Budget Allocation No. 2	Budget Allocation No. 3	Budget Allocation No. 4	Total Contract Amount
18	WRF Construction Support	$-	$-	$788,952	$288,693	$965,534	$2,043,179
19	Conveyance Facilities Construction Management	$-	$-	$-	$1,155,005	$2,245,343	$3,400,348
	Total	**$291,895**	**$1,606,948**	**$2,381,968**	**$2,073,134**	**$5,637,527**	**$11,991,472**

EXHIBIT B
CITY OF MORRO BAY
WRF PROGRAM MANAGEMENT
Amendment No. 4 Budget for Fiscal Year July 1, 2021 through June 30, 2022 Services

carollo
Engineers...Working Wonders With Water®

Task[4]	Subtask Number and Task Description[5]	Carollo Engineers, Inc. [1]																			Katz	KMA	MEG	P Carlo	P. Roberts	Rincon	URI	Earth Sys	CM Soln	Yeh	PROJECT TOTAL [3]
		Program Manager Senior Professional $315	Principal-In-Charge Senior Professional $293	Project Manager Lead Project Professional $293	Engineering Manager Senior Professional $315	Senior Engineer Project Professional $273	Project Engineer Professional $230	Staff Engineer Assistant Professional $188	Construction Manager $275	Resident Engineer $210	Civil/Mech Inspector $170	Electrical Inspector $170	Field Engineer $110	Field Word Processor $132	Billing Admin $142	CAD/ Graphics Tech. $198	Doc. Process. $125	Total Hours	Labor Cost	PECE [2] $13	Expenses [2]	Outreach	Biologist	WRF CM	Pretreat-ment Support	Dilution Model	Ocean Resource Monitor	Outfall Inspection	Material Testing	Schedule Review	Geotech	
6	**Routine Program Update Meetings**																														
	6.1 Project Update Meetings	52		52			52											156	$ 43,576	$ 2,028											$ 45,604
	6.2 Internal Project Status Meetings	52		52			52											156	$ 43,576	$ 2,028											$ 45,604
	6.3 City Council, CFAC, and WRF Subcommittee Meetings	136																136	$ 42,840	$ 1,768											$ 44,608
	6.4 Program Monitoring, Reporting and Invoicing	48		72			72								40		16	248	$ 60,456	$ 3,224											$ 63,680
	6.5 Budget and Financial Projection Coordination	16		30			24											70	$ 19,350	$ 910											$ 20,260
	TASK 6 TOTAL	**304**		**206**		**-**	**200**	**-**							**40**	**-**	**16**	**766**	**$ 209,798**	**$ 9,958**		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 219,756
7	**Program Management Oversight**																														$ -
	7.1 Management and Coordination of Carollo and Subconsultant Resources & Contracts			60											24			84	$ 20,988	$ 1,092											$ 22,080
	7.2 Management and Coordination of City Consultants Resources & Contracts			40			16											56	$ 15,400	$ 728											$ 16,128
	TASK 7 TOTAL	**-**	**-**	**100**	**-**	**-**	**16**	**-**	**-**	**-**					**24**	**-**	**-**	**140**	**$ 36,388**	**$ 1,820**		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 38,208
8	**Program Controls**																														$ -
	8.2 Project Monitoring and Stakeholder Reporting	128		176		192	256										30	782	$ 206,934	$ 10,166											$ 217,100
	TASK 8 TOTAL	**128**	**-**	**176**	**-**	**192**	**256**	**-**							**-**	**-**	**30**	**782**	**$ 206,934**	**$ 10,166**		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 217,100
9	**Funding Support**																														$ -
	9.2 Title XVI Funding Applications					72	154										20	246	$ 57,576	$ 3,198											$ 60,774
	9.3 Title XVI Funding Coordination and Reporting			46		48	96	60									4	254	$ 60,442	$ 3,302											$ 63,744
	9.4 WIFIA Funding Coordination and Reporting			46		48	96	60									4	254	$ 60,442	$ 3,302											$ 63,744
	9.5 SRF Funding Coordination and Reporting			46		48	96	60									4	254	$ 60,442	$ 3,302											$ 63,744
	9.6 Reconciliation of Accounts for Invoice Reporting			60											80			140	$ 28,940	$ 1,820											$ 30,760
	9.7 SRF Loan Support - Recycled Water Facilities					24	48	48							40			160	$ 32,296	$ 2,080											$ 34,376
	TASK 9 TOTAL	**-**	**-**	**198**	**-**	**240**	**490**	**228**	**-**	**-**					**120**	**-**	**32**	**1,308**	**$ 300,138**	**$ 17,004**		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 317,142
10	**Permitting Support**																														$ -
	10.1 Land Use Permitting and Biological Monitoring				40		200											240	$ 58,600	$ 3,120			$ 50,000								$ 116,720
	10.2 T22 Potable Reuse and Pretreatment Ordinance Support			40	380	400	400	400								196	80	1,896	$ 456,628	$ 24,648		$ 20,000			$ 30,500						$ 536,826
	10.4 Archeo/Paleontological Monitoring and Tribal Representation			24		100	180	40										344	$ 83,252	$ 4,472											$ 87,724
	TASK 10 TOTAL	**-**	**-**	**64**	**420**	**500**	**780**	**440**	**-**	**-**					**-**	**196**	**80**	**2,480**	**$ 598,480**	**$ 32,240**		**$ 20,000**	**$ 50,000**	$ -	**$ 30,500**	$ -	$ -	$ -	$ -	$ -	$ 741,270
11	**Public Outreach**																														$ -
	11.3 Weekly Coordination Meetings	48	24				24											96	$ 27,672	$ 1,248											$ 28,920
	11.5 Public Outreach Activities (Website, Office Hrs, Notices, Events)	48	80	36	48		48											260	$ 75,268	$ 3,380		$ 230,000									$ 331,648
	FY20/21 Subconsultant Carryover																	-	$ -	$ -		$ 60,000									$ 66,000
	TASK 11 TOTAL	**96**	**104**	**36**	**48**	**-**	**72**	**-**	**-**	**-**					**-**	**-**	**-**	**356**	**$ 102,940**	**$ 4,628**		**$ 290,000**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 426,568
13	**WRF Onsite DB Support**																														$ -
	13.7 General Technical Support			16	8	36	60	40										160	$ 38,356	$ 2,080											$ 40,436
	TASK 13 TOTAL	**-**	**-**	**16**	**8**	**36**	**60**	**40**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**160**	**38,356**	**2,080**	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 40,436
14	**Outfall Management Plan**																														$ -
	14.3 Hydraulic Assessment				8	20	20	20										68	$ 16,340	$ 884											$ 17,224
	14.4 Dilution Modeling				8	20	20	20										68	$ 16,340	$ 884											$ 17,224
	14.5 Outfall Management Plan Report				8	20	20	20										68	$ 16,340	$ 884											$ 17,224
	FY20/21 Subconsultant Carryover																	-	$ -	$ -						$ 3,000	$ 3,000	$ 16,000			$ 24,200
	TASK 14 TOTAL	**-**	**-**	**-**	**24**	**60**	**60**	**60**	**-**	**-**					**-**	**-**	**-**	**204**	**$ 49,020**	**$ 2,652**		$ -	$ -	$ -	$ -	**$ 3,000**	**$ 3,000**	**$ 16,000**	$ -	$ -	$ 75,872
15	**Coastal Development Permit Compliance**																														$ -
	15.1 Revised Final Plans				4	24	30											58	$ 14,712	$ 754											$ 15,466
	15.4 Other Authorizations - Recycled Water Facilities				4	24	30											58	$ 14,712	$ 754											$ 15,466
	TASK 15 TOTAL	**-**	**-**	**-**	**8**	**48**	**60**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**116**	**$ 29,424**	**$ 1,508**		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,932
16	**Operations Support**																														$ -
	16.1 DDW Designated Operator																	-	$ -	$ -	$ 13,118										$ 13,118
	TASK 16 TOTAL	**-**		**-**		**-**	**-**	**-**								**-**	**-**	**-**	**$ -**	**$ -**	**$ 13,118**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,118
17	**Recycled Water Facilities Site Planning and Basis of Design[6]**																														$ -
	17.1 Site Planning Coordination and Pilot Well Bidding (Through Pilot Well Testing Phase)	20		20	40	100	100	100										380	$ 93,860	$ 4,940			$ 10,000								$ 109,800
	17.2 RFP for Design of Recycled Water Facilities	20		20	40	80	60	60									16	296	$ 73,680	$ 3,848											$ 77,528
	17.3 Technical Support and Program Coordination (During Preliminary and Final Design)				40	200	200											440	$ 113,200	$ 5,720											$ 118,920
	TASK 17 TOTAL	**40**	**-**	**40**	**120**	**380**	**360**	**160**	**-**	**-**					**-**	**-**	**16**	**1,116**	**$ 280,740**	**$ 14,508**		$ -	**$ 10,000**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 306,248
18	**WRF Construction Support**																														$ -
	18.2 Construction Oversight Services (Mimiaga, Carollo)	96		96	48	48	48	48								40		424	$ 114,576	$ 5,512				$ 407,480							$ 568,316
	18.3 Construction Inspection Services and Geotechnical Construction Support (Yeh)																	-	$ -	$ -										$ 6,000	$ 6,600
	18.5 Biological Mitigation Support (KMA)																	-	$ -	$ -			$ 10,000								$ 11,000
	18.6 Construction Progress Reporting (Mimiaga)																	-	$ -	$ -											$ -
	18.7 Construction Progress Meetings (Mimiaga)																	-	$ -	$ -											$ -
	18.10 Monthly Progress Payment Review (Mimiaga)																	-	$ -	$ -											$ -
	18.11 Certified Payroll Review (Carollo)																180	180	$ 22,500	$ 2,340											$ 24,840
	18.12 SRF and WIFIA Payment Reimburse Support (Carollo)	24		160		160	160								240			744	$ 169,000	$ 9,672											$ 178,672
	18.13 Soil Slip Mitigation Support FY20/21 Reimbursement (Carollo)				40	40	20											100	$ 28,120	$ 1,300											$ 29,420
	18.14 Soil Slip Mitigation and Remediation Support FY21/22 (Carollo, Yeh)				60	60												120	$ 35,280	$ 1,560										$ 32,000	$ 72,040
	FY20/21 Subconsultant Carryover																	-	$ -	$ -				$ 67,860							$ 74,646
	TASK 18 TOTAL	**120**	**-**	**256**	**148**	**308**	**228**	**48**	**-**	**-**					**240**	**40**	**180**	**1,568**	**$ 369,476**	**$ 20,384**		$ -	**$ 10,000**	**$ 475,340**	$ -	$ -	$ -	$ -	$ -	$ -	**$ 38,000**	$ 965,534
19	**Conveyance Facilities Construction Management**																														$ -
	19.2 Construction Services (Carollo, CM Solns, Yeh)		490						238	2,040	3,060	1,275	1,734	306				9,143	$ 1,605,502	$ 118,859	$ 201,862	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50,000	$ 27,000	$ 2,010,923
	19.3 Provide Material Testing (Earth Systems, Carollo)									40								40	$ 8,400	$ 520		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,000	$ -	$ -	$ 74,920
	FY20/21 Subconsultant Carryover																	-	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,000	$ 75,000	$ 10,000	$ 159,500
	TASK 19 TOTAL	**-**	**490**	**-**	**-**	**-**	**-**	**-**	**238**	**2,080**	**3,060**	**1,275**	**1,734**	**306**	**-**	**-**	**-**	**9,183**	**$ 1,613,902**	**$ 119,379**	**$ 201,862**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 120,000**	**$ 125,000**	**$ 37,000**	$ 2,245,343
Total (Base Scope)		**688**	**594**	**1,092**	**776**	**1,764**	**2,582**	**976**	**238**	**2,080**	**3,060**	**1,275**	**1,734**	**306**	**424**	**236**	**354**	**18,179**	**$ 3,835,596**	**$ 236,327**	**$ 214,980**	**$ 310,000**	**$ 70,000**	**$ 475,340**	**$ 30,500**	**$ 3,000**	**$ 3,000**	**$ 16,000**	**$ 120,000**	**$ 125,000**	**$ 75,000**	**$ 5,637,527**

Notes:
[1] Rates are based on Carollo Engineers, Inc., Fee Schedule as of Jan 1, 2020 for California.
[2] Other direct expenses include mileage traveling to/from meetings at IRS Federal Rate, travel at cost and Project Equipment and Communication Expense (PECE) at $13 per Direct Labor Hour.
[3] Includes Subconsultant markup of 10%.
[4] Tasks 1-5 and 12 have been completed as of Amendment No. 3 and are no longer shown in Amendment No. 4.
[5] Subtask numbering may be out of sequence if no additional effort will be assigned for this amendment, as indicated in the corresponding scope of work.
[6] Task 17 was previously named Recycled Water Facilities Preliminary Design in Amendment No. 3.

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CITY OF MORRO BAY
WATER RECLAMATION FACILITY PROGRAM
PROGRAM MANAGEMENT - FY21/22 BUDGET ALLOCATION
SUMMARY AND FISCAL YEAR BREAKDOWN

carollo

Task	Description	Original Contract	Budget Allocation Amend No. 1	Budget Allocation Amend No. 2	Budget Allocation Amend No. 3	Subtotal	Expended through Q3 FY20/21	Estimated Remaining at Start of FY21/22	Budget Allocation Amend No. 4	Estimated Percent Complete Total Program End of FY 20/21[1]	Estimated Percent Complete Total Program End of FY 21/22[1]	Key Deliverables	Total Expenditures in FY21/22 (Forecasted)	Remaining at End of FY21/22 (Forecasted)	Total Contract	Task Status for FY20/21	Task Status for FY21/22
Task 1	Program Assessment	$ 35,235	$ -	$ -	$ 6,329	$ 41,564	$ 46,122	$ 220,248	$ -	100%	100%	N/A	$ -	$ 220,248			
Task 2	Technical Evaluation	$ 47,748	$ -	$ -	$ -	$ 47,748	$ 75,071	$ (75,071)	$ -	100%	100%	N/A	$ -	$ (75,071)			
Task 3	Design-Build Procurement Support	$ 95,181	$ -	$ -	$ -	$ 95,181	$ 126,451	$ (126,451)	$ -	100%	100%	N/A	$ -	$ (126,451)	$ 266,370	Closed	Closed
Task 4	Program Controls Plan	$ 54,316	$ -	$ -	$ -	$ 54,316	$ 27,812	$ (27,812)	$ -	100%	100%	N/A	$ -	$ (27,812)			
Task 5	Program Team Integration Plan	$ 27,561	$ -	$ -	$ -	$ 27,561	$ 2,475	$ (2,475)	$ -	100%	100%	N/A	$ -	$ (2,475)			
Task 6	Routine Project Update Meetings	$ 31,854	$ 188,447	$ 229,024	$ -	$ 449,325	$ 277,134	$ 108,857	$ 219,756	51%	70%	Project update meetings Internal status meetings CFAC meetings City Council meetings Progress reports	$ 300,000	$ 28,613	$ 669,081	Ongoing	Ongoing
Task 7	Program Management Oversight	$ -	$ 17,389	$ 34,800	$ -	$ 52,189	$ 47,687	$ (47,502)	$ 38,208	51%	70%	Resource management Subcontractor contracting Subcontractor management	$ 38,000	$ (47,294)	$ 90,397	Ongoing	Ongoing
Task 8	Project Controls	$ -	$ 162,596	$ 240,240	$ 49,770	$ 452,606	$ 392,502	$ (7,075)	$ 217,100	51%	70%	PMIS support Dashboard maintenance Scope management Schedule management Budget management	$ 220,000	$ (9,975)	$ 669,706	Ongoing	Ongoing
Task 9	Funding Support	$ -	$ 77,632	$ 88,352	$ -	$ 165,984	$ 127,273	$ (41,813)	$ 317,142	51%	70%	Title XVI grant app FY 20/21 & 21/22 Funding agency progress reports Title XVI coordination meetings WIFIA coordination meetings SRF coordination meetings	$ 300,000	$ (24,671)	$ 483,126	Ongoing	Ongoing
Task 10	Permitting Support	$ -	$ 499,242	$ 110,000	$ 335,622	$ 944,864	$ 1,069,126	$ (160,027)	$ 741,270	Final Title 22: 65% Draft ROWD (Ocean): 90% Final ROWD (Ocean): 0% Draft ROWD (IPR):0% Final ROWD (IPR):0%	Final Title 22: 100% Draft ROWD (Ocean): 100% Final ROWD (Ocean): 100% Draft ROWD (IPR):50% Final ROWD (IPR):0%	Extensive deliverables - See scope. Land use permitting Title 22 permitting Pretreatment ordinance Archeological monitoring	$ 580,000	$ 1,243	$ 1,686,134	Ongoing	Ongoing
Task 11	Public Outreach	$ -	$ 181,246	$ 244,060	$ 46,863	$ 472,169	$ 395,045	$ 32,612	$ 426,568	51%	70%	Direct community outreach Bill inserts Email notifications Program office hours Website content/maintenance Social media content Public inquiry data management	$ 449,000	$ 10,180	$ 898,737	Ongoing	Ongoing
Task 12	Conveyance Facilities Design Oversight	$ -	$ 107,478	$ 52,632	$ 83,133	$ 243,243	$ 252,392	$ (9,149)	$-	100%	100%	N/A	$ -	$ (9,149)	$ 243,243	Ongoing	Closed
Task 13	WRF Onsite Design-Build Support	$ -	$ 372,918	$ 61,242	$ 82,984	$ 517,144	$ 471,922	$ 33,651	$ 40,436	51%	92%	As-needed technical support	$ 40,000	$ 34,087	$ 557,580	Ongoing	Ongoing
Task 14	Outfall Management Plan	$ -	$ -	$ 303,834	$ 4,029	$ 307,863	$ 208,183	$ 90,272	$ 75,872	Draft Outfall Mgt. Plan 10% Final Outfall Mgt. Plan 0%	Draft Outfall Mgt. Plan 100% Final Outfall Mgt. Plan 100%	Draft Outfall Management Plan Final Outfall Management Plan	$ 100,000	$ 66,144	$ 383,735	Ongoing	Ongoing
Task 15	Coastal Development Permit Compliance	$ -	$ -	$ 54,228	$ 20,706	$ 74,934	$ 60,127	$ 14,807	$ 30,932	51%	70%	Draft Revised Final Plans for CCC Final Revised Plans for CCC Regulatory authorizations information	$ 40,000	$ 5,739	$ 105,866	Ongoing	Ongoing

Task	Description	Original Contract	Budget Allocation Amend No. 1	Budget Allocation Amend No. 2	Budget Allocation Amend No. 3	Subtotal	Expended through Q3 FY20/21	Estimated Remaining at Start of FY21/22	Budget Allocation Amend No. 4	Estimated Percent Complete Total Program End of FY 20/21[1]	Estimated Percent Complete Total Program End of FY 21/22[1]	Key Deliverables	Total Expenditures in FY21/22 (Forecasted)	Remaining at End of FY21/22 (Forecasted)	Total Contract	Task Status for FY20/21	Task Status for FY21/22
Task 16	Operations Support	$ -	$ -	$ 21,132	$ -	$ 21,132	$ 15,500	$ (1,118)	$ 13,118	51%	70%	As-needed oversite/coordination	$ 12,000	$ -	$ 34,250	Closed	Ongoing
Task 17	Recycled Water Facilities Site Planning and Basis of Design	$ -	$ -	$ 153,472	$ -	$ 153,472	$ 21,949	$ 73,973	$ 306,248	30%	80%	Draft wells design bid package Final wells design bid package Draft well design RFP Final well design RFP	$ 350,000	$ 30,221	$ 459,720	Ongoing	Ongoing
Task 18	WRF Construction Support	$ -	$ -	$ 788,952	$ 288,693	$ 1,077,645	$ 780,245	$ 273,633	$ 965,534	51%	92%	File maintenance DB update reviews DB application for payment reviews Construction meeting materials Construction meetings Construction progress reports	$ 1,192,000	$ 47,167	$ 2,043,179	Ongoing	Ongoing
Task 19	Conveyance Facilities Construction Management	$ -	$ -	$ -	$ 1,155,005	$ 1,155,005	$ 326,625	$ 316,880	$ 2,245,343	5%	90%	Extensive deliverables - See scope.	$ 2,300,000	$ 262,223	$ 3,400,348	Ongoing	Ongoing
Task 20	Recycled Water Facilities Construction Management	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	To be determined	$ -	$ -	$ -	Not Started	Not Started
	Total	**$ 291,895**	**$ 1,606,948**	**$ 2,381,968**	**$ 2,073,134**	**$ 6,353,945**	**$ 4,723,641**	**$ 666,440**	**$ 5,637,527**				**$ 5,921,000**	**$ 382,967**	**$ 11,991,472**		

Notes:
1. Calculated for Tasks 6, 7, 8, 9, 11, 15 and 16 from the program management start date for Carollo Engineers, which began on November 27, 2018 (the effective date of Amendment No. 1 to the Agreement for Consultant Services).

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AGENDA NO: C-3

MEETING DATE: June 22, 2021

Staff Report

TO: **Honorable Mayor and City Council** **DATE: June 17, 2021**

FROM: **Scott Collins, City Manager**

SUBJECT: **Approval of Amendment No. 5 to Contract Services Agreement with Aleshire & Wynder, LLP for City Attorney Services**

RECOMMENDATION

Staff recommends the City Council approve Amendment No. 5 to the contract services agreement with Aleshire & Wynder, LLP for City Attorney Services, as presented.

FISCAL IMPACT

The proposed Fiscal Year 2021/22 (FY 2021/22) budget for legal services supports the contract services amendment as recommended.

BACKGROUND

In March 2014, the City Council selected and entered into a contract with the law firm of Aleshire & Wynder, LLP (A&W) to provide interim city attorney services for the City. That contract was amended in December 2014 to continue to retain the legal services of A&W and remove the title of "Interim."

The contract provided for semi-annual evaluations in March and September of each year, commencing September 2014. On June 9, 2015, the City Council approved an amendment to the contract services agreement to reduce the evaluation meetings to once annually. On June 12, 2018, the City Council approved an amendment to the contract services agreement to provide for a $10 per hour increase.

That was the last compensation increase for city attorney office. Since then, City employees received a general 2% increase in compensation effective July 1, 2019, and City employees are proposed to receive a general 5% increase in compensation effective July 1, 2021.

DISCUSSION

From March 2020 through December 2020, understanding the impact of COVID-19 on the community and City and participating in the Rock Solid Together financial and economic recovery plan, the A&W volunteered a rate reduction and write-offs to City totaling a 10% discount on the invoices during that period of time, saving the City over $60,000 in legal fees.

Compensation increases for City employees in 2019 and anticipated in 2021 together total a 7% increase in compensation. The City Manager proposes an equivalent amendment to the contract services agreement with A&W, to provide for a $5 per hour increase and a limited travel reimbursement of no more than 3 hours, which together are projected to total about a 7% increase in compensation for A&W.

Prepared By: ___SC_____ **Dept Review:** _____

City Manager Review: ___SC_____ **City Attorney Review:** _____

The amendment recommended is the following adjustment to each billing category identified below, effective July 1, 2021:

First 50 hours of general services[1]	$180.00/hour
Hours over 50 for general services	$200.00/hour
Special services[2]	$220.00/hour
Insurance defense	$165.00/hour
Private party reimbursement	$265.00/hour
Paralegals/Law Clerks	$135.00/hour
Document Clerks	$ 75.00/hour

[1] General services are everything other than special services, insurance defense, private party reimbursement and public financing, and include up to 3 hours of reimbursement for travel to City from respective A&W office, as well as travel from City returning to respective A&W office, at the request of the City for legal services, unless otherwise provided for, and notwithstanding any provision to the contrary.
[2] Special services include a broad range of categories (e.g., litigation, labor negotiations, housing, toxics, refuse) which would otherwise be likely to be contracted out as special services at higher rates.

These rates are competitive with other contract legal service cities which as of 2018 range between $150 - $321 per hour for general legal services. In 2018 (when the last compensation increase for A&W occurred) staff surveyed California Cities/Agencies and of the ten responses obtained, the average hourly legal service rates for senior attorney contract general legal services was $244 per hour.

The proposed FY 2021/22 budget includes a total of $483,823 for general legal services and $365,000 for the WRF. Based on hours billed in FY 2020/21, the proposed FY 2021/22 budget would adequately fund the $5 per hour addition and the proposed travel reimbursement.

CONCLUSION

City Manager recommends Council approve Amendment No. 5 to the contract services agreement with Aleshire & Wynder, LLP for City Attorney Services, as presented.

ATTACHMENT

1. Amendment No. 5 to Contract Services Agreement with Aleshire & Wynder, LLP

CITY OF MORRO BAY

AMENDMENT NO. 5 TO CONTRACT SERVICES AGREEMENT

ALESHIRE & WYNDER, LLP
City Attorney Services

This Amendment No. 5 is made and entered into by and between the CITY OF MORRO BAY, a municipal corporation, hereinafter referred to as "City," and ALESHIRE & WYNDER, LLP, a California limited liability partnership, hereinafter referred to as "Firm."

WHEREAS, as of March 1, 2014, the parties entered into a contract for the provision of city attorney legal services, which was amended effective December 9, 2014, to delete the references to "Interim" and amended effective June 9, 2015, to reduce evaluations to once annually (the "Amended Agreement"); and

WHEREAS, the Firm has provided those legal services since January 1, 2015, with an increase in hourly rates effective July 1, 2018, and thereafter to date the Firm has not received an increase in hourly rates or raise in compensation; and

WHEREAS, City employees received a general 2% increase in compensation effective July 1, 2019, and City employees are proposed to receive a general 5% increase in compensation effective July 1, 2021; and

WHEREAS, from March, 2020 through December, 2020, understanding the impact of COVID-19 on the City and participating in the Rock Solid Together financial and economic recovery plan, the Firm volunteered a rate reduction and write-offs to City totaling a 10% discount on the invoices during that period of time, saving the City over $60,000 in legal fees; and

WHEREAS, the City desires to provide the Firm with a rate increase and compensation adjustment, consistent with the compensation increases for City employees in 2019 and anticipated in 2021 which together total a 7% increase in compensation, through provision of an hourly rate increase and a limited travel reimbursement, which together total about a 7% increase in compensation for Firm; and

NOW THEREFORE, in consideration of the foregoing, City and Firm mutually agree as follows:

1. Effective July 1, 2021, Section 5. of the Amended Agreement is amended to modify the compensation as follows:

First 50 hours of general services[1]	$180.00/hour

[1] General services are everything other than special services, insurance defense, private party reimbursement and

Hours over 50 for general services	$200.00/hour
Special services[2]	$220.00/hour
Insurance defense	$165.00/hour
Private party reimbursement	$265.00/hour
Paralegals/Law Clerks	$135.00/hour
Document Clerks	$ 75.00/hour

2. Except as expressly set forth herein, all terms and conditions of the Amended Agreement shall remain in full force and effect.

3. This Amendment No. 5 shall be effective on June 30, 2021.

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

CITY OF MORRO BAY

Dated:_____, 2021 By_____
John Headding,
Mayor

ATTEST:

By_____
Dana Swanson,
City Clerk

ALESHIRE & WYNDER, LLP

Dated:_____, 2021 By_____
Chris F. Neumeyer,
Partner

public financing, and include up to 3 hours of reimbursement for travel to City from respective A&W office, as well as travel from City returning to respective A&W office, at the request of the City for legal services, unless otherwise provided for, and notwithstanding any provision to the contrary.

[2] Special services include a broad range of categories (e.g., litigation, labor negotiations, housing, toxics, refuse) which would otherwise be likely to be contracted out as special services at higher rates.