

# City of Morro Bay

## City Council Agenda

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### *Mission Statement*

*The City of Morro Bay is dedicated to the preservation and enhancement of the quality of life. The City shall be committed to this purpose and will provide a level of municipal service and safety consistent with and responsive to the needs of the public.*

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**REGULAR MEETING  
TUESDAY, OCTOBER 14, 2014  
VETERANS MEMORIAL HALL - 6:00 P.M.  
209 SURF ST., MORRO BAY, CA**

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

### PUBLIC PRESENTATIONS

- Check Presentation from the South Bay Community Pool Association
- Rideshare Month Presentation and Invitation from SLO Regional Rideshare
- Quarterly Report from the Chamber of Commerce

PUBLIC COMMENT - Members of the audience wishing to address the Council on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the Council at this time.

To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Mayor, please come forward to the podium and state your name and address for the record. Comments are to be limited to three minutes.
- All remarks shall be addressed to Council, as a whole, and not to any individual member thereof.
- The Council respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commission and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the City Council to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in City Council meetings is welcome and your courtesy will be appreciated.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (805) 772-6205. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT AGENDA

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion.

A-1 APPROVAL OF MINUTES FOR THE SPECIAL CLOSED SESSION CITY COUNCIL MEETING HELD ON SEPTEMBER 23, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE SPECIAL CITY COUNCIL MEETING HELD ON SEPTEMBER 23, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF MINUTES FOR THE CITY COUNCIL MEETING HELD ON SEPTEMBER 23, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-4 ACCEPTANCE OF A GRANT OF EASEMENT FOR SEWER PURPOSES FROM JERI LYNN CLARK (1620 PRESTON LN.); (PUBLIC SERVICES)

**RECOMMENDATION: Adopt Resolution No. 64-14 accepting the Grant of Easement for sewer purposes on a portion of Parcel 2 as shown on Certificate for Lot Line Adjustment recorded as Document Number 2014038155 (1620 Preston Ln).**

A-5 APPROVAL OF RESOLUTION 65-14 ADOPTING THE URBAN FOREST MANAGEMENT PLAN; (PUBLIC SERVICES)

**RECOMMENDATION: Adopt Resolution 65-14 adopting the City's Urban Forest Management Plan (UFMP) as a framework to guide the City in its management of our urban forest.**

A-6 STATUS REPORT OF A MAJOR MAINTENANCE & REPAIR PLAN (MMRP) FOR THE EXISTING WASTEWATER TREATMENT PLANT; (PUBLIC SERVICES)

**RECOMMENDATION: Receive and file.**

A-7 WATER RECLAMATION FACILITY (WRF) PROJECT STATUS AND DISCUSSION; (PUBLIC SERVICES)

**RECOMMENDATION: Receive and file.**

A-8 RESOLUTION NO. 67-14 ADOPTING THE AGREEMENT WITH THE MORRO BAY MANAGEMENT EMPLOYEES AND RELATED COMPENSATION; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 67-14, approving the two-year Agreement with the Morro Bay Management Employees. The term of the Agreement is from July 1, 2014 through June 30, 2016.**

A-9 Resolution No. 66-14 Adopting the Agreement with the Morro Bay Confidential Employees and Related Compensation; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 66-14, approving the two-year Agreement with the Morro Bay Confidential Employees. The term of the Agreement is from July 1, 2014 through June 30, 2016.**

A-10 Resolution No. 68-14 Adopting the Memorandum of Understanding (MOU) with the Morro Bay Peace Officers Association and Related Compensation; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 68-14, approving the two-year MOU with the Morro Bay Peace Officers Association. The term of the MOU is from July 1, 2014 through June 30, 2016.**

B. PUBLIC HEARINGS - NONE

C. UNFINISHED BUSINESS / SECOND READING AND ADOPTION OF ORDINANCES

C-1 PRESENTATION AND REVIEW OF THE REPORT REGARDING INITIAL FINDINGS ON GRANTS AND STRATEGY FOR THE FUTURE CITY OF MORRO BAY WATER RECLAMATION FACILITY BY KESTREL CONSULTING; (PUBLIC SERVICES)

**RECOMMENDATION: Review the report and provide any comments to be addressed in the final report at the November 12, 2014 City Council meeting.**

D. NEW BUSINESS

D-1 DISCUSSION ON ENGAGING DON MARUSKA & COMPANY TO PREPARE AND IMPLEMENT A LOCAL ECONOMIC ACTION PLAN (LEAP) FOR MORRO BAY; (ADMINISTRATION)

**RECOMMENDATION: Review the proposal from Don Maruska & Company to prepare and implement a Local Economic Action Plan for Morro Bay.**

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

F. ADJOURNMENT

**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 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 AT CITY HALL LOCATED AT 595 HARBOR STREET; MORRO BAY LIBRARY LOCATED AT 625 HARBOR STREET; AND MILL'S COPY CENTER LOCATED AT 495 MORRO BAY BOULEVARD DURING NORMAL BUSINESS HOURS.**

**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 THAT REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.**

AGENDA NO: A-1

MEETING DATE: 10/14/2014

MINUTES – MORRO BAY CITY COUNCIL  
SPECIAL CLOSED SESSION MEETING –  
SEPTEMBER 23, 2014  
CITY HALL CONFERENCE ROOM – 3:00 P.M.

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Edward Kreins	Interim City Manager
	Joe Pannone	City Attorney
	Susan Slayton	Administrative Services Director
	Laurie Goforth	Human Resources Analyst

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Irons called the meeting to order at 3:00pm.

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

CLOSED SESSION PUBLIC COMMENTS - Mayor Irons opened the meeting for public comments for items only on the agenda; seeing none, the public comment period was closed.

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

**CS-1 CONFERENCE WITH LABOR NEGOTIATORS**

City Designated Representatives: Interim City Manager  
Employee Organizations: Morro Bay Firefighters' Association; Morro Bay Police Officers' Association; Service Employee's International Union, SEIU Local 620; Management Employees; and, Confidential Employees\

**CS-2 PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Title: City Attorney

CITY COUNCIL RECONVENED TO OPEN SESSION

City Attorney Joe Pannone reported that with regards to the Closed Session Items, the Council did not take any reportable action pursuant to the Brown Act on Item CS-1, Conference with Labor Negotiators. Regarding Item CS-2, Public Employee Performance Evaluation, Mayor Irons reported that an evaluation was performed on the City Attorney and as a result of a unanimous vote, Council will continue to retain the legal services of Aleshire & Wynder under

its current contract which can be terminated with a 30 day notice; and, the title of Interim City Attorney is now removed.

**ADJOURNMENT**

The meeting adjourned at 4:05p.m.

Recorded by:

Jamie Boucher  
City Clerk

MINUTES - MORRO BAY CITY COUNCIL  
SPECIAL MEETING – SEPTEMBER 23, 2014  
MORRO BAY COMMUNITY CENTER  
MULTI-PURPOSE ROOM – 5:00 P.M.

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Edward Kreins	Interim City Manager
	Joe Pannone	City Attorney
	Jamie Boucher	City Clerk
	Rob Livick	Public Services Director

ESTABLISH QUORUM AND CALL TO ORDER

SPECIAL MEETING AGENDA ITEM:

I PRESENTATION AND REVIEW OF REPORT REGARDING REGULATORY IMPLICATIONS OF DISCHARGE OPTIONS FOR THE FUTURE CITY OF MORRO BAY WATER RECLAMATION FACILITY BY LARRY WALKER & ASSOCIATES

Public Service Director Rob Livick introduced Betsy Elzufon with Larry Walker & Associates who gave a presentation focusing on Morro Bay’s regulatory options. She presented the analysis of the regulatory implications of the various site options the City is looking at for the WRF. She presented the study objectives: phased reclamation program; discharge options will be needed for interim disposal and wet weather disposal; and, water reserve opportunities will be explored as part of the master plan. She stated that regardless of the site, water recycling requirements will be the same. They evaluated the following scenarios – Rancho Colina’s options are the ocean outfall, Morro Creek or percolation ponds; and, CMC, as a regional facility, with discharge into Chorro Creek. This matters because based on where you discharge, there will be different governing regulations. They looked at the types of permits, permit cycles, regulatory authorities, dilution (quality of effluent discharge), TMDL’s, and environmental sensitivity. If the City were to choose to go with percolation ponds, we would only have to deal with State Board and Regional Board, not the Federal Clean Water Act. With discharge to either creek, you are discharging to a critical habitat which would be more difficult. The biggest requirement of a permit are the effluent limits, it’s a lot simpler to meet numbers if discharging to the ocean, you have to watch much closer if we discharge to the creeks. Future considerations with creek discharge include streamflow augmentation/minimum flow requirements; if we start discharging, we are creating and enhancing a habitat; and in order to maintain that habitat, the Department of Fish and Game may say that we may not be able to take the water back out of the creek because we’ve created a habitat. This won’t come into play with the ocean or percolation ponds. In summary, the ocean gives us fewer effluent limits, dilution means compliance is more likely, and

there are fewer environmental impacts, concerns. With percolation ponds, there is State oversight only, there are simpler permit requirements but salts and nitrogen are potential concerns. Using creeks, there are more effluent limits, there is no dilution, nitrogen and phosphorus are potential concerns, it is environmentally sensitive and there are water rights issues. With Chorro Creek, there are huge hurdles, as there are different recycled water customers, there is an estuary of significance, TMDL's, and regionalization. Permits to inland surface waters can potentially take up a lot of staff time and are continual complexities that require flexibility.

Public Services Director Rob Livick stated that the main purpose in bringing this forward is to get the information to the public, have time to think about it, and formulate questions that can be answered by the November decision point.

The public comment period for the Special Meeting item was opened; seeing none, the public comment period was closed.

Councilmember Smukler stated that both the Chorro Creek or Morro Valley option have regional potential which we need to keep in mind. In terms of percolation ponds in the Morro Valley, that could be an option to help get us there as far as land space and beneficial reuse. As we go forward, looking at nutrient and salt management plans will be important to address. The sea water intrusion component will also be an interesting point to be aware of, especially in the Morro Valley.

This was a receive and file presentation.

## II. CONSIDERATION OF HOLDING JOINT WRFCAC / CITY COUNCIL MEETINGS ON OCTOBER 8th, OCTOBER 22nd AND NOVEMBER 5<sup>th</sup>

Public Services Director Rob Livick stated that the WRFCAC was interested in the potential of joint meetings with the City Council. He was looking for Council input.

Councilmember Leage felt it better that the WRFCAC operate on their own, he doesn't want them influenced by Council.

Councilmember Nancy Johnson doesn't like the idea of joint meetings; Council took the time to select a good committee and she wants to step back and let them work. She would like to see reports from them.

Councilmember Smukler agrees, the intent is that the committee is a strong working committee and he doesn't feel we should be involved; he encourages them to bring forward their ideas and recommendations as they see fit.

Councilmember Christine Johnson is excited for the committee to get going, the meetings are broadcast live on AGP and can be replayed. She is looking forward to them fulfilling their role.

Mayor Irons stated there was consensus to allow the board to do what they are tasked to do; he agrees this will allow them more freedom.

There was Council consensus not to hold joint meetings with the WRFCAC.

### III. UPDATE ON THE STATUS OF THE CALIFORNIA MEN'S COLONY OPTION EVALUATION

Public Services Director Rob Livick presented the staff report.

The County is not currently able to manage this project; the City will be taking the lead as we need to move forward to make a decision by our November 12<sup>th</sup> deadline. The County has stated they will be available to assist.

### ADJOURNMENT

The meeting adjourned at 5:45p.m.

Recorded by:

Jamie Boucher  
City Clerk

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – SEPTEMBER 23, 2014  
VETERAN’S MEMORIAL HALL – 6:00P.M.

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Edward Kreins	Interim City Manager
	Joe Pannone	City Attorney
	Jamie Boucher	City Clerk
	Rob Livick	Public Services Director
	Joe Woods	Recreation & Parks Director
	Eric Endersby	Harbor Director
	Amy Christey	Police Chief
	Steve Knuckles	Fire Chief
	Scot Graham	Planning Manager

ESTABLISH QUORUM AND CALL TO ORDER  
MOMENT OF SILENCE  
PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT – City Attorney Joe Pannone reported that with regards to the Closed Session Items, the Council did not take any reportable action pursuant to the Brown Act on Item CS-1, Conference with Labor Negotiators. Regarding Item CS-2, Public Employee Performance Evaluation, Mayor Irons reported that an evaluation was performed on the City Attorney and as a result of a unanimous vote, Council will continue to retain the legal services of Aleshire & Wynder under its current contract which can be terminated with a 30 day notice; and, the title of Interim City Attorney is now removed.

MAYOR AND COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PUBLIC PRESENTATIONS

Morro Bay Tourism Bureau Director, Brent Haugen spoke on the Morro Bay Lodging Conservation efforts. The Bureau reached out via email and phone to survey all the hotels and motels to learn about their current water and energy conservation efforts. Of the 35 properties surveyed, they received 22 responses; the information to follow is based on those 22 responses. A majority of those responded have drought resistant landscaping, provide guest conservation education, have low flow shower heads and low flow toilets, have a regular maintenance schedule, and use eco-friendly products. 82% have sheet changing cards and 77% have towel rack cards. Most use eco-friendly in-shower dispensers which means less plastic waste. All

responders use fluorescent bulbs. A majority use ceiling fans and have a regular maintenance schedule. 77% of respondents have recycling programs and 41% have waste reduction programs. The Tourism Bureau is happy to help the City communicate with / educate their hoteliers in additional conservation measures.

Geoff Straw, Executive Director of the San Luis Regional Transit Authority made an RTA presentation. In order to ensure they stay in compliance with ADA, and keep up with demand, they have to raise fares. RTA is looking to increase fares equal to twice the area's fixed route fares with a cap of \$10. They are looking to make this effective February 1, 2015. They are seeking public input – asking for comments so they can take those into consideration at their RTA meetings and decision making process. They have scheduled public workshops to be able to talk to people in person. They are also taking individual comments via email, phone or written correspondence.

### PUBLIC COMMENT

Wendy Dish, owner of Epe Mer, presented the Morro Bay business report. Wendy sells handmade casual beach apparel. She loves Morro Bay and is thrilled to be able to establish her business here. Epe Mer is located upstairs at 551 Embarcadero, and is a small studio; their specialty is beach pants and boxers/shorts. Her clothes are made from organic cotton and are made to order so they fit perfectly. She is very community oriented and has already supported the high school in a variety of ways.

Robert Davis spoke representing the SLO Bicycle Club announcing the Lighthouse Century being held on Saturday, September 27<sup>th</sup>. There are 3 routes, all leaving from Morro Bay High School, going up Highway 1; event organizers stress safety. Morro Bay PD will help direct traffic at the high school. This is not a race, it is a recreational ride. Money is contributed to local charities supporting scholarships and non-profits.

Pam Hyland is a Soroptimist, a global volunteer organization of nearly 95,000 women worldwide whose members volunteer to improve the lives of women and girls through programs leading to social and economic empowerment. She announced the application period for this year's Live Your Dream Award which assists women who provide the primary source of financial support for their families by giving them resources they need to improve their education, skills and employment prospects. Each year this program gives a total 1.5 million dollars to over 1500 women.

John Heading spoke on Measure D which will be on the ballot in November. It is an initiative to raise money for our schools, especially our high school for infrastructure projects. He took a tour today and was saddened by the lack of quality of buildings, continuous problems with small class sizes, inadequate equipment, etc. He wants to challenge the community to look closely at this measure.

Joan Solu thanked the community for the Moro Bay 50<sup>th</sup> Parade, there were 50 participants. She also announced the upcoming Morro Bay Harbor Festival which is being held the first weekend of October; headliners include Beatlemania and the Fabulous Thunderbirds. Regarding Measure

D, she also took a tour; one important thing to remember is that MBHS was built 56 years ago, it is a fabulous school but has large infrastructure issues.

Susan Stewart stated that we had a very successful Avocado Margarita Festival; there was a huge turnout and it raised lots of money for volunteer organizations. She thanked Brent Haugen, the Morro Bay Tourism Bureau Director for providing clear and logical reports. She thanked Ed Kreins for helping the community through our transition. Regarding C-3, she would love to see a funicular but realizes it's expensive. She would like to see something happen soon; a people mover is important to join the town.

The public comment period was closed.

A. CONSENT AGENDA

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion.

A-1 APPROVAL OF MINUTES FOR THE SPECIAL CLOSED SESSION CITY COUNCIL MEETING HELD ON SEPTEMBER 9, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE CITY COUNCIL MEETING HELD ON SEPTEMBER 9, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF THE INTERIM EMERGENCY AGREEMENT WITH SAN LUIS OBISPO COUNTY TO PROVIDE REGIONAL DISPATCH SERVICES FOR THE FIRE AND HARBOR DEPARTMENTS; (FIRE / HARBOR)

**RECOMMENDATION: Approve the Interim Emergency Agreement with SLO County providing all dispatch services for the /Fire and Harbor Departments and authorize the Mayor to execute the contract on behalf of the City.**

A-4 APPROVE THE AGREEMENT WITH SAN LUIS OBISPO COUNTY SHERIFF FOR REGIONAL POLICE DISPATCH SERVICES; (POLICE)

**RECOMMENDATION: Approve the agreement for 9-1-1 emergency communications dispatch services and information technology services between the County of San Luis Obispo Sherriff's and the City of Morro Bay. .**

A-5 ACCEPTANCE OF A GRANT OF EASEMENT FOR SEWER PURPOSES FROM IMPERIAL COAST LIMITED PARTNERSHIP (INN AT MORRO BAY, 60 STATE PARK ROAD); (PUBLIC SERVICES)

**RECOMMENDATION: Adopt Resolution No. 62-14 accepting the offer of an Access Easement to lease site 27W.**

A-6 ACCEPTANCE OF A GRANT OF EASEMENT FOR SEWER PURPOSES FROM KIRK AND LAREE NAJARIAN (325 ZANZIBAR STREET); (PUBLIC SERVICES)

**RECOMMENDATION: Adopt Resolution No. 61-14 accepting the Grant of Easement for sewer purposes on Lot 21, Block 3A in 2-MB-15 (Atascadero Beach Tract) located at 325 Zanzibar Street.**

A-7 AUTHORIZATION TO FILL A PUBLIC SERVICES DEPARTMENT VACANCY – WASTEWATER TREATMENT PLANT OPERATOR; (PUBLIC SERVICES)

**RECOMMENDATION: Authorize an internal/external recruitment for the vacant Wastewater Treatment Plant Operator position.**

A-8 APPROVAL OF RESOLUTION NO. 60-14 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A 2014/2016 SURRENDERED AND ABANDONED VESSEL EXCHANGE CONTRACT WITH THE DIVISION OF BOATING AND WATERWAYS; (HARBOR)

**RECOMMENDATION: Adopt Resolution No. 60-14 authorizing the Harbor Director to execute the attached \$58,000 Surrendered and Abandoned Vessel Exchange (SAVE) Contract Agreement #C7702206 with the Division of Boating and Waterways (DBW) for assistance with demolition of abandoned/surrendered vessels and hazards to navigation.**

A-9 APPROVAL OF RESOLUTION 63-14 EXPRESSING APPRECIATION FOR THE DEDICATION AND PUBLIC SERVICE OF ED KREINS AS INTERIM CITY MANAGER FOR THE CITY OF MORRO BAY; (MAYOR)

**RECOMMENDATION: Approve Resolution 63-14.**

The public comment period was opened for the Consent Calendar; seeing none, the public comment period was closed.

Mayor Irons pulled Items A-2 and A-9 and Councilmember Smukler pulled Items A-3 and A-4 from the Consent Calendar.

**MOTION:** Councilmember Christine Johnson moved the City Council approve Items, A-1, A-5, A-6, A-7, and A-8 from the Consent Calendar as presented. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

A-2 APPROVAL OF MINUTES FOR THE CITY COUNCIL MEETING HELD ON SEPTEMBER 9, 2014; (ADMINISTRATION)

Mayor Irons pulled the minutes for directed edits he had earlier provided to the City Clerk.

MOTION: Mayor Irons moved the City Council approve the September 9, 2014 minutes as edited and previously received by the Council. The motion was seconded by Councilmember Christine Johnson carried unanimously, 5-0.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

A-3 APPROVAL OF THE INTERIM EMERGENCY AGREEMENT WITH SAN LUIS OBISPO COUNTY TO PROVIDE REGIONAL DISPATCH SERVICES FOR THE FIRE AND HARBOR DEPARTMENTS; (FIRE / HARBOR)

A-4 APPROVE THE AGREEMENT WITH SAN LUIS OBISPO COUNTY SHERIFF FOR REGIONAL POLICE DISPATCH SERVICES; (POLICE)

Councilmember Smukler pulled these items to provide an opportunity for staff leaders on the project to give a status update.

Fire Chief Knuckles stated that the transition for both fire and harbor has been smooth and the fire department can already see the benefits on the services they are receiving. The County/Cal Fire has been flexible in working with us regarding local control as we come up with our dispatch and response measures. He also provided education regarding 911 cell phone calls. With a 911 cell phone call you will get a dispatcher but there will be a delay which is tied to the GPS from your phone; and very likely you will get a CHP dispatcher.

Police Chief Christey addressed the Board of Supervisor's that morning. There are some operational changes in Morro Bay: they are no longer open 24 hours but instead Monday – Friday from 8am-5pm for police business / paper business – records, registrations, fingerprints, etc.; 772-6225 is now the business line number; she discussed 911 calls from landlines to dispatch which now goes to the County who dispatches the local officers. The collaboration has been great, our access to technology has increased, and our ability to communicate with other agency partners has increased. As we find things that need adjusting, we will do that.

MOTION: Councilmember Smukler moved the City Council approve Item A-3 and A-4 as presented. The motion was seconded by Councilmember Nancy Johnson and carried unanimously, 5-0.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

A-9 APPROVAL OF RESOLUTION 63-14 EXPRESSING APPRECIATION FOR THE DEDICATION AND PUBLIC SERVICE OF ED KREINS AS INTERIM CITY MANAGER FOR THE CITY OF MORRO BAY; (MAYOR)

Mayor Irons pulled this to read it aloud, expressing the Council's / City's appreciation for the work Ed Kreins provided the City.

MOTION: Mayor Irons moved the City Council approve Item A-9 as presented. The motion was seconded by Councilmember Christine Johnson and carried unanimously, 5-0.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

B. PUBLIC HEARINGS - None

C. UNFINISHED BUSINESS / SECOND READING AND ADOPTION OF ORDINANCES

C-1 STATUS UPDATE FOR THE GENERAL PLAN AND LOCAL COASTAL PLAN UPDATE; (PUBLIC SERVICES)

Planning Manager, Scot Graham presented the staff report.

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

This report was received and filed

C-2 STATUS REPORT OF MORRO CREEK MULTI-USE TRAIL & BRIDGE PROJECT (MCMT&B); (PUBLIC SERVICES)

Public Services Director Rob Livick presented the staff report.

The public comment period for Item C-2 was opened; seeing none, the public comment period was closed.

This report was received and filed.

C-3 REVIEW RECOMMENDATIONS FOR IMPROVEMENTS TO THE CENTENNIAL STAIRWAY BY RECREATION AND PARKS COMMISSION, PUBLIC WORKS ADVISORY BOARD AND THE PLANNING COMMISSION AND PROVIDE DIRECTION TO STAFF; (PUBLIC SERVICES)

Public Services Director Rob Livick presented the staff report.

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

James Costanza is against the concept of a ramp; his daughter has mobility issues and ramps are exceedingly difficult to maneuver. Elevators are essential in her and other's ability to get around.

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

Mayor Irons discussed it was important that tonight, there is Council consensus to revisit the agreement with Mr. Salwasser as well as identify the project that would get built.

Councilmember Leage wants to look at getting a cash settlement and then look at what kind of project the City can provide. Citizens love the idea of the funicular option; it's an attraction. We have a great opportunity here.

City Attorney Joe Pannone stated that it is imperative for Council to make a decision tonight as to what kind of project they would like to have built so that negotiations with the developer/owner can begin; the developer can't move forward without Council authorization of the type of project.

Councilmember Christine Johnson agrees this is an important connection for our City from the Embarcadero up to the Downtown core; we need to replace the existing staircase with a more visible and engaging connection of a wide staircase and people moving means; a lift station isn't only needed, but desired and stairs are not only needed but desired; and a funicular is fun. She is leaning towards stairs and a lift station with a focus on the viewshed that is there now; a meeting with the current property owner; and a lift as a utility as opposed to an attraction.

Councilmember Nancy Johnson stated this is an important connection between the Embarcadero and Old Town. The City managed to find money to build the connecting bridge; she doesn't see why we can't do the same here. She is very much in favor of a funicular. She agrees we need to renegotiate with Mr. Salwasser with a new agreement and timeline. In their conversations over the years, he has remained adamant that he has a certain amount of money to spend and that's it. She also feels we need a more accurate number of how much this will cost from an independent source. She also sees this as an attraction and it would help Morro Bay. Once we find out how much it costs, we need to find ways to pay for it. Maybe through ADA access grants, Federal and State monies; Mr. Salwasser's money he has agreed to pay; she also wanted to look at being able to divert some of the monies from facility repair to this project; in 2020, Mr. Salwasser has a balloon payment to make to the City; we could look at using Measure Q funds; and/or, maybe look at TBID putting in some monies. In summary, we first need to renegotiate, get Mr. Salwasser's money and find out exactly what the cost is.

Councilmember Smukler stated that both the City and Mr. Salwasser have an investment in the area – we have common ground. He is approaching this in a strategic way in an effort to get the best project for the money. A funicular is a nice idea but he feels is a luxury item. An elevator and stair combination is a very nice option for the community and will be a vast improvement as well as satisfy the basic needs that a lot of people have. He is excited about getting the project done, we need to get the project moving, we need to work with the developer, and we need to focus on the attractions already there. There is a historic value to the materials of the staircase and he wants to see that significance respected; hopefully we can adapt these materials elsewhere.

Mayor Irons agreed we need to go back and renegotiate an agreement with Mr. Salwasser. We need to make a decision in order to move forward in the negotiation process; the simple choice is an elevator; we have attractions here already. He hesitates to promote a funicular as we don't know what the City's obligations would be with a funicular. He feels as though to move forward, we need to talk with Mr. Salwasser about the agreement as we identify the project, he sees this coming back as the renegotiations with Mr. Salwasser progress.

Councilmember Christine Johnson stated that a low profile elevator would be her preference as opposed to spending extra staff time and resources to find out if there is something that fits our needs.

Councilmember Smukler feels that an elevator / staircase combo gives us more functional space whereas a funicular is more sprawling and cuts down on useful space. Why would we want to throw money on a mechanical longstanding cost item that we don't necessarily need to take on; let's go with a more practical approach.

Councilmember Nancy Johnson stated we don't have enough information to turn down a funicular. She hopes we can take some time to do this right instead of sticking something out there because it's cheap and easy. She hopes we work together to see how much this could cost, how much space it would take, is there funding available, how many people can it carry, etc. She doesn't believe a funicular will detract from anything. She will vote only to commit to do the research on finding out costs on a funicular before we decide to do something else.

Councilmember Leage feels we need to spend the time to find out if a funicular is feasible. It will be a draw to businesses in uptown.

Mayor Irons stated we want a project that will last; he would like to see information on expense and reliability of a funicular. He is leaning towards getting information on functionality of both an elevator and a funicular and bringing this back. However, for the sake of making a decision tonight, his preference would be towards an elevator as it is probably the most reliable and proficient thing to maintain and work with.

Councilmember Christine Johnson wondered if the residents were asked, would they like to prioritize this project over others. She is not interested in anything taller than it has to be, she doesn't want a tower. Her interests lie in stairs / elevator, the view shed, it being a public facility and directing staff to revisit the contract agreement with Mr. Salwasser.

**MOTION:** Mayor Irons moved to direct staff to move forward identifying the project as an elevator, will include stairs, no tower, the view shed will be part of the design element, and direct staff to revisit the contract agreement with Mr. Salwasser and come back to Council with the appropriate information following that discussion with Mr. Salwasser and identifying the project. The motion was seconded by Councilmember Smukler and carried 3-2 with Councilmembers Nancy Johnson and Leage voting no.

Ayes: Irons, C. Johnson, Smukler

No's: N. Johnson, Leage

D. NEW BUSINESS - None

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Christine Johnson requested a Study Session for the County-wide proposal to create a new Tourism Management District (TMD); Mayor Irons and Councilmember Smukler concurred.

Councilmember Christine Johnson requested an item, based on the results from the Study Session, Council to discuss the proposal to create a new Tourism Management District; Mayor Irons and Councilmember Smukler concurred.

Mayor Irons requested an evaluation of City properties that could be placed for sale; Councilmembers Smukler and Christine Johnson concurred.

Mayor Irons requested an item to review the requirements for the sale and ultimate development of the City's "Cloister's Lot", including LCP amendment, modification of the Coastal Commission issued Coastal Development Permit and reprocessing of a subdivision map; Councilmembers Christine Johnson, Smukler and Leage concurred.

Mayor Irons requested an item to assess the Management Partners Study outlook; Councilmembers Christine Johnson and Smukler concurred.

ADJOURNMENT

The meeting adjourned at 9:29 p.m.

Recorded by:

Jamie Boucher  
City Clerk



**AGENDA NO: A-4**

**MEETING DATE: October 14, 2014**

# Staff Report

**TO: Honorable Mayor and City Council      DATE: September 25, 2014**  
**FROM: Rob Livick, PE/PLS - Public Services Director/City Engineer**  
**SUBJECT: Acceptance of a Grant of Easement for Sewer Purposes from Jeri Lynn Clark (1620 Preston Ln.)**

## **RECOMMENDATION**

Staff recommends Council adopt Resolution No. 64-14 accepting the Grant of Easement for sewer purposes on a portion of Parcel 2 as shown on Certificate for Lot Line Adjustment recorded as Document Number 2014038155 (1620 Preston Ln).

## **ALTERNATIVES**

There are no recommended alternatives.

## **FISCAL IMPACT**

The cost to provide legal descriptions for the easement totaled \$457.50; there are no other fiscal impacts associated with this offer of dedication.

## **BACKGROUND**

On September 16, 2014, a Certificate of Lot Line Adjustment (S00-118) was issued to resolve private structural encroachments between properties located at 1620 Preston Lane and 491 Little Morro Creek Road. During the plan check process, staff became aware of a City public sewer main sited within the property lines of 1620 Preston Lane without the benefit of an easement allowing the City staff to access and maintain the public sewer main. The property owners at 1620 Preston agreed to provide an easement for the City sewer main.

## **CONCLUSION**

Acceptance of this sewer easement will allow City maintenance staff to have legal access to an existing public sewer main.

## **ATTACHMENT**

- 1 Resolution 64-14
- 2 Grant of Easement

**Prepared by:   DH        Dept. Review:   RL**  
**City Manager Review: \_\_\_\_\_**  
**City Attorney's Review: \_\_\_\_\_**

**RESOLUTION NO. 64-14**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ACCEPTING A GRANT OF EASEMENT FOR SEWER PURPOSES**

**The City Council  
City of Morro Bay, California**

**WHEREAS**, On September 16, 2014 a Certificate of Lot Line Adjustment (S00-118) was issued to remove encroachments at 1620 Preston Lane and 491 Little Morro Creek Road; and

**WHEREAS**, a public sewer main exists along the Westerly side property line of the above mentioned property; and

**WHEREAS**, staff became aware of a public sewer main at a private property during the plan check of the above referenced Certificate of Lot Line Adjustment; and

**WHEREAS**, the owner, has granted a sewer easement to the City; and

**WHEREAS**, the dedication and acceptance of this sewer easement will allow City maintenance staff to have legal access to an existing sewer main; and

**WHEREAS**, it is in the public interest for the Morro Bay City Council to accept the easement on behalf of the public.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay does hereby accept the grant of easement from Jeri Lynn Clark on behalf of the public.

**PASSED AND ADOPTED** by the Morro Bay City Council at a regular meeting thereof held on the 14<sup>th</sup> day of October 2014 by the following vote:

AYES:

NOES:

ABSTAIN:

---

Jamie L. Irons, Mayor

ATTEST:

---

Jamie Boucher, City Clerk

Recorded at the request of  
the City of Morro Bay, a  
municipal corporation.

When Recorded Mail to:  
City of Morro Bay  
955 Shasta Ave,  
Morro Bay CA 93442

This document is recorded for the benefit of the City of Morro Bay and is therefore exempt from the payment of the recording fee pursuant to Government code Section 6103 and from the payment of the documentary transfer tax pursuant to Revenue and Taxation Code Section 11922.

## GRANT OF EASEMENT

**Assessor's Parcel Number:**  
**068-183-002**

Jeri Lynn Clark, an unmarried woman ("Grantor"), hereby grants to the CITY OF MORRO BAY ("Grantee"), the right to use the area of land, described below (the "Easement Area"), lying within that certain real property situated in the County of San Luis Obispo, State of California, described as follows: Parcel 2 of MB AL 14-0039 described in certificate of compliance recorded September 17, 2014 as Doc #2014 - 038155 being a portion of Lot 8 of the Subdivision of a part of the Rancho San Bernardo made by R.R. Harris, December 1884, according to map filed for record January 5, 1907 in Book 1 at page 6 of maps, in the City of Morro Bay, County of San Luis Obispo, State of California (the "Burdened Property"), for the purpose of accessing and maintain a City owned sewer main (the "Easement Use"). In addition, Grantee shall be entitled to maintain, alter, add to, repair, replace, inspect or remove any and all necessary improvements to use the Easement Area for the Easement Use.

The Easement Areas are more particularly described and shown on Exhibit A through D, attached hereto and by this reference made a part hereof.

Grantee and its and their officers, agents and employees, shall have free access to the Easement Area and every part thereof, at all times, for the purpose of exercising the rights herein granted, and shall have the right to keep the Easement Area free from brush, disrepair or any accumulation of any and all debris. Grantor covenants for itself and all its successors and assigns, they will not erect, place or maintain, or permit to be erected, placed or maintained, within the Easement Area, any structure or other improvement of any kind without first securing the written permission of the Grantee

thereto; and they shall not plant or maintain, or permit to be planted or maintained, any tree or trees, or shrubs, so that any of them will interfere with the use of the Easement Area for the Easement Use.

Grantor, and its successors and assigns, shall have the responsibility and obligation to maintain the Burdened Property and Easement Area to ensure Grantee shall always be able to use the Easement Area for the Easement Use. If Grantor and its successors and assigns fail to maintain the Burdened Property or Easement Area as herein described, then Grantee shall be authorized to provide that maintenance and recover from Grantor and its successors and assigns the direct and indirect costs Grantee incurs for doing so. If Grantor and its successors and assigns fail to pay such costs to Grantee within thirty (30) days after written notice from Grantee of those costs, then Grantor, on behalf of itself and its successors and assigns authorizes Grantee to record a lien against the Burdened Property in the amount of those costs, plus the direct and indirect legal and administrative costs for preparation and recordation of the lien.

In addition, Grantor, and its successor and assigns, agree to release, indemnify, defend and hold harmless, Grantee and its and their officers, agents and employees, from any and all liability, claims, damages, judgments, court costs and reasonable attorney's fees that may arise from Grantee's use of the Easement Area for the Easement Use and any and all maintenance completed by Grantee, as provided herein.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed by its officers thereunto duly authorized this 8<sup>th</sup> day of September, 2014

"Grantor"

Jeri Lynn Clark

Dated: 9-8, 2014

By \* see attached CA notary

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of San Luis Obispo }

On 8 September 2014 before me, Miriam Law, Notary Public, personally appeared  
Seri Lynn Clark

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ **are** subscribed to the within instrument and acknowledged to me that ~~he~~ **she** ~~they~~ executed the same in ~~his~~ **her** ~~their~~ authorized capacity(ies), and that by ~~his~~ **her** ~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: Grant of Easement

Document Date: 09/08/2014 Number of Pages: 7

Signer(s) Other Than Named Above: \_\_\_\_\_

**EXHIBIT A**  
**Sewer Main Easement**  
**Legal Description**

A portion of Parcel 2 of MB AL 14-0039 described in certificate of compliance recorded September 17, 2014 as Doc #2014- 038155 being a portion of Lot 8 of the Subdivisions of a part of the Rancho San Bernardo made by R. R. Harris, December 1884, according to map filed for record January 5, 1907 in Book 1 at page 6 of maps, in the City of Morro Bay, County of San Luis Obispo, State of California described as follows:

Beginning at a 1.5" iron pipe, open at the northerly corner of said Parcel 2; thence

- 1) South 69° 02' 28" East along the northerly line of said Parcel 2 a distance of 7.58 feet; thence leaving the northerly line of said Parcel 2
- 2) South 19° 18' 09" West a distance of 94.67 feet to an angle point in the westerly line of said Parcel 2; thence along the westerly line of said Parcel 2
- 3) North 14° 44' 07" East a distance of 95.19 feet to the True Point of Beginning.

The above-described parcel contains 358 square feet, more or less.

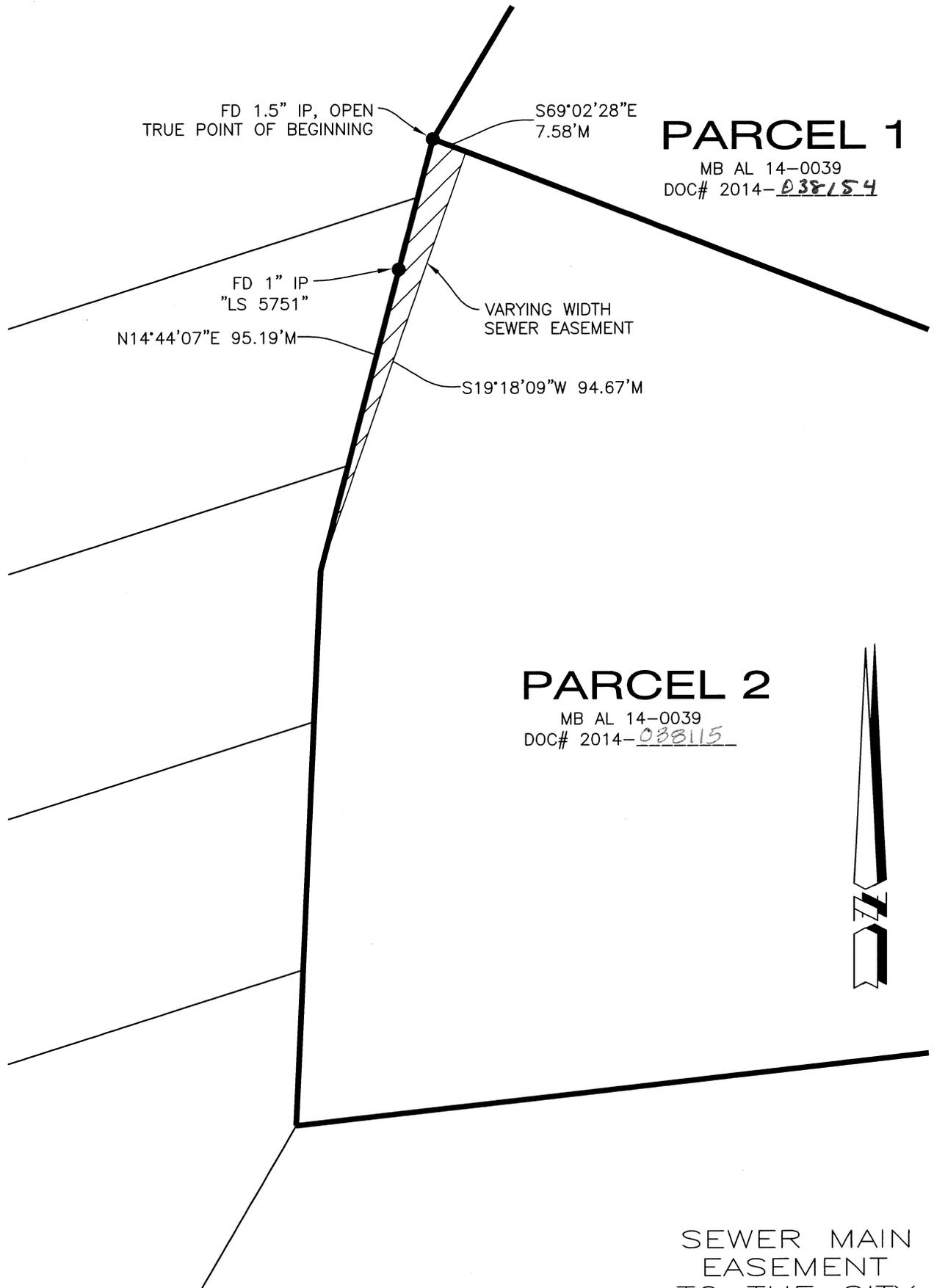
The above-described parcel is graphically shown on Exhibit B attached hereto and made a part hereof.

\* \* \*



Date: 9-3-2014

# EXHIBIT B



**PARCEL 1**

MB AL 14-0039  
DOC# 2014-038154

**PARCEL 2**

MB AL 14-0039  
DOC# 2014-038115

SEWER MAIN  
EASEMENT  
TO THE CITY  
OF MORRO BAY

M:\12-170 499 Little Morro Creek Road-Morro Bay\C3D 2013\499 Little Morro Creek Road-ESMTS.dwg, 8.5X11 EXH SEWER, Sep 03, 2014 8:24am, rellison



MICHAEL B. STANTON, PLS 5702  
3563 SUELDO ST. UNIT Q  
SAN LUIS OBISPO, CA 93401  
805-594-1960

**EXHIBIT C**  
**Sewer Access Easement**  
**Legal Description**

A portion of Parcel 2 of MB AL 14-0039 described in certificate of compliance recorded September 17, 2014 as Doc #2014- 038115 being a portion of Lot 8 of the Subdivisions of a part of the Rancho San Bernardo made by R. R. Harris, December 1884, according to map filed for record January 5, 1907 in Book 1 at page 6 of maps, in the City of Morro Bay, County of San Luis Obispo, State of California described as follows:

Commencing at a 1.5" iron pipe, open at the northerly corner of said Parcel 2, thence South 69° 02' 28" East a distance of 7.58 feet to the True Point of beginning; thence

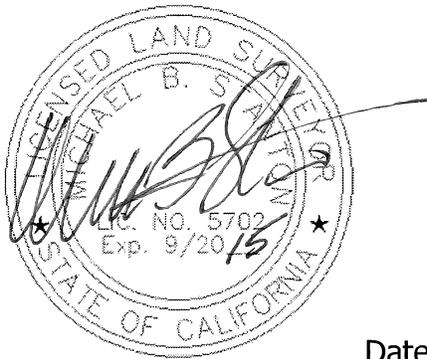
- 1) South 69° 02' 28" East along the northerly line of said Parcel 2 a distance of 13.52 feet; thence leaving the northerly line of said Parcel 2
- 2) South 14° 16' 03" West a distance of 27.53 feet; thence
- 3) South 81° 35' 57" East a distance of 20.11 feet; thence
- 4) South 14° 16' 03" West a distance of 20.11 feet; thence
- 5) North 81° 35' 57" West a distance of 20.11 feet; thence
- 6) South 02° 32' 03" West a distance of 19.20 feet; thence
- 7) South 26° 19' 23" West a distance of 54.88 feet; thence
- 8) South 13° 03' 19" West a distance of 30.44 feet; thence
- 9) South 28° 12' 33" East a distance of 7.83 feet; thence
- 10) South 03° 49' 58" West a distance of 17.86 feet; thence
- 11) North 87° 52' 44" West a distance of 6.33 feet to the westerly line of said Parcel 2; thence
- 12) North 02° 30' 40" East along the westerly line of said Parcel 2 a distance of 84.24 feet to an angle point in the westerly line of said Parcel 2; thence continuing along the westerly line of said Parcel 2
- 13) North 14° 44' 07" East a distance of 26.52 feet; thence leaving the westerly line of said Parcel 2

- 14) South 75° 15' 53" East a distance of 13.15 feet; thence
- 15) North 02° 32' 03" East a distance of 17.83 feet; thence
- 16) North 14° 16' 03" East a distance of 21.79 feet; thence
- 17) North 78° 57' 56" West a distance of 3.98 feet; thence
- 18) North 19° 18' 09" East a distance of 28.99 feet to the True Point of Beginning.

The above-described parcel contains 2,600 square feet, more or less.

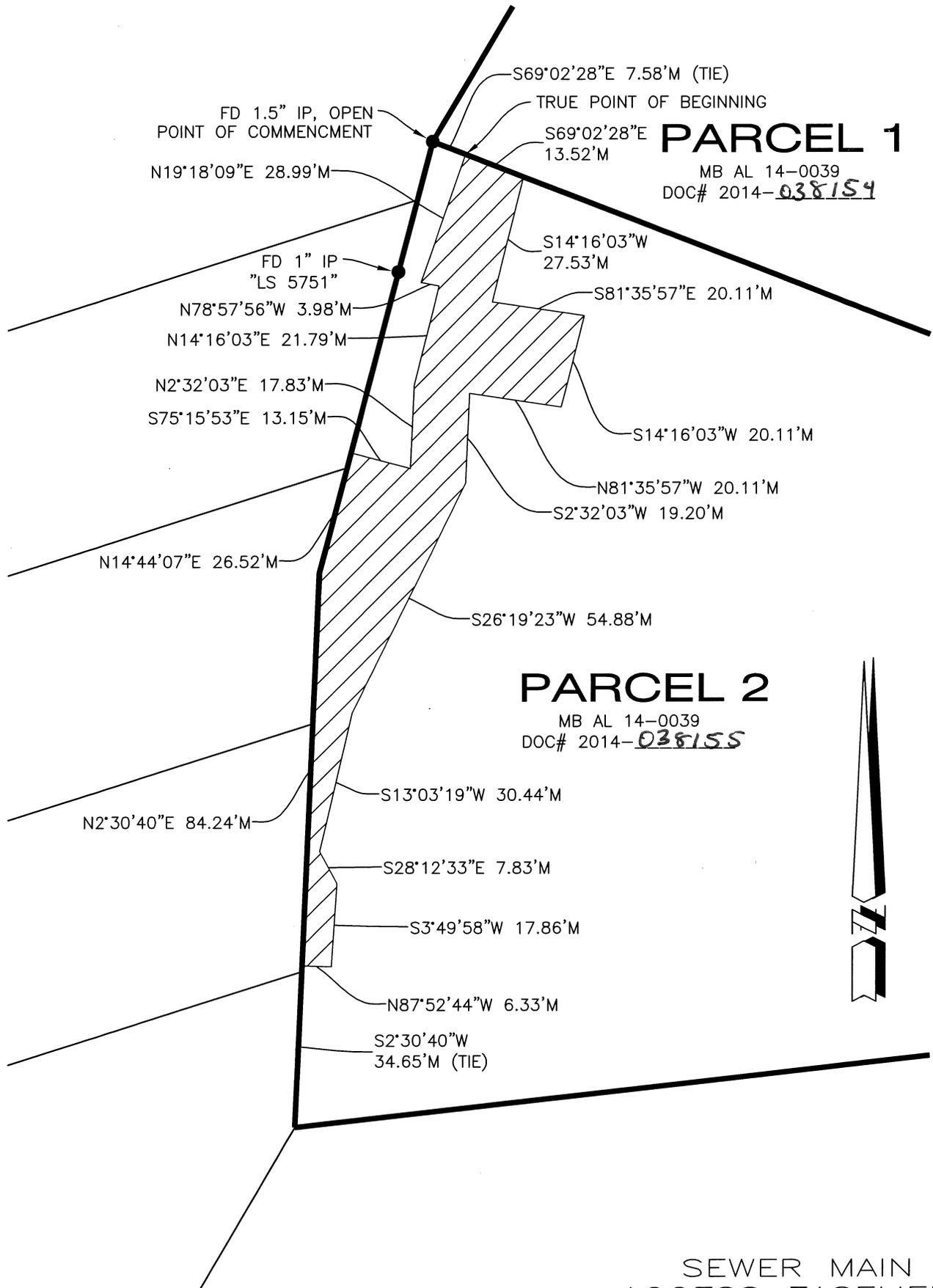
The above-described parcel is graphically shown on Exhibit D attached hereto and made a part hereof.

\* \* \*



Date: 9-3-2014

# EXHIBIT D



**PARCEL 1**  
 MB AL 14-0039  
 DOC# 2014-038154

**PARCEL 2**  
 MB AL 14-0039  
 DOC# 2014-038155



SEWER MAIN  
 ACCESS EASEMENT  
 TO THE CITY  
 OF MORRO BAY

M:\12-170 499 Little Morro Creek Road-Morro Bay\C3D 2013\499 Little Morro Creek Road-ESMITS.dwg, B.5X11 EXH-ACCESS, Sep 03, 2014 8:26am, rellison



MICHAEL B. STANTON, PLS 5702  
 3563 SUELDO ST. UNIT Q  
 SAN LUIS OBISPO, CA 93401  
 805-594-1960



AGENDA NO: A-5

MEETING DATE: October 14, 2014

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** September 29, 2014

**FROM:** Damaris Hanson, Engineering Technician IV

**SUBJECT:** Approval of Resolution 65-14 Adopting the Urban Forest Management Plan

## **RECOMMENDATION:**

Staff recommends City Council adopt Resolution 65-14 adopting the City's Urban Forest Management Plan (UFMP) as a framework to guide the City in its management of our urban forest.

## **ALTERNATIVES**

Staff does not recommend any alternatives to the resolution adoption. This item was heard at the March 25, 2014 City Council meeting, where Council gave direction for modifications and directed the adoption of the plan.

## **FISCAL IMPACT**

There is no fiscal impact to this decision.

## **BACKGROUND/DISCUSSION:**

The UFMP was brought to the Public Works Advisory Board (PWAB) on April 19, 2013, to the Planning Commission on November 20, 2013, then to City Council on March 25, 2014 for adoption. During the meeting, Goal #1 of the UFMP was brought up as a concern. Goal #1: Defining Public Trees; the objective is to help better define the Municipal Code section on public and private trees and outline who is responsible for their maintenance. Staff clarified, adoption of the plan is only a framework to guide the City and does not change the City's Municipal Code section regarding the maintenance of public or private trees. Discussions of Goal #1 would have to go back through the public process to determine how the public and private tree should be maintained. Council also directed minor modifications be made to the UFMP; these modifications were made and include:

- Changing Christine Johnson's title as Mayor Pro Tem
- Objective 2.1 has been updated to include the topics of, biogenetic emissions and Integrated Pest Management as criteria's for tree replacements
- Objective 2.3 has been modified to include developing a subcommittee consisting of one or two Public Works Advisory Board members, the Volunteer Tree Committee and a staff member to assist in the selection of tree species, planting and watering of replacement trees.

Prepared By: DH

Dept Review: RL

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

**CONCLUSION:**

Staff recommends adoption of the UFMP as it is an essential tool used to guide the City in managing our urban forest. It is staff's intention to place the document on the City website after its adoption.

**ATTACHMENT:**

1. City Council Minutes from March 25, 2014
2. Resolution 65-14

**RESOLUTION 65-14**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING THE URBAN FOREST MANAGEMENT PLAN**

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

**WHEREAS**, City Council recognizes the important role of trees within the urban environment; and

**WHEREAS**, the urban forest provides numerous economic, social and environmental benefits; and

**WHEREAS**, the City of Morro Bay received technical assistance in 2012 from the USDA Forest Service, through the California Department of Forestry and Fire Protection, Urban and Community Forest Program, the California Urban Forest Council and the Inland Urban Forest Council to prepare its Urban Forest Management Plan; and

**WHEREAS**, the Urban Forest Management Plan will serve as a framework to guide the City in enhancing the urban forest in Morro Bay; and

**WHEREAS**, the Urban Forest Management Plan will contribute to the City's long-term sustainability, as trees clean the air, improve stormwater management, conserve energy, improve public health and increase property values; and

**WHEREAS**, the Urban Forest Management Plan was reviewed by the City's Public Works Advisory Board and Planning Commission and their recommendations have been forwarded and reviewed by the City Council at their March 25, 2014 meeting; and

**WHEREAS**, the City has received recognition as a "Tree City USA" from the Arbor Day Foundation for over 20 years and adoption of the Urban Forest Management Plan will help the City maintain this designation.

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

1. The City Council hereby adopts the Urban Forest Management Plan; adoption of this plan establishes the framework to guide the City in managing our urban forest.
2. Staff will take the plan to the Public Works Advisory Board for further discussion with special emphasis on Goal #1, public/private trees with the potential for revision to Chapter 12.08 of the Morro Bay Municipal Code.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 14<sup>th</sup> day of October, 2014 on the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Jamie L. Irons, Mayor

ATTEST:

\_\_\_\_\_  
Jamie Boucher, City Clerk

There was no staff report presentation as California Coastal Commission staff requested the item be continued for 2 weeks to allow Coastal staff additional time to provide input on the Ordinance.

As the item was noticed, Mayor Pro Tem Christine Johnson opened the public hearing for Item B-1.

Kathy Welles spoke on a previous item, unrelated to Ordinance 585. She thought that the previous speaker should have been allowed additional time to speak.

Barry Brannin is glad to see the granny unit back; he has an issue with only asking for a Conditional Use Permit for everything over 900 square feet. Since we have no architectural review process; and unless you require a Conditional Use Permit or establish some kind of Architectural Review Committee, then it's going to be difficult to do this properly. He feels we need a CUP on all secondary units.

Anne O'Brien has a granny unit that was grandfathered in; she feels her neighbor's tree in their backyard is destroying her granny unit.

The public hearing for Item B-1 was closed.

There was unanimous Council consensus to continue this item for 2 weeks.

C. UNFINISHED BUSINESS - NONE

D. NEW BUSINESS

D-1 REVIEW AND DISCUSSION OF DRAFT URBAN FOREST MANAGEMENT PLAN;  
(PUBLIC SERVICES)

Public Services Engineering Technician IV Damaris Hanson and Engineering Intern Logan Budd presented the staff report.

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

Ann O'Brien stated that for over a year and a half, they have been trying to get the City to remove a tree as it has been infected with pitch pine canker disease. It was not removed because it was nesting season; since then all of her retaining walls, stairs, driveway and garage walls have sustained damage. She feels that the Urban Forest Plan and the City's attempt to transfer liability to home owners was prepared and presented as a reaction to them coming forward with their tree claim.

Greg Goris thanked staff for putting together a good plan. He made the point of stating that it's important to plant the right tree in the right space. He asked staff/Council to consider that there are some right trees in the wrong space which creates safety issues. He has a concern about the transfer of responsibility as is proposed. Citywide, we have some trees that don't belong in a

dense urban setting. The City has an obligation to replace those trees and there are great opportunities to do this correctly. He hoped that we wouldn't focus on just the downtown but look at the entire City.

Donna Goris is in approval of transferring City trees. However, she has felt the management process has been frustrating and that unfortunate tree plantings should not be transferred to property owners and hoped those trees would be removed before moving the responsibility over to adjoining property owners. She hopes we will have an urban forest that works.

John Headding thanked Councilmember Smukler for bringing up the issue of allergies which is a significant public health issue. Some of the worst offenders are diaceous male trees which include ash box, elder, cottonwood, juniper, mulberry, cedar, elm, pecan and Arizona cypress – a number of which we have a significant amount of. The bottom line is choice of plants from a health standpoint is important.

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

Councilmember Nancy Johnson thanked the public for the valuable information they provided. She doesn't think you can expect a tree that isn't healthy to stay where it is, we need to address this issue more clearly and more effectively. It's great to see this formalized and yet there is still work to be done. The two big issues that she still sees are "right tree in the wrong place" and tree maintenance. It makes sense to plant at differing time intervals so that tree ages vary around the City.

Councilmember Smukler thanked staff for all their hard work. He would like to see us continue the public input process; it's clear that goal #1, defining public trees and the liability component of that, is of significant concern and will take more time and effort to work through. The Urban Forest Management Plan is more of a framework for going forward, not a rubber stamp for implementation. There is still more conversation, for example, about what the public right-of-way means. He feels taking a cautious approach is best. He is also fearful the public won't be able to take proper care of the trees in a healthy way creating a more dangerous situation. He also feels an integrated pest management policy is also important in an effort to reduce the use of herbicides and pesticides and try to manage the forest with fewer chemicals. He is ready to support this tonight.

Councilmember Leage has been called to many properties to look at trees, some look ready to tear houses down. It's time to be aggressive in looking at this situation.

Mayor Irons agrees with many of the comments, especially the "right tree in the right place". This plan would basically guide policy. He wants to make sure that removal of a hazardous tree as needed is being addressed fairly in the plan.

Mayor Pro Tem Christine Johnson stated we will be glad we have an urban management plan so that we can take these items and address them in a more cohesive way. She wanted to make sure that supporting this item will not change anything in the Code, Chapter 12.08.

MOTION: Councilmember Smukler moved to direct staff to incorporate the changes as discussed by the Council in the Urban Forest Management Plan and return with a Resolution for adoption thereupon bringing the plan to the PWAB for discussion and a special focus in the public/private issue. The motion was seconded by Councilmember Leage and by roll call vote, carried unanimously.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

Councilmember Nancy Johnson will vote for this as long as it's a framework that we will continue to refine.

D-2 CONSIDERATION OF ESTABLISHING AN AID TO AGENCIES PROCESS;  
(ADMINISTRATIVE SERVICES)

Administrative Services Director Susan Slayton presented the staff report.

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

Carla Wixom stated that while it's nice to be able to play Santa Claus offering money for worthy causes, Council's first fiduciary responsibility is to the citizens of Morro Bay. She suggested that before considering bringing forward a tax item on the citizens, that we should hold onto the money because we have to take care of our own needs first. We don't really know what kind of shape we are in next year and we should put this on hold until you figure out what the budget will allow.

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

Mayor Irons doesn't feel he could be in support of this at this time.

Councilmember Nancy Johnson thinks that especially in listening to Ms. Slayton, we have to understand where we are financially as we have upcoming expenses. She doesn't feel we can afford to look at this right now. While it might be good to have a policy in place, she doesn't see the point in spending the time to set up a policy we can't fund.

Councilmember Smukler feels it sends the wrong message to the community, employees and infrastructure needs as well as sets up unrealistic expectations that we can be there for them with additional funds.

Councilmember Leage feels this should be postponed but that we also need to give this some serious thought.

Mayor Pro Tem Christine Johnson stated that last year we received funding requests from some 501(c)(3)'s during the budget process that were funded. We also get and grant funding requests through the CDBG grant funding process. Nothing stops an organization from coming forward during the budget time. She is not in support of reviving the aid to agency policy at this time.



**AGENDA NO: A-6**

**MEETING DATE: October 14, 2014**

# Staff Report

**TO: Honorable Mayor and City Council                      DATE: October 3, 2014**

**FROM: Rob Livick, PE/PLS - Public Services Director/City Engineer**

**SUBJECT: Status Report of a Major Maintenance & Repair Plan (MMRP) for the Existing Wastewater Treatment Plant**

## **RECOMMENDATION**

Staff recommends this report be received and filed.

## **ALTERNATIVES**

As no action is requested, there are no recommended alternatives.

## **FISCAL IMPACT**

No fiscal impact at this time as a result of this report. Fiscal impact is addressed through the budget process.

## **BACKGROUND**

This staff report is intended to provide an update on the development of the MMRP for the WWTP. At the February 14, 2013, JPA meeting the Council and District Board approved the development of an MMRP and made the following motion:

- Direct staff to prepare a time sensitive and prioritized MMRP for the WWTP with an anticipated rolling 2 year budget;
- The JPA solicit proposals from a qualified firm, or firms, to provide technical advice and analysis on an as needed basis as determined by Morro Bay's Public Services Director and Cayucos Sanitary District Manager; and
- The Morro Bay Public Services Director and Cayucos Sanitary District Manager report back to the JPA on a semi-annual basis on the progress and costs associated with the MMRP.

Development of an MMRP will assist the City and District in projecting the budgeting of expenditures required to keep the current plant operating in compliance with regulatory requirements.

Staff's focus has been on developing and implementing work on the MMRP projects approved for the FY14/15 budget. The adopted FY14/15 budget contains \$1.221M in funding MMRP projects. The funds represent new MMRP projects as well as roll over from the FY13/14 budget for the headworks screening project and chlorine contact tank repairs. Staff is

**Prepared by: RL/BK/RS    Dept. Review: RL**

**City Manager Review: \_\_\_\_\_**

**City Attorney's Review: \_\_\_\_\_**

continuing to develop and refine the implementation schedule for projects funded in the FY 14/15 budget. This staff report includes a status report on the on-going MMRP projects.

## **DISCUSSION**

### **Digester #1 Repair**

Plant staff anticipates cleaning digester #1 in mid to late October, with the sandblasting and coating projects as well as piping and valving repair and replacement to follow. The goal will be to have digester #1 back on-line prior to May 2015. Staff from the City, District, and Mike Nunley and Associates (MKN) will utilize the lessons learned from the recently completed digester #2 project in preparing and implementing the scope of work for digester #1.

### **Headworks Influent Screening Project**

The headworks influent screening project remains on schedule. The screens and associated equipment were delivered on September 12<sup>th</sup>. City staff issued a Notice to Proceed to Raminha Construction, Inc. on September 3, 2014. Raminha Construction began demolition of the existing bar screen and equipment on September 8<sup>th</sup>. Raminha has completed the installation of the first bar screen in the north influent channel as well as the washer compactor and associated equipment. The factory representative was on-site on September 30<sup>th</sup> for start-up of the equipment as well as staff training. Completion of the project is scheduled for November, 2014.

During the month of September, plant staff made arrangements with Speiss Construction for maintenance and repair services for the jib crane at the headworks. The repairs included disassembly and inspection of the jib crane and coating of the crane components. In addition, plant staff made arrangements to replace the hoist on the crane with a new hoist system and controls. The jib crane will be used to lift out the washed and compacted screenings from the lower headworks.

### **Chlorine Contact Basin Improvements**

Plant staff issued a purchase order on August 15<sup>th</sup> for the purchase of the required equipment to replace the head and idler shaft assemblies in the south portion of the chlorine contact tank. Staff is making arrangements with a contractor for the installation of the shafts and associated equipment in late October or early November depending on the lead time for receiving the equipment. Plant staff will also be making minor repairs to other equipment within the tank when the tank is off-line. The work will require by-passing the chlorine contact for up to a twenty-four hour period. By-passing of the tank will result in an effluent violation and the associated minimum mandatory penalty of \$3,000. During the time period the tank is off-line, staff will chlorinate and disinfect the effluent, but will not be able to dechlorinate the effluent resulting in the violation. Both staff at the Regional Water Quality Control Board and the California Department of Health Shellfish Division have been notified of our repair plans and the intent to by-pass the chlorine contact tank.

## **CONCLUSION**

Staff will continue to bring a status report on the development of the MMRP at City Council meetings on a monthly basis.



AGENDA NO: A-7

MEETING DATE: October 14, 2014

# Staff Report

TO: Mayor and City Council

DATE: September 30, 2014

FROM: Rob Livick, PE/PLS – Public Services Director/City Engineer

SUBJECT: Water Reclamation Facility (WRF) Project Status and Discussion

## RECOMMENDATION

Staff recommends the City Council review and files this informational item.

## ALTERNATIVES

Not applicable at this time.

## FISCAL IMPACT

### **Consultant Contracts**

The following is a summary of the existing contract with specialty consultants needed to assist in the WRF site selection.

<i>JFR Consulting – Site Selection</i>	
Original Contract	\$117,256
Amendment #1	\$76,129
Amendment #2	\$91,336
Total Contract	<b>\$284,721</b>
<i>Kestrel Consulting – Assessment Funding</i>	
Contract Amount	<b>\$20,530</b>
Paid to date	\$0
<i>Larry Walker and Associates – Permitting Constraints</i>	
Contract Amount	<b>\$24,970</b>
<i>Cleath-Harris Associates – Stream Flow Augmentation</i>	
Contract Amount	\$7,500
Amendment #1	\$7,500
Total Contract	<b>\$15,000</b>
<i>Carollo Engineers – CMC Capacity, Siting Evaluation and Cost Estimate (Proposed)</i>	
Total Contract	<b>\$101,945</b>
<b>Total Consultant Contract Amount</b>	<b>\$447,166</b>

## SUMMARY

Prepared By: RL

Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

Staff provides this report as a monthly update to the progress made to date on the new WRF project.

## **BACKGROUND**

With the denial of the permit for the WWTP project in its current location, the City has embarked on a process for a WRF. This staff report provides a review of what has occurred to date.

## **DISCUSSION**

Below is a brief review of dates, status and accomplishments on the WRF facility project. Note the bolded information has been added since your last review.

<b><u>Date</u></b>	<b><u>Action</u></b>
01/03/13	Special City Council meeting – City Adopted Resolution No. 07-13 supporting the California Coastal Commission staff recommendation for denial.
01/08/13	WWTP Project denied by the California Coastal Commission (CCC).
01/08/13	January JPA not held due to CCC meeting.
01/24/13	City Staff, Morro Bay JPA Sub-Committee, Cayucos SD representatives, staff and attorney meet and discuss strategy and moving forward.
02/14/13	February JPA meeting held, “Discussion and Consideration of Next Steps for the WWTP Upgrade Project” was on the agenda and discussed.
02/26/13	City Council meeting - draft schedule/project timeline presented to City Council.
03/11/13	City Council directed staff to prepare an RFP for a project manager.
03/14/13	City Council goal session, WRF established as Essential City Goal.
03/14/13	City Council goal session, WRF established as Essential City Goal.
03/14/13	March JPA meeting held, “Status Report on the Discussion with RWQCB Staff Renewal Process for the WWTP NPDES Permit No. CA0047881” and “Verbal Report by the City and District on the Progress of the future WWTP” were on the agenda and discussed.
03/18/13	RFP issued.
03/26/13	City Council meeting - City Council approves citizens to serve on the RFP selection committee.
03/27/13	Announcement placed on City website, etc. regarding citizen selection committee application period.
04/05/13	Citizen selection committee deadline.
04/09/13	City Council meeting - appointment of 5 citizens for the RFP selection committee at City Council meeting.
04/10/13	Addendum to RFP issued, re: selection committee
04/11/13	April JPA meeting held, “Verbal Report by the City and District on the Progress of the future WWTP” and Discussion and Approval to Terminate the Consultant Services Agreements with Delzeit; Dudek, McCabe and Company; and Montgomery Watson Harza (MWH)” were on the agenda and discussed.
04/15/13	RFP due.

04/16/13 Study Session on WRF facility announced for April 29, 2013.

04/23/13 City Council meeting –reaffirmation of 5 members of citizen selection committee.

04/25/13 Quarterly Meeting with California Coastal Commission staff, WRF discussion and status report on the meeting agenda.

04/25/13 Initial meeting with Selection Committee for the RFP for Planning Services for the WRF.

04/29/13 WRF Study Session at Veteran’s Hall.

05/02/13 Interviews to recommend the individual/team for the WRF project manage.

05/09/13 May JPA meeting held, “Verbal Report by the City and District on the Progress of the future WWTP” was on the agenda and discussed.

05/14/13 City Council meeting – Approval of John F. Rickenbach, Consulting as the Preliminary Planning Consultant for the WRF project.

05/15/13 Public Services staff continues to work with John F. Rickenbach, Consulting to finalize the consultant contract.

05/28/13 Closed Session Item scheduled to discuss Righetti appraisal.

06/13/13 JPA Meeting – Cayucos Veteran’s Hall.

06/24/13 Kick-off Meeting with John Rickenbach and team members.

06/24/13-06/28/13 Work with Rickenbach to determine updated schedule pursuant to the scope of work in the RFP. Determination of Stakeholder groups/individuals.

07/03/13 Tentative Schedule from Rickenbach for the New WRF posted online and available.

07/03/13 Working with Coastal Commission staff to finalize date for quarterly meeting/teleconference.

07/11/13 July JPA Meeting Cancelled.

07/18/13 Quarterly Coastal Commission/City of Morro Bay meeting, Rickenbach Team participated in review and discussion of the status of the WRF project.

07/19/13 WSC Report entitled Conceptual Wastewater Treatment Alternatives Technical Memorandum commissioned by the Cayucos Sanitary District (CSD) released on the CSD website and delivered to the City. Report located at the following address:  
[www.cayucossd.org/documents/Conceptual%20WW%20Treatment%20AltTM\\_CSD.pdf](http://www.cayucossd.org/documents/Conceptual%20WW%20Treatment%20AltTM_CSD.pdf)

07/24/13-07/25/13 Stakeholder Interviews conducted by Rickenbach team.

08/08/13 August JPA Meeting Cancelled.

08/15/13 Community Workshop #1 held at MB Veteran’s Hall.

Week of 8/19/13 Workshop Summary posted on City’s website.  
Comments Form available on City’s website for additional comments on the workshop and/or project.

09/12/13 September JPA Meeting held.

09/16/13 Biosolids and Treatment Options Workshop at MB Veteran’s Hall.

09/27/13 October 2013 JPA Meeting cancelled.

10/21/13 Quarterly Coastal Commission/City of Morro Bay Meeting.

10/29/13 Release of Public Draft – Options Report.

11/04/13 Public Works Advisory Board – Options Report to Board for Public Feedback.

11/05/13 Second Public Workshop – Presentation of Options Report for Public Feedback.

11/12/13 Presentation of Options Report to City Council.

11/14/13 November 2013 JPA Meeting Cancelled.

11/19/13 Meeting with RWCQB Staff regarding project Status and Permit Renewal.

12/10/13 Presentation of Options Report to City Council.

12/19/13 December JPA Meeting held – Verbal update by both CMB and CSD.

01/16/14 January JPA Meeting canceled.

01/20/14 Received proposal from Cleath-Harris to study Chorro Creek discharge and effect on City water supply. Estimated fees not to exceed \$7,500.

01/23/14 Onsite staff meeting with property owner at Rancho Colina to tour a potential location.

01/23/14 Telephone discussion with City’s Water Attorney regarding water rights to creek discharge of wastewater.

1/29/14 Received proposal from Rickenbach for a contract amendment to perform due diligence on alternative WRF sites for final site selection. Estimated fees not to exceed \$63,806.

01/31/14 Status report preparation assigned to Public Services Director.

02/11/14 Mid-year Budget adjustment to include additional funding for WRF alternative site analyses. \$100,000 was approved.

02/13/14 WRF Sub-Committee meeting to discuss the 5 year time schedule and grant opportunities.

02/13/14 February JPA Meeting held.

02/25/14 City Council received a status update on the New WRF and adopted Resolution 17-14 prescribing a 5-year time frame for the construction of the New WRF.

02/28/14 Received a revised scope of work for a contract amendment received from Rickenbach recognizing the accelerated time schedule for the WRF. Estimated fees not to exceed \$76,129.

03/06/14 Scheduled WRF Subcommittee meeting with staff to discuss grant opportunities and schedules.

03/10/14 March JPA Meeting cancelled.

03/20/14 WRF Sub-Committee meeting along with staff and property owner at the “Rancho Colina” Morro Valley site to get an overview of the potential for it as a project location.

03/21/14 Meeting between City of Morro Bay (Irons/Smukler) and CSD (Enns/Lloyd) Sub-Committees along with Morro Bay and CSD County and Water Board Staff to discuss overall project status and the CMC option.

04/10/14 April JPA Meeting cancelled

04/11/14 "Rancho Colina" site visit with staff and Council person C. Johnson.

04/18/14 Letter sent to property owners of potential WRF sites, inviting a discussion regarding siting potential

04/21/14 “Rancho Colina" site visit with staff and Council persons Leage and N.

Johnson.

04/23/14 Meeting to review the “Rancho Colina” site with the Morro Bay and CSD Sub-Committees along with Water Board staff.

05/01/14 Scheduled site visit at Giannini site with WRF Subcommittee, JRF Consulting and Property Owner.

05/08/14 May JPA Meeting cancelled.

05/13/14 Council Approved New Water Reclamation Facility Project Report on Reclamation and Council Selection of a WRF Site and provided direction to staff to return to Council with a resolution that captured the motions made.

5/22/14 The City Clerk posted the notice of the formation of a new, limited term and scope, i.e. Water Reclamation Facility Citizen's Advisory Committee. Applications are due to the Clerk by Friday, June 13, 2014.

5/23/14 Selected Bartle Wells as Water and Sewer Rate Study consultant. The estimated fee for the study is not to exceed \$67,440.

5/27/14 City Council adopted Resolution 34-14 that provides direction to staff regarding the “Rancho Colina” site, continuing parallel path discussion regarding the CMC site, and forming a Citizen’s Advisory Committee.

6/15/14 City executed a contract with Kestrel Consulting in the amount of \$20,530 to develop funding strategies for the new WRF project.

6/20/14 City executed a contract with Larry Walker Associates in the amount of \$24,970 to advise the City regarding discharge permit requirements for various disposal/reuse options for the new WRF project.

6/14/14 Staff has met with a variety of alternative project delivery method firms to explore the requirements for this process, firm include: Corollo, CDMSmith; and Black and Veatch.

6/25/14 Meeting with John Rickenbach and Mike Nunley to discuss project schedule for the WRF project

6/27/14 Kick off meeting with Kestrel Consulting to discuss funding strategies for the new WRF project.

6/27/14 Meeting with Cleath-Harris to review draft Chorro Creek discharge study and effect on City water supply. Authorized Cleath-Harris to perform a similar study for the Morro Valley.

6/30/14 Staff met internally to gather preliminary information for Bartle Wells Rate Study. Staff will have all info to Bartle Wells by the end of July.

7/8 & 7/9/14 City Council conducted interviews for positions on the WRF Citizens Advisory Committee (WRFCAC). City Council appointed seven members to the WRFCAC.

7/10/14 Meeting with Cayucos Sanitary District staff to discuss the scope of work for the proposed Carollo Engineers CMC capacity evaluation study.

7/16/14 Kick off meeting with Larry Walker Associates regarding discharge permit requirements for various disposal/reuse options for the new WRF project.

8/12/14 City Council confirmed Citizen Appointments to the WRFCAC

9/10/14 First Meeting of the WRFCAC

9/11/14 Joint meeting of the Morro Bay City Council and the Cayucos Sanitary District Board of Directors Meeting in Morro Bay.

- 9/23/14** City Council Special Meeting reviewed the Report by Larry Walker and Associates regarding the Water Quality permitting implications at each of the two final proposed sites. Council also discussed the potential of joint City Council/WRFCAC meetings and status of the CMC evaluation
- 9/25/14** Received final scope and estimated fee (\$101,945) from Carollo Engineers for the evaluation of the CMC option, Carollo requested changes to the standard City contract which are being reviewed by the City Attorney
- 9/26/14** Meeting with Bartle Wells (Sewer and Water Rate Consultant) regarding hearing schedule and additional data needs
- 10/2/14** Meeting of the Morro Bay City Council Technical/Executive Committee and the Cayucos Sanitary District Board of Directors in Morro Bay
- 10/9/2014** Tentatively scheduled meeting between the Morro Bay City Council and the Cayucos Sanitary District Board of Directors Meeting in Cayucos

### **CONCLUSION**

City Council, since the Coastal Commission's denial of the WWTP Coastal Development Permit in January 2013, has made measured and deliberate progress in the WRF project, as outlined above.



AGENDA NO: A-8

MEETING DATE: 10/14/2014

## Staff Report

**TO:** Mayor and City Council **DATE:** October 1, 2014  
**FROM:** Susan Slayton, Administrative Services Director/City Treasurer  
**SUBJECT:** Resolution No. 67-14 Adopting the Agreement with the Morro Bay Management Employees and Related Compensation

### RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 67-14, approving the two-year Agreement with the Morro Bay Management Employees. The term of the Agreement is from July 1, 2014 through June 30, 2016.

### FISCAL IMPACT

As per City Council's direction, this Agreement provides:

1. 3% salary increase, effective with the pay period containing July 1, 2014 - \$19,267 in salary, \$5,956 in benefits (excluding health & life increase) = \$25,223;
2. \$30 annual increase to the boot allowance (from \$120 to \$150) = a possible payout of \$210/year, \$420 for the term of this Agreement;
3. \$500 increase to the City's matching contribution to deferred compensation (from \$1,000 to \$1,500) – 7 employees for a possible contribution of \$3,500/year, \$7,000 for the term of this Agreement;
4. \$20,000 increase in life insurance benefit (from \$30,000 to \$50,000) for all City employees – annual cost \$22 per employee, \$154/year, \$308 for the term of this Agreement for this group; and
5. Increase of the City contribution to health banks – for this group, \$5,688/year, \$8,532 for the term of this Agreement.

Total possible cost: \$41,483

Regarding the 3% salary increase deferral from the 2009/10 fiscal year, the Management Employees thank the City Council for returning ½% of that deferral with the 2013/14 negotiations. With the acceptance of this Agreement, the Management Employees agree to waive 1½% of the deferral, and request to retain the remaining 1% of the deferral for future negotiations.

Prepared By: SS Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

## **SUMMARY:**

The previous one-year Resolution with the Management Employees is currently on the City's website (link: "Employee Compensation Information"). The proposed July 1, 2014 – June 30, 2016 two-year Agreement, which is attached in a draft red-lined format, includes the following substantive changes:

- Effective the pay period containing July 1, 2014, all Management Employees will receive a 3% salary increase.
- Effective with the passage of the Resolution, all Management Employees will receive an increase of \$30 to boot allowance (from \$120 to \$150); this reflects parity with the amount provided to SEIU employees.
- Effective January 1, 2015, all Management Employees will receive a \$500 increase to the City's matching deferred compensation contribution (from \$1,000 to \$1,500) on a 2:1 ratio, where the employee contributes \$2 and the City contributes \$1.
- Effective January 1, 2015, all City employees' life insurance benefit will increase from \$30,000 to \$50,000.
- Effective December 1, 2014, all City employees' health bank will increase by \$58 for Employee + 1 or \$100 for Employee +2+.
- For future negotiations, retain 1% of the fiscal year 2009/10 salary increase deferral.

The Agreement has been accepted by the Morro Bay Management Employees.

## **CONCLUSION**

Staff is recommending the City Council adopt Resolution No. 67-14, approving the two-year Agreement with the Morro Bay Management Employees for the period of July 1, 2014 to June 30, 2016. Additionally, the City Council is asked to direct the City Manager to implement the conditions of the Agreement.

**RESOLUTION NO. 67-14**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING THE AGREEMENT WITH THE  
MORRO BAY MANAGEMENT EMPLOYEES AND RELATED COMPENSATION**

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

**WHEREAS**, representatives of the City of Morro Bay (CITY) and representatives of the Management Group met and discussed the terms and conditions of employment, through the Meet and Confer process; and

**WHEREAS**, the meetings between the Management Group and the CITY have resulted in a mutual agreement and understanding; and

**WHEREAS**, the employees represented by the Management Group accept all of the terms and conditions, as set forth in the Agreement attached and made a part of this Resolution herewith; and

**WHEREAS**, the CITY now desires to provide said salaries, benefits and conditions to said Management Group of the CITY.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Morro Bay does hereby adopt a two-year Agreement relating to the compensation and working conditions for the Management Group for the period July 1, 2014 through June 30, 2016, and authorizes the City Manager to execute all necessary documents to implement said changes.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a meeting thereof held this 14<sup>th</sup> day of October, 2014 by the following vote:

AYES:

NOES:

ABSENT:

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JAMIE L. IRONS, Mayor

ATTEST:

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JAMIE BOUCHER, City Clerk

**AGREEMENT BETWEEN  
THE CITY OF MORRO BAY  
AND THE MANAGEMENT EMPLOYEES  
JULY 1, ~~2013-2014~~ – JUNE 30, ~~2014~~2016**

**1. RECOGNITION**

- 1.1 The Management Group is comprised of the following classifications: Commander, City Engineer, Senior Civil Engineer, Capital Projects Manager, Planning Manager, Building Official, Wastewater Division Manager, Information Systems Technician, Accountant, Management Analyst, Senior Planner, ~~Support Services Manager~~, Recreation and Parks Maintenance Superintendent, Harbor Operations Manager, ~~Harbor Business Manager~~.

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

- 1.2 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-rata basis commensurate with hours worked. All benefits for new hires, including insurance benefits, will be allocated on a pro-rata basis commensurate with hours worked.
- 1.3 **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.

**2. TERM**

Except as otherwise specifically provided herein, the term of this Agreement commences on July 1, ~~2013~~2014, and expires, and is otherwise fully terminated, at midnight on June 30, ~~2014~~2016.

**3. ANTI-DISCRIMINATION**

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

**4. 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.

- 4.1 **WORKDAY:**  
The normal workday shall be eight (8) hours of work in a twenty-four (24) consecutive hour period, except in cases of emergencies. Alternative work schedules can be implemented upon approval of the City Manager.

4.2 **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 24-hour prior notice to the employee.

4.3 **WORKWEEK:**

The normal workweek shall be five (5) workdays and two (2) consecutive days of rest in a seven (7) 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.

4.4 **OVERTIME COMPENSATION**

Employees in this group are considered “exempt” employees within the definition of FLSA, and do not receive overtime for time worked outside of the regular work schedule.

4.5 **EMERGENCIES:**

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

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

**5. VACATION LEAVE**

5.1 During the term of this Agreement, employees shall earn paid vacation leave 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

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

5.3 **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 Management Group agree on the following policy:

- 5.3.1 Unused vacation leave may be carried over into the following year to a maximum of 300 hours. Employees exceeding the 300 hour maximum as of the pay period containing November 1 of each year will be paid off for vacation time exceeding the 300 hour maximum. The CITY shall make said payment with the pay period containing the 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. At the employees' further option, said payment may be put into deferred compensation.
- 5.3.2 Employees separating from the CITY are entitled to pay for accumulated vacation.
- 5.4 Members of the Management Group may exercise the 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.

**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.**

## **6. HOLIDAYS**

6.1 For the purpose of this Agreement, the following days are the holidays for employees in this group:

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
Lincoln's Birthday	February 12
Washington's Birthday	3rd Monday in February
Memorial Day	Last Monday in May
Floating Holiday	Varies
Floating Holiday	Varies

6.2 Holidays falling on Saturday shall be observed on the preceding Friday, and holidays falling on Sunday shall be observed on the following Monday.

6.3 One holiday equals eight hours. For those employees working the 9/80 alternative work schedule, one holiday ~~can~~ may equal 9 hours. Accrued holiday time may be taken in less than eight hour increments.

6.4 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 approved by the Department Head.

- 6.5 Employees may accumulate up to a maximum of 48 hours holiday time. Hours of holiday time accumulated over 48 hours will be paid off. When an employee terminates employment with the CITY, he/she shall receive pay for his/her current holiday balance up to a maximum of 48 hours at his/her current base hourly rate.
- 6.6 CITY's denial of requested holiday time off shall be neither arbitrary nor capricious.

## **7. ADMINISTRATIVE LEAVE**

- 7.1 Each member of the Management Group is eligible to earn seventy-two (72) 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 their Department Head, with regard for the wishes of the employee and particular regard for the needs of the services.
- 7.2 Up to 48 hours of administrative leave may be rolled over into the following fiscal year, not to exceed 120 hours. Upon termination, employee will be paid the pro-rata amount commensurate with that portion of the fiscal year worked.
- 7.3 Each member of the Management Group may be eligible for additional administrative leave upon authorization from the City Manager. Such administrative leave may be granted when employees are required to perform their responsibilities in times of immediate threat to public health, safety and property, beyond their regular work schedule. The approval of such time is not guaranteed, and sole discretion without appeal rights rests with the City Manager, and is expressly eliminated from the Grievance Procedure. Recognizing the impact of the Fair Labor Standards Act, employees of the Management Group will be sensitive to the operational needs and financial limitations of the CITY, and will therefore attempt to limit the use of overtime by employees in their respective areas of responsibility.
- 7.4 Each new member of the Management Group, hired during the term of this agreement, shall, at the time of hire, be eligible for forty (40) hours of administrative leave. Use and accumulation of such leave will be in accordance with the other provisions of Article 9, except in the event that employee terminates before completing probation, administrative leave shall not be compensated.

## **8. SICK LEAVE**

- 8.1 During the term of this Agreement, sick leave shall be earned at the rate of one (1) 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 (4) ten (10) hour days per week and is off sick for one of the ten (10) hour days, ten (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.
- 8.2 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/F.Y.                      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	0

At least 160 hours shall remain in employee'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.

- 8.3 Upon the service retirement of an employee who has more than ten (10) years of service with the CITY, said employee shall be entitled to receive payment for up to the first seven hundred twenty (720) hours of his/her accrued sick leave at thirty-five percent (35%) 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).**

**9. EXEMPT TIME OFF**

This policy is established in accordance with the Fair Labor Standards Act, which exempts employees of this group from requiring the CITY to pay time and one-half for time worked over 40 hours. Effective July 1, 2002, group members will use accumulated leave time to take time off for sick leave, medical appointments, personal business, vacation, etc. for time off that is less than one full day in the same manner as issued for taking time off that exceeds one day; that is, filling out leave forms and noting time off on time cards.

The exception to this policy is that time off of less than two (2) continuous hours per day need not be recorded. Abuses of this exception, i.e., taking ½ hour here and there throughout the day, will not be allowed.

**10. RETIREMENT BENEFITS**

- 10.1 The Management Group 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 the PERS or the State Legislature.
- 10.2 Parties agree that CITY payment of PERS contributions are made based upon tax treatment currently permitted by the State Franchise Tax Board and the IRS.
- 10.3 Should current tax treatment change, the Management Group 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 agreement to pay part

of the employee's PERS contribution.

10.4 Should current tax treatment change, the Management Group shall have the opportunity to meet and confer regarding any such changes.

10.5 If the State Legislature adopts a two-tier P.E.R.S. retirement program applicable to the Management Group members, then all members employed after the effective date of such P.E.R.S. changes shall be placed in a new retirement plan or one selected by the CITY. Current employees at the time of plan adoption will have a one-time option to enter the new plan; enrollment period to be selected by CITY.

10.6 PERS Miscellaneous Employees

10.6.1 All members of the Management Group pay 100% of the employee contribution to CalPERS, which is currently: 1) classic members, Tier 1 - 8% Miscellaneous/9% Safety; classic members, Tier 2 - 7% Miscellaneous/9% Safety; or PEPRAs members, Tier 3 – 6.25% Miscellaneous/11.5% Safety.

10.6.2. The CITY agrees to continue providing all CalPERS Miscellaneous employees in the Management Group, 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):

- 2.7% @ 55 formula (Section 21354.5)
- Unused Sick Leave Credit (Section 20965)
- Military Service Credit (Section 21024 & 21027)
- Final Compensation 1 Year (Section 20042)
- 1959 Survivor Benefit, Level 4 (Section 21574)
- Pre-Retirement Option 2W Death Benefit (Section 21548)

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

- 2% @ 60 formula (benefit factor increases to 2.418% @ 63+) (Section 21353)
- Unused Sick Leave Credit (Section 20965)
- Military Service Credit (Section 21024 & 21027)
- Final Compensation 3 Years (Section 20037)
- 1959 Survivor Benefit, Level 4 (Section 21574)
- Pre-Retirement Option 2W Death Benefit (Section 21548)

10.6.4 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:

2% @ 62 formula (benefit factor increases to 2.5% @ 67+) (Section 7522.20)  
Final Compensation 3 Years (Section 20037)  
Member contribution rate of fifty (50) percent of the expected normal cost rate,  
which is currently 12.5% (6.25% is employee's portion)  
Unused Sick Leave Credit (Section 20965)  
Military Service Credit (Section 21024 and 21027)  
1959 Survivor Benefit, Level 4 (21574)  
Pre-Retirement Option 2W Death Benefit (Section 21548)

10.6.5 The CITY agrees to continue providing CalPERS Safety employees in the Management Group, 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):

3% @ 50 plan (Section 21362.2)  
Unused Sick Leave Credit (Section 20965)  
Military Service Credit (Section 21024 & 21027)  
Final Compensation 1 Year (Section 20042)  
1959 Survivor Benefit, Level 4 (Section 21574)  
Pre-Retirement Option 2W Death Benefit (Section 21548)

10.6.6 For CalPERS Safety employees, 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:

3% @ 55 plan (Section 21363.1)  
Unused Sick Leave Credit (Section 20965)  
Military Service Credit (Section 21024)  
Final Compensation 3 Years (Section 20037)  
1959 Survivor Benefit Level 4 (Section 21574)  
Pre-Retirement Death Option 2W (Section 21548)

10.6.7 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:

2.7% @ 57 formula (benefit increases to  
Final Compensation 3 Years (20037)  
Member contribution rate of fifty (50) percent of the expected normal cost rate  
(currently 11.5%)  
Sick Leave Option (Section 20965)  
Military Service Credit (Section 21024)

1959 Survivor Benefit Level 4 (Section 21574)  
 Pre-Retirement Death Option 2W (Section 21548)

**11. HEALTH BENEFITS/DEFERRED COMPENSATION PROGRAM**

**11.1 HEALTH INSURANCE**

11.1.1 The Management Group receives 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 \$967/month or cost of insurance, whichever is less  
Employee + family - up to \$1,080/month or cost of insurance, whichever is less

11.1.2 Effective January 1, 2015 (beginning with the first pay period in December), the Management Group will receives the following cafeteria plan contribution, including the contribution amount required by CalPERS:

Employee only - up to \$715/month or cost of insurance, whichever is less  
Employee + 1 – up to \$1,025/month or cost of insurance, whichever is less  
Employee + family - up to \$1,180/month or cost of insurance, whichever is less

11.1.3 Effective January 1, 2009, cash-back was eliminated except as provided herein. Employees receiving cash-back in December 2008 shall continue to receive the same amount for the term of this agreement except that if a cash-back employee changes the structure of their insurance (add dependents, delete dependents, drop insurance with the CITY, change carriers, etc.) cash-back is not an option. Cash-back will be eliminated for employees during the open enrollment period in 2010 for calendar year 2010, and in subsequent years, if said employees are required (because of eliminated plans) to change carrier. In the event an employee receiving cash-back is forced to make a plan change because the CITY changes plans and/or ceases to contract with PERS for insurance, that employee will maintain cash-back.

**11.2 DENTAL AND VISION INSURANCE:**

~~11.2.1 During the term of this Agreement, 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 \$30,000 per employee. The following rates are effective January 1, 2013.~~

During the term of this Agreement, 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 \$30,000 per employee (\$50,000 beginning January 1, 2015). The following rates are effective January 1, 2014:

	Vision	Dental	Life	Totals	Bank	EE pays
Employee only	\$7.64	\$42.87	<del>\$57.750</del>	<del>\$568.2474</del>	<del>\$53.2855.81</del>	\$2.93

Employee + 1	\$14.32	\$119.56	\$ <del>57.750</del>	\$13 <del>90.5809</del>	\$ <del>127.83118.34</del>	\$11.75
Employee + 2+	\$19.52	\$119.56	\$ <del>57.750</del>	\$14 <del>34.7883</del>	\$ <del>132.57122.62</del>	\$12.21

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

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

11.4 LTD INSURANCE

The Management Group shall participate in the City-provided Long Term Disability Insurance Plan. The CITY shall pay the costs for this plan.

11.5 CONTRIBUTION TO OTHER PROGRAMS

CITY will contribute up to \$~~1,000~~1,500 per calendar year to employee's deferred compensation or approved retiree medical savings plan on a 2:1 basis (i.e., employee contributes \$2, City contributes \$1).

11.6 WORKER'S COMPENSATION LEAVE

Any employee who is absent from duty because of an on-the-job injury in accordance with state worker's compensation law and is not eligible for disability payments under Labor Code Section 4850 shall be paid the difference between his/her base salary and the amount paid by worker's compensation during the first forty-five (45) working days of such temporary disability absence. Eligibility for worker's compensation leave requires an open worker's compensation claim.

**12. EDUCATION INCENTIVES**

12.1 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 employee 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.

12.2 CITY agrees to 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, CITY will reimburse mileage for use of personal vehicle.

**13. SALARIES**

13.1 Effective the pay period including ~~January~~July, 1, 2014, employees in the Management Group will receive a ~~23%~~ salary increase. ~~Additionally, as discussed in item 13.4 below regarding the deferment of a 3% salary increase in FY 2009/2010, employees in the Management Group will receive an additional 1/2% salary increase, effective with the pay period including January 1, 2014; total increase to the Management Group effective the pay period including January 1, 2014, is 2 1/2%~~

13.2 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.

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

~~13.4 With the adoption of the 2009/10 budget, the City Council deferred the Management Group's 3% salary increase. With this Agreement, the City Council wishes to begin to repay that deferral, as indicated in 13.1 above, and expresses its commitment to restoring the remaining 2 1/2% to the Management Group to be addressed in future contract negotiations. With the adoption of the 2009/10 budget, the City Council deferred the Management Group's 3% salary increase. With the 2013/14 Agreement, the City Council began to repay that deferral, increasing salaries by 1/2%, and expressed its commitment to restoring the remaining 2 1/2% to the Management Group with future contract negotiations.~~

Upon City Council ratification of this Agreement, 1 1/2% of the above-mentioned 2 1/2% salary deferral will be waived, with the remaining 1% deferred for future years.

#### **14. WORK UNIFORMS**

##### **14.1 SAFETY SHOES:**

Employees, who are required to wear steel-toed safety shoes in the performance of their duties, shall be eligible to receive an allowance for the provision of said shoes in the amount of one hundred twenty dollars (\$~~120~~150.00) per fiscal year. Proof of purchase is required. Once purchased, such appropriate footwear must be worn while working.

#### **15. PROBATION**

The probationary period for newly hired employees in this group shall be twelve (12) months. The probationary period for employees promoted to a higher classification shall be six (6) months in the new classification. The CITY shall have the option of granting a newly hired employee regular status at any time after nine (9) months of service.

#### **16. NO STRIKE, NO LOCK-OUT**

16.1 During the term of this Agreement, the CITY will not lockout any employees nor will the Management Group cause, authorize, advise or encourage 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 slowdown of work. The term "other concerted action" includes picketing or boycott activities by the Management Group

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

16.3 Any group 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.

**17. FULL UNDERSTANDING, MODIFICATION, WAIVER**

- 17.1 This Agreement 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.
- 17.2 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.
- 17.3 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 Management Group.
- 17.4 The waiver of any breach of any term, or condition of this Agreement by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

**18. 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.

DATE: \_\_\_\_\_  
MANAGEMENT

DATE: \_\_\_\_\_  
CITY OF MORRO BAY

\_\_\_\_\_  
| Bruce Keogh

\_\_\_\_\_  
Ed Kreins, Interim City Manager

\_\_\_\_\_  
| ~~Kathleen Wold~~ Bryan Millard

\_\_\_\_\_  
Susan Slayton, Administrative Svcs Dir

\_\_\_\_\_  
| Janeen Burlingame

\_\_\_\_\_  
Laurie Goforth, Human Resources Analyst

\_\_\_\_\_  
| Scot Graham



accrual bank limit will be increased by 20 hours (from a 40-hour cap to a 60-hour cap).

- Effective January 1, 2015, all Confidential Employees will receive a \$500 increase to the City's matching deferred compensation contribution (from \$1,000 to \$1,500) on a 2:1 ratio, where the employee contributes \$2 and the City contributes \$1.
- Effective January 1, 2015, all City employees' life insurance benefit will increase from \$30,000 to \$50,000.
- Effective December 1, 2014, all City employees' health bank will increase by \$58 for Employee + 1 or \$100 for Employee +2+.

The Agreement has been accepted by the Morro Bay Confidential Employees.

### **CONCLUSION**

Staff is recommending the City Council adopt Resolution No. 66-14, which approves the two-year Agreement with the Morro Bay Confidential Employees for the period of July 1, 2014 to June 30, 2016. Additionally, the City Council is asked to direct the City Manager to implement the conditions of the MOU.

**RESOLUTION NO. 66-14**

**RESOLUTION OF THE CITY OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING THE AGREEMENT WITH THE  
MORRO BAY CONFIDENTIAL EMPLOYEES AND RELATED COMPENSATION**

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

**WHEREAS**, representatives of the City of Morro Bay (CITY) and representatives of the Confidential Group met and discussed the terms and conditions of employment, through the Meet and Confer process; and

**WHEREAS**, the meetings between the Confidential Group and the CITY have resulted in a mutual agreement and understanding; and

**WHEREAS**, the employees represented by the Confidential Group accept all of the terms and conditions, as set forth in the Agreement attached and made a part of this Resolution herewith; and

**WHEREAS**, the CITY now desires to provide said salaries, benefits and conditions to said Confidential Group of the CITY.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Morro Bay does hereby adopt this Resolution, adopting the two-year Agreement on the compensation and working conditions for the Confidential Group for the period July 1, 2014 through June 30, 2016, and authorizes the City Manager to execute all necessary documents to implement said changes.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a meeting thereof held this 14<sup>th</sup> day of October, 2014 by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

\_\_\_\_\_  
JAMIE BOUCHER, City Clerk

**AGREEMENT**  
**BETWEEN THE**  
**CONFIDENTIAL EMPLOYEES**  
**AND**  
**THE CITY OF MORRO BAY**

**JULY 1, 20134 - JUNE 30, 20146**

**AGREEMENT BETWEEN  
THE CONFIDENTIAL EMPLOYEES AND THE CITY OF MORRO BAY  
July 1, 201~~3~~4 – June 30, 201~~4~~6**

**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**, the Confidential Group 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 AGREEMENT (hereinafter referred to as “AGREEMENT”) is entered into as of July 1, 2014, between the City of Morro Bay (hereinafter referred to as "CITY") and the Confidential Group.
- 1.5 It is the intent and purpose of this AGREEMENT 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, and 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, 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 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 methods of financing.
- 2.1.10 To plan, determine, and manage Departments' budgets, 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 AGREEMENT, or subsequent AGREEMENTs.
- 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 AGREEMENT.
- 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 which are included in this AGREEMENT.
- 2.4 Nothing herein is meant to diminish employee rights provided by the Government Code.

**ARTICLE 3 - RECOGNITION**

- 3.1 The Confidential Group is comprised of the following classifications:

Executive Secretary/City Clerk	Legal Assistant/Deputy City Clerk
Senior Accounting Technician	Personnel Technician
Human Resources Analyst	Accounting Technician
Support Services Coordinator	Account Clerk III - Confidential

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 - TERM**

Except as otherwise specifically provided herein, the term of this AGREEMENT commences on July 1, 2013<sup>4</sup>, and expires, and is otherwise fully terminated, at midnight on June 30, 2014<sup>6</sup>.

**ARTICLE 5 - ANTI-DISCRIMINATION**

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

**ARTICLE 6 - 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.

6.1 **WORKDAY:** The normal workday shall be eight (8) hours of work in a twenty-four (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 FLSA regulations.

6.2 **WORKSHIFT:** Employees shall be scheduled to work on regular workshifts, having regular starting and quitting times. Except for emergencies, employees' workshifts shall not be changed without 24 hour prior notice to the employee. Call-out or overtime does not constitute a change in workshift.

6.3 **WORKWEEK:** The normal workweek shall be five (5) workdays and two (2) consecutive days of rest in a seven (7) day period, beginning Saturday at 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.

## 6.4 OVERTIME COMPENSATION

- 6.4.1 All work, required by the CITY and actually performed beyond forty (40) hours worked in a workweek, is defined as Fair Labor Standards Act (FLSA) overtime. FLSA overtime shall be compensated at one and one-half (1.5) times the employee's regular rate of pay, as defined by FLSA.
- 6.4.2 Designated CITY holidays shall be considered as time worked for purposes of computing overtime for personnel working a Monday through Friday, 8 hours a day schedule, with Saturday and Sunday as regular days off. Employees working other schedules will accrue holiday hours, based on their schedule, and if working on the CITY designated holiday, be paid at the rate of one and one-half (1.5) times the employee's regular rate of pay, as defined by FLSA.

## 6.5 COMPENSATORY TIME OFF (CTO)

- 6.5.1 At the employee's option, Compensatory Time Off may be taken in lieu of payment for overtime.
- 6.5.2 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 (2) hours of FLSA overtime, and elects to accrue CTO, the employee's CTO balance shall indicate three (3) hours.
- 6.5.3 An employee's CTO balance shall not exceed a maximum of ~~forty-sixty~~ (40/60) hours. If overtime is earned, which would exceed this limit, the excess shall be paid in cash.
- 6.5.4 FLSA overtime shall be accrued and taken at one and one-half (1.5) times the amount of overtime actually worked. For example, if an employee works two (2) hours of FLSA overtime in a workweek, the employee shall be entitled to either two (2) hours of pay at one and one-half (1.5) times the employee's regular rate of pay, or three (3) hours of CTO.
- 6.5.5 All CTO, requested by an employee, shall be approved in advance by the employee's Department Head. Approval or denial of CTO shall be at the discretion of the Department Head.

## 6.6 EMERGENCIES:

- 6.6.1 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.

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

**ARTICLE 7 - VACATION LEAVE**

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

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

<u>SERVICE YEARS</u>	<u>ENTITLEMENT IN DAYS</u>
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

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

7.3 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 Confidential Group agree on the following policy:

7.3.1 Unused vacation leave may be carried over, into the following year, to a maximum of two hundred twenty (220) hours. Employees, exceeding the 220 hour maximum as of the pay period containing November 1 of each year, 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.

7.3.2 An employee, separating from the CITY, is entitled to pay for accumulated vacation, prior to separation, at his/her current base hourly rate of pay.

7.4 A member of the Confidential Group 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.

**ARTICLE 8 - HOLIDAYS**

8.1 For the purpose of this AGREEMENT, the following days are the holidays for the employees in the Confidential Group:

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

8.2 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.

8.3 One holiday equals eight hours. For those employees working the 9/80 alternative work schedule, one holiday may equal up to 9 hours. Accrued holiday time may be taken in less than eight hour increments.

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

8.5 Employees 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 an employee terminates employment with the CITY, he/she shall receive pay for his/her current holiday balance, up to a maximum of 48 hours, at his/her current base hourly rate.

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

**ARTICLE 9 - ADMINISTRATIVE LEAVE**

- 9.1 Each member of the Confidential Group is eligible to earn forty-five (45) hours of administrative leave per fiscal year. The time during the fiscal year, at which an employee may take administrative leave, shall be authorized by his/her Department Head, with regard for the wishes of the employee, and particular regard for the needs of the services.
- 9.2 Up to twenty-four (24) hours of administrative leave may be rolled over into the following fiscal year. Upon termination, employee will be paid the pro-rated amount, commensurate with the portion of the fiscal year worked, at the employee’s current base hourly pay rate.

**ARTICLE 10 - SICK LEAVE**

- 10.1 During the term of this AGREEMENT, sick leave shall be earned at the rate of one (1) 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 (4) ten (10) hour days per week and is off sick for one of the ten (10) hour days, ten (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.
- 10.2 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 fiscal year, pursuant to the formula below:

<u>Sick Leave Utilization</u>	<u>Maximum Conversion</u>		<u>Vacation Leave</u>
	<u>Sick Leave</u>	<u>To</u>	
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 to be eligible for conversion. 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.

- 10.3 Upon termination, unused accumulated sick leave is not compensable; however, upon the service retirement of an employee, who has more than ten (10) years of service with the CITY, said employee shall be entitled to receive payment for up to the first ninety (90) days of his/her accrued sick leave at twenty-five percent (25%) 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 CalPERS purposes cannot be compensated (converted to dollars).**

**ARTICLE 11 - RETIREMENT BENEFITS**

11.1 All members of the Confidential Group pay 100% of the employee contribution to CalPERS as follows:

- Tier 1 “classic” members = 8%;
- Tier 2 “classic” members = 7%; and
- Tier 3 “new” members = 50% of the expected total normal cost rate, currently 6.25%.

11.2 Confidential Group 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 the CalPERS or the state legislature.

11.3 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.

11.4 Should current tax treatment change, the Confidential Group 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 AGREEMENT to pay part of the employee’s CalPERS contribution.

11.5 Should current tax treatment change, the Confidential Group shall have the opportunity to meet and confer regarding any such changes.

11.6 For employees hired prior to December 10, 2011, the CITY agrees to continue to provide CalPERS Miscellaneous Employees with the following CalPERS optional benefits:

- 2.7% at 55 formula (Section 21354)
- Unused Sick Leave Credit (Section 20965)
- One-Year Final Compensation (20042)
- Military Service Credit (21024)
- 1959 Survivor Benefit, Level 4<sup>th</sup> (21574)
- Pre-retirement Option 2W Death Benefit (Section 21548)

11.7 For employees hired on or after December 10, 2011, but before January 1, 2013, the CITY will provide a retirement benefit program through CalPERS with the following CalPERS optional benefits:

- 2% @ 60 formula (benefits factor increases to 2.418% @ 63+) (21353)
- Unused Sick Leave Credit (Section 20965)

Final Compensation Average 36 consecutive highest months (20037)  
 Military Service Credit (21024)  
 1959 Survivor Benefit 4<sup>th</sup> Level (21574)  
 Pre-retirement Option 2W Death Benefit (Section 21548)

11.8 For employees hired on or after January 1, 2013, the CITY will provide a retirement benefit program through CalPERS with the following CalPERS optional benefits:

2% @ 62 formula (benefit factor increases to 2.4% @ 67+) (7522.20)  
 Unused Sick Leave (Section 20965)  
 Final Compensation Average 36 consecutive highest months (20037)  
 Military Service Credit (21024)  
 1959 Survivor Benefit 4<sup>th</sup> Level (21574)  
 Pre-retirement Option 2W Death Benefit (Section 21548)

**ARTICLE 12 - HEALTH BENEFITS/DEFERRED COMPENSATION PROGRAM**

12.1 HEALTH INSURANCE

12.1.1 The Confidential Group receives a cafeteria plan contribution, which includes the amount required by CalPERS, as follows:

Employee only - up to \$715/month or cost of insurance, whichever is less  
 Employee + 1 – up to \$967/month or cost of insurance, whichever is less  
 Employee + family - up to \$1,080/month or cost of insurance, whichever is less

12.1.2 Effective January 1, 2015 (beginning pay period including December 1, 2014), Confidential Group employees receive a cafeteria plan contribution, which includes the amount required by CalPERS, as follows:

Employee only - up to \$715/month, or cost of insurance, whichever is less  
Employee + 1 – up to \$1,025/month, or cost of insurance, whichever is less  
Employee + family - up to \$1,180/month, or cost of insurance, whichever is less

12.2 DENTAL AND VISION INSURANCE:

12.2.1 During the term of this AGREEMENT, the CITY shall offer dental, life and vision insurance. Life insurance is provided at \$30,000 per employee (\$50,000 beginning January 1, 2015). The following rates are effective January 1, 2014:

	<u>Vision</u>	<u>Dental</u>	<u>Life</u>	<u>Total</u>	<u>Bank</u>	<u>EE Pays</u>
Employee only	\$ 7.87	\$ 43.37	\$5.70	\$ 56.94	\$ 54.01	\$ 2.93
Employee + 1	\$15.68	\$106.91	\$5.70	\$128.29	\$116.54	\$11.75
Employee + 2+	\$20.25	\$107.08	\$5.70	\$133.03	\$120.82	\$12.21

CITY will pay the remaining premium for dental, life and vision. Any increases to vision, dental and/or life will be borne by the CITY.

12.3 The provisions of this section shall be binding on the parties through the remainder of this AGREEMENT, and for the term of the AGREEMENT, which will be effective July 1, 2013~~4~~. The parties agree herewith ~~that no further to retain the open option to re-open discussion collective bargaining will occur,~~ with respect to this Section, for any changes to the term of the agreement ending June 30, 20142016 health rates.

12.5 Contribution to Other Programs

CITY will contribute up to ~~\$1,000~~\$1,500 per calendar year to each employee's deferred compensation, or approved retiree medical savings plan, on a 2:1 basis (i.e., employee contributes \$2, CITY contributes \$1).

### **ARTICLE 13 - EDUCATION INCENTIVES**

13.1 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 employee 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.

CITY agrees to provide a City vehicle, when available, during normal working hours for required transportation and will permit paid time for employee 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.

13.2 COLLEGE DEGREES

13.2.1 CITY agrees to pay the following education incentives on base salary to regular employees hired prior to January 1, 1998 who hold degrees above the minimum required in their respective classification.

Associate of Arts Degree - \$600 annually

Bachelors Degree - \$1,200 annually

13.2.2 If an employee's job description requires an AA degree and the employee has a Bachelor's Degree, the employee will receive only the difference between an AA and a BA degree, or \$600 annually.

13.2.3 If an employee's job description requires a degree or if an employee is promoted to a classification that requires a degree, the employee shall not receive education incentive pay for the required degree.

The parties agree that this section shall not be interpreted to reduce the amount of education incentive pay that any employee hired prior to January 1, 1998 receives, notwithstanding the fact that the employee is promoted to a higher position requiring a particular degree, or the fact that the job description for the employee's existing position has been revised to require a particular degree. In the event an employee, hired prior to January 1, 1998, promotes to a position requiring a degree, not required by the lower position, or if the job description for an employee, hired prior to January 1, 1998, is revised to require a degree, not previously required for the position, the employee shall continue to receive the amount of the education incentive pay received in the lower position or previous job description.

13.2.4 Based on the new job descriptions for all classifications which were adopted in May 1995, as well as salary survey implementation over the last three years, employees currently in positions now required to hold an AA or BA degree according to the job description for the classification they hold, will continue to receive an educational incentive for said degree. Any employees hired on or after January 1, 1998 or current employees promoted on or after January 1, 1998 to positions requiring degrees will be subject to section 13.2.3 above.

13.2.5 Employees, hired on or after January 1, 1998, shall not be eligible for this incentive.

#### **ARTICLE 14 – SALARIES**

14.1 Salaries shall be increased by **3%**, effective with the pay period containing **July 1, 2014**.

14.2 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.

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

#### **ARTICLE 15 - SPECIAL PAY PRACTICES**

Members of the Confidential Group who are required by their supervisor to attend meetings outside of the normal work schedule for the purpose of taking minutes of said meetings shall be paid a minimum of four hours at time and one-half without regard to hours actually worked during the work week. Minutes taken at meetings during regular work hours shall be included in employees' regular rate of pay and not compensated beyond that.

#### **ARTICLE 16 – PROBATION**

The probationary period for newly hired employees shall be twelve (12) months. The probationary period for employees promoted to a higher classification shall be six (6) months in the new classification. The CITY shall have the option of granting a newly hired employee

regular status at any time after nine (9) months of service.

#### **ARTICLE 17 - NO STRIKE, NO LOCK-OUT**

- 17.1 During the term of this AGREEMENT, the CITY will not lockout any employees nor will the Confidential Group members cause, authorize, advise or encourage 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 slowdown of work. The term "other concerted action" includes picketing or boycott activities by the Confidential Group.
- 17.2 There shall be no refusal to work on, handle or produce any materials or equipment because of a labor dispute.
- 17.3 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 18 - FULL UNDERSTANDING, MODIFICATION, WAIVER**

- 18.1 This AGREEMENT 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.
- 18.2 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.
- 18.3 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 Confidential Group.
- 18.4 The waiver of any breach of any term, or condition of this AGREEMENT by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.
- 18.5 If the City agrees to an economic package for represented and/or unrepresented employee organizations, substantively different from the Confidential Unit's settlement for the period of July 1, 201~~3~~<sup>4</sup> through June 30, 201~~4~~<sup>6</sup>, the City will consider modifying the Resolution to provide an equivalent increase.

#### **ARTICLE 19 - 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.

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

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

CONFIDENTIAL EMPLOYEES GROUP

CITY OF MORRO BAY

\_\_\_\_\_  
Laurie Goforth, Human Resources Analyst

\_\_\_\_\_  
Edward Kreins, Interim City Manager

\_\_\_\_\_  
Jamie Boucher, City Clerk

\_\_\_\_\_  
Susan Slayton, Admin. Services Dir.



AGENDA NO: A-10

MEETING DATE: 10/14/2014

# Staff Report

**TO:** Mayor and City Council **DATE:** October 1, 2014  
**FROM:** Susan Slayton, Administrative Services Director/Treasurer  
**SUBJECT:** Resolution No. 68-14 Adopting the Memorandum of Understanding (MOU) with the Morro Bay Peace Officers Association and Related Compensation

## RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 68-14, approving the two-year MOU with the Morro Bay Peace Officers Association. The term of the MOU is from July 1, 2014 through June 30, 2016.

## FISCAL IMPACT

As per City Council's direction, this two-year MOU provides:

1. 1½% salary increase, July 1, 2014 and July 1, 2015 - \$38,720 in salary, \$22,837 in benefits = \$61,557 for the two-year period;
2. 20 hour increase to the compensatory time off (CTO) accrual limit (from a 120 to 140 hour cap) – no impact unless employee separates from City service;
3. 20 hour increase to the vacation accrual limit (from 226 to 246) – no impact unless employee separates from City service;
4. Option to cash out 40 hours of accrued vacation leave – no impact unless requested, but would lower accrual bank liability;
5. \$20 per month increase POST certificate compensation for both Intermediate and Advanced (currently affects 11 officers) - \$3,840/year, \$6,400 for the term of the MOU;
6. \$100 annual increase to uniform allowance - \$1,600/year, \$3,200 for the term of the MOU;
7. Field Training Officer pay increase from \$12 to 5% of base salary – \$26 per shift, based on the highest paid sergeant;
8. Establish a shift differential pay of 2.5% of base salary for officers working from 7pm to 7am.
9. Establish a canine care rate of pay for the canine handler for care of the Xello - \$13.50 per hour straight time/\$20.25 for overtime;
10. \$20,000 increase in life insurance benefit (from \$30,000 to \$50,000) for all City employees – annual cost \$22 per employee, \$352/year for this group, \$705 for the term of the MOU; and
11. Increase of the City contribution to health banks – for POA members, \$12,888/year, \$16,776 for term of MOU.

Total cost: \$88,638

Prepared By: SS Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

## **SUMMARY:**

The previous one-year MOU with the Morro Bay Peace Officers is currently on the City's website (link: "Employee Compensation Information"). The proposed July 1, 2014 – June 30, 2016 two-year MOU, which is attached in a draft red-lined format, includes the following substantive changes:

- Effective the pay periods containing July 1, 2014 and July 1, 2015, all POA members will receive a 1½% salary increase.
- Effective with the passage of the Resolution, all POA members will receive an increase to their Compensatory Time Off accrual limit of 20 hours (from a 120-hour cap to a 140-hour cap).
- Effective with the passage of the Resolution, all POA members will receive an increase to their vacation accrual limit of 20 hours (from a 226-hour cap to a 246-hour cap), and the option to cash out accrued vacation up to 40 hours annually.
- Effective with the passage of the Resolution, all POA members will receive an increase to their POST certifications, for both Intermediate and Advanced, of \$20 per month.
- Effective with the passage of the Resolution, all POA members will be paid 5% of base salary for Field Training Officer assignments.
- Effective with the passage of the Resolution, all POA members will be paid a 2.5% of base salary shift differential for working the hours of 7pm to 7am.
- Effective January 1, 2015, all City employees' life insurance benefit will increase from \$30,000 to \$50,000.
- Effective December 1, 2014, all City employees' health bank will increase by \$58 for Employee + 1 or \$100 for Employee +2+.

The MOU has been accepted by the Morro Bay Peace Officers Association.

## **CONCLUSION**

Staff is recommending the City Council adopt Resolution No. 68-14, which approves the two-year MOU with the Morro Bay Peace Officers Association for the period of July 1, 2014 to June 30, 2016. Additionally, the City Council is asked to direct the City Manager to implement the conditions of the MOU.

**RESOLUTION NO. 68-14**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING THE MEMORANDUM OF UNDERSTANDING WITH THE  
MORRO BAY PEACE OFFICERS ASSOCIATION AND RELATED COMPENSATION**

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

**WHEREAS**, representatives of the City of Morro Bay (CITY) and representatives of the Morro Bay Peace Officers Association (POA) met and discussed the terms and conditions of employment, through the Meet and Confer process; and

**WHEREAS**, the meetings between the POA and the CITY have resulted in a mutual agreement and understanding; and

**WHEREAS**, the employees represented by the POA accept all of the terms and conditions as set forth in the MOU attached and made a part of this Resolution herewith; and

**WHEREAS**, the CITY now desires to provide said salaries, benefits and conditions to the members of the POA.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Morro Bay does hereby adopt this Resolution adopting an MOU relating to the compensation and working conditions for the Morro Bay Peace Officers Association for the period July 1, 2014 through June 30, 2016, and authorizes the City Manager to execute all necessary documents to implement said changes.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a meeting thereof held this 14<sup>th</sup> day of October, 2014 by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

\_\_\_\_\_  
JAMIE BOUCHER, City Clerk

## Table of Contents

ARTICLE 1 - PURPOSE .....	1
ARTICLE 2 - MANAGEMENT .....	1
ARTICLE 3 - RECOGNITION.....	4
ARTICLE 4 - ASSOCIATION BUSINESS.....	4
ARTICLE 5 - AUTHORIZED AGENTS.....	5
ARTICLE 6 - WITHHOLDING OF ASSOCIATION DUES AND INSURANCE .....	5
ARTICLE 7 – TERM .....	7
ARTICLE 8 - RENEGOTIATIONS.....	7
ARTICLE 9 - ANTI-DISCRIMINATION .....	7
ARTICLE 10 - WORK SCHEDULE .....	7
ARTICLE 11 - VACATION/HOLIDAY LEAVE .....	9
ARTICLE 12 - SICK LEAVE.....	11
ARTICLE 13 - BEREAVEMENT .....	12
ARTICLE 14 - RETIREMENT.....	12
ARTICLE 15 - HEALTH BENEFITS.....	15
ARTICLE 16 - EDUCATIONAL INCENTIVES .....	16
ARTICLE 17 - UNIFORMS .....	18
ARTICLE 18 - SALARIES.....	19
ARTICLE 19 - SPECIAL PAY PRACTICES.....	19
ARTICLE 20 - BULLETIN BOARD.....	23
ARTICLE 21 - PROBATIONARY PERIOD.....	23
ARTICLE 22 - DRUG AND ALCOHOL TESTING.....	23
ARTICLE 23 - GRIEVANCE PROCEDURE .....	23
ARTICLE 24 - NO STRIKE, SLOW-DOWN OR OTHER INTERRUPTION TO WORK .....	24
ARTICLE 25 - FULL UNDERSTANDING, MODIFICATION, WAIVER.....	25
ARTICLE 26 - SEVERABILITY .....	25

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE MORRO BAY PEACE OFFICERS ASSOCIATION  
AND THE CITY OF MORRO BAY  
2014 - 2016**

**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 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 is entered into as of July 1, 2014 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 Memorandum 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 Memorandum, or subsequent Memorandums.

- 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 Memorandum.
- 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 Peace Officers' Bill of Rights, as set forth in the Government Code.

## 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 Memorandum.

## **ARTICLE 3 - RECOGNITION**

- 3.1 Pursuant to Resolution No. 74-69, the Employer-Employee Relations Resolution of the City of Morro Bay and applicable State law, the Morro Bay Peace Officers Association (hereafter "ASSOCIATION") was designated by the City of Morro Bay (hereafter "CITY") City Council as the representative of CITY employees in the Law Enforcement Unit (hereafter "UNIT"). The UNIT is comprised of the following classifications:

Sergeant  
Corporal  
Senior Officer  
Police Officer

**Dispatch Supervisor (position eliminated September 26, 2014)**  
**Public Safety Dispatcher (position eliminated September 26, 2014)**

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, hired after July 1, 1999, 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 his/her 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 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 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.

#### **ARTICLE 5 - AUTHORIZED AGENTS**

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

- 5.1 The CITY's principal authorized agent shall be the City Manager, or his/her duly authorized representative (address: 595 Harbor Street, Morro Bay, CA 93442; telephone (805) 772-6200), except where a particular management representative is specifically designated in the Memorandum.
- 5.2 The ASSOCIATION's principal authorized representative shall be the President of the Association, or his/her duly authorized representative (address P. O. Box 276, Morro Bay, CA 93443).

#### **ARTICLE 6 - WITHHOLDING OF ASSOCIATION DUES AND INSURANCE**

- 6.1 It is agreed that the CITY will withhold ASSOCIATION dues and ASSOCIATION group insurance premiums from the monthly pay of each regular CITY employee, who is a member of the ASSOCIATION. ASSOCIATION agrees to provide CITY with individual ASSOCIATION member authorizations signed by the individual ASSOCIATION member, authorizing the CITY to make agreed deductions, specifying the amount of each deduction, and authorizing the CITY to issue a single check, payable to the ASSOCIATION, for the collective amount of the

individual deductions. The CITY does not accept responsibility for computing the amounts of deductions or for meeting payment dates which may not coincide with established pay periods. The CITY will issue a single check to the ASSOCIATION for the total amount of deductions withheld from the individual employees' pay. The ASSOCIATION will be responsible for the accounting and disbursing of all such funds received from the CITY. The ASSOCIATION will be responsible for properly notifying the CITY of any changes in deductions, and will be the sole agent through which the 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, and shall contain the following information: employee name, social security number, and job classification. Also, such change notice must include a copy of the notice sent to the employees, officially informing them of the change.

- 6.2 All ASSOCIATION members, on payroll deduction for payment of ASSOCIATION dues on the day of signing of this Memorandum, must remain on payroll deduction for the life of the Memorandum, or so long as they remain members of the UNIT. ASSOCIATION members, who establish payroll dues deduction during the term of this Memorandum, must remain on payroll deduction for the life of this Memorandum, or so long as they remain members of the UNIT. ASSOCIATION members on dues payroll deduction may terminate such ASSOCIATION dues during the period of December 15 - 31 by notifying both the ASSOCIATION and the CITY Human Resources Department of their termination of ASSOCIATION dues deduction. Such notification shall be in the form of a letter, containing the following information: employee name, social security number, and job classification.
- 6.3 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 Article.
- 6.4 **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 Memorandum commences on July 1, 2014, and expires, and is otherwise fully terminated, on June 30, 2016.

## **ARTICLE 8 - RENEGOTIATIONS**

The parties agree to commence renegotiations for a successor Memorandum for the period beginning July 1, 2016, as soon as administratively possible following January 1, 2016.

## **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 Fair Labor Standards Act, 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 Non-Sworn Personnel

Overtime is described as all work authorized by management and actually worked by the employee in excess of forty (40) hours worked in a workweek. For the purpose of defining hours worked, vacation leave and holiday leave shall be considered as time worked in a workweek. All overtime as defined above shall be paid at one and one-half (1.5) times the employee's regular rate of pay.

**NOTE: Section 10.2.1 will be removed after September 26, 2014, or at the time that dispatch personnel are no longer under contract with the CITY, whichever is later.**

#### 10.2.2 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.

#### 10.2.3 Compensatory Time Off

Effective with the ratification of this Memorandum, 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 ~~120~~140 hours. Overtime earned, in excess of the CTO maximum accrual, shall be compensated in cash.

#### 10.2.4 Compensatory Time Payoff

Once annually, employees may elect a payoff of up to 40 hours of accrued compensatory time. Payment will be made on the second paycheck received in March upon 30 days advance notice.

### 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:

<u>SERVICE YEARS</u>	<u>VACATION ACCRUAL</u>
1-2	80 hrs
3-4	88 hrs
5	96 hrs
6-7	104 hrs
8-9	112 hrs
10-11	120 hrs
12-13	128 hrs
14-15	136 hrs
16-17	144 hrs
18-19	152 hrs
20 or more	160 hrs

11.1.2 Employees' vacation accrual will be credited to employee on a pro-rated basis over 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 his/her 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 The maximum amount of vacation accrual is 226246 hours. When an employee reaches the maximum accrual limit of 226246 hours, the employee shall cease to accrue vacation leave until the usage of vacation causes the balance to be less than 226246 hours.

Employees, who have a requested vacation denied or canceled within 60 days prior to reaching the 226246 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 Memorandum, the following days are the holidays for the employees in this UNIT:

New Year's Day	January 1
Martin Luther King, Jr. Day	3 <sup>rd</sup> Monday in January
Lincoln's Birthday	February 12
Washington's Birthday	3 <sup>rd</sup> Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4 <sup>th</sup>
Labor Day	1 <sup>st</sup> Monday in September
Veterans Day	November 11 <sup>th</sup>
Thanksgiving Day	4 <sup>th</sup> Thursday in November
Day after Thanksgiving Day	Friday after Thanksgiving
Christmas Day	December 25 <sup>th</sup>
Day after Christmas	December 26 <sup>th</sup>
Floating Holiday	Varies

11.2.2 Employees, who work a holiday listed above, shall be paid one and one-half (1.5) times their base hourly pay rate. An employee is eligible for the one and one-half time pay only for the hours actually worked, during the date set forth in section 11.2.1. Each employee will be credited eight (8) hours Holiday Leave for each holiday listed in 11.2.1 above, or recognized under 11.2.3 below, 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.

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 his/her 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 1<sup>st</sup>.

### 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.

## **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	10 Hour	12 Hour	Maximum Conversion
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<u>Schedule</u>	<u>Schedule</u>	<u>Schedule</u>	<u>To Vacation Leave</u>
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 are 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). The three 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 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 his/her own contribution by payroll deduction, consistent with the provisions of 414 (h) 2 of the Internal Revenue Code.

14.1.1 For Sworn members, the current contribution rates are 9% CalPERS Safety for classic members (Tier 1 & Tier 2), 11.5% for new members (Tier 3).

14.1.2 8% current CalPERS Non-Safety employees and 7% second tier PERS Non-Safety employees.

**NOTE: Section 14.1.2 will be removed after September 26, 2014, or at the time that dispatch personnel are no longer under contract with the CITY, whichever is later.**

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 Memorandum, 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 For Non-Sworn employees hired prior to September 17, 2011 (or such later date as the PERS contract is amended pursuant to Section 14.8 below) the CITY agrees to continue providing PERS Miscellaneous employees in this UNIT with the following PERS benefits:
  - 14.7.1 Highest single year compensation
  - 14.7.2 2.7% at 55 Retirement Formula
  - 14.7.3 Sick Leave Credit Option (Section 20965)
  - 14.7.4 Military Service Credit effective 4-13-00 (Section 21024)
  - 14.7.5 Pre-Retirement Optional Settlement 2 Death Benefit

14.7.6 1959 Survivor Benefit, Level 4 (21574)

**NOTE: Section 14.7 will be removed after September 26, 2014, or at the time that dispatch personnel are no longer under contract with the CITY, whichever is later.**

14.8 For Non-Sworn employees hired on or after September 17, 2011 but before January 1, 2013 (or such later date as the PERS contract is amended pursuant to this Section) the retirement benefits set forth in 14.7 above will be modified and reads as follows:

- 14.8.1 36 consecutive months final compensation
- 14.8.2 2% at 60 Retirement formula
- 14.8.3 Sick Leave Credit Option (Section 20965)
- 14.8.4 Military Service Credit effective 4-13-00 (Section 21024)
- 14.8.5 Pre-Retirement Optional Settlement 2 Death Benefit
- 14.8.6 1959 Survivor Benefit, Level 4 (21574) compensation.

**NOTE: Section 14.8 will be removed after September 26, 2014, or at the time that dispatch personnel are no longer under contract with the CITY, whichever is later.**

14.9 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:

- 14.9.1 2.7% @ 57 formula (Section 7522.25(d))
- 14.9.2 Unused Sick Leave Credit (Section 20965)
- 14.9.3 Military Service Credit (Sections 21023.5, 21024 & 21027)
- 14.9.4 Final compensation 3 Year (Section 20037)
- 14.9.5 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)

14.10 Pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, Non-Sworn employees hired who meet the definition of new member under PEPRA, will be covered by the 2% @ 62 retirement formula with the 36 highest months final compensation provision, and shall pay a member contribution rate of fifty (50) percent of the expected normal cost rate.

- 14.10.1 Sick Leave Option (Section 20965)
- 14.10.3 Military Service Credit (21024)
- 14.10.4 1959 Survivor Benefit 4th Level (21574)

**NOTE: Section 14.8 will be removed after September 26, 2014, or at the time that dispatch personnel are no longer under contract with the CITY, whichever is later.**

## **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 \$119/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.~~

15.1.21 UNIT employees 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 \$967/month or cost of insurance, whichever is less  
Employee + family - up to \$1080/month or cost of insurance, whichever is less

15.1.2 Effective January 1, 2015 (beginning December 1, 2014), UNIT employees will receive a cafeteria plan contribution, which includes the amount required by CalPERS, as follows:

Employee only - up to \$715/month or cost of insurance, whichever is less  
Employee + 1 – up to \$1,025/month or cost of insurance, whichever is less  
Employee + family - up to \$1,180/month or cost of insurance, whichever is less

15.1.3 Effective January 1, 2009, cash-back was eliminated, except as provided herein. Employees receiving cash-back in December 2008 shall continue to receive the same amount for the term of this Memorandum, except that if a cash-back employee changes the structure of his/her insurance (add dependents, delete dependents, drop insurance with the CITY, change carriers, etc.), cash-back is not an option. Cash-back will be eliminated for employees, during the open enrollment period in 2012 for calendar year 2013, and in subsequent years, if said employees are required, because of

eliminated plans, to change carrier. In the event an employee, receiving cash-back, is forced to make a plan change, because the CITY changes plans and/or ceases to contract with PERS for insurance, that employee will maintain cash-back.

15.2 DENTAL AND VISION INSURANCE:

15.2.1 During the term of this Memorandum, 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 \$30,000 per employee (\$50,000 beginning January 1, 2015). The following rates are effective January 1, 2014.

	Vision	Dental	Life	Totals	City pays	EE pays
Employee only	\$ 7.87	\$ 43.37	\$5.70	\$ 56.94	\$ 54.01	\$ 2.93
Employee + 1	\$15.68	\$106.91	\$5.70	\$128.29	\$116.54	\$11.75
Employee + 2+	\$20.25	\$107.08	\$5.70	\$133.03	\$120.82	\$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 section shall be binding on the parties through the remainder of this Memorandum, and for the term of the Memorandum that will be effective July 1, 2014. The parties agree herewith to retain the option to re-open collective bargaining, with respect to this Section, to discuss any changes to the 2016 health rates.

**ARTICLE 16 - EDUCATIONAL INCENTIVES**

16.1 P.O.S.T. CERTIFICATES

16.1.1 For UNIT members hired prior to January 1, 1998 and possessing the Intermediate P.O.S.T. Certificate, CITY agrees to pay three percent (3%) over the base salary range and step schedule established for the position classification held by the UNIT member and as specified herein under Article 18, Salaries.

16.1.2 For UNIT members hired prior to January 1, 1998 and possessing the Advanced P.O.S.T. Certificate, CITY agrees to pay six percent (6%) over the base salary range and step schedule established for the position classification held by the ASSOCIATION member and as specified herein under Article 18, Salaries.

16.1.3 For Sworn UNIT members hired on or after January 1, 1998, CITY agrees to pay \$120 per month for P.O.S.T. certificates as follows:

	<u>Intermediate</u>	<u>Advanced</u>
Sergeant	<del>\$120</del> \$140	<del>\$120</del> \$140
Corporal	<del>\$120</del> \$140	<del>\$120</del> \$140
Officer	<del>\$120</del> \$140	<del>\$120</del> \$140

16.1.4 For non-sworn UNIT members possessing the POST Records Supervisor Certificate, CITY agrees to pay \$25 per month.

16.1.5 The CITY agrees to pay for Dispatcher P.O.S.T. certificates as follows:

<u>Intermediate</u>	<u>Advanced</u>
\$120/month	\$120/month

**NOTE: Section 16.1.4 & 16.1.5 will be removed after September 26, 2014, or at the time that dispatch personnel are no longer under contract with the CITY, whichever is later.**

## 16.2 COLLEGE DEGREES

16.2.1 CITY agrees to pay the following education incentives on base salary to regular employees hired prior to January 1, 1998 who hold degrees above the minimum required in their respective classification.

Associate of Arts Degree	\$ 600 annually
Bachelors Degree	\$1200 annually

16.2.2 If an employee's job description requires an AA degree and the employee has a Bachelor's Degree, the employee will receive only the difference between an AA and a BA degree, or \$600 annually.

16.2.3 If an employee's job description requires a degree or if an employee is promoted to a classification that requires a degree, the employee shall not receive education incentive pay for the required degree. This section shall not be interpreted to reduce the amount of education incentive pay that any employee hired prior to January 1, 1998 receives, notwithstanding the fact that the employee is promoted to a higher position requiring a particular degree, or the fact that the job description for the employee's existing position has been revised to require a particular degree. In the event an employee hired prior to January 1, 1998 promotes to a position requiring a degree not required by the lower position, or if the job description for an employee hired prior to January 1998 is revised to require a degree not previously required for the position, the employee shall, for the term of the MOU, continue to receive the amount of the education incentive pay received in the lower position or previous job description.

16.2.4 Based on the new job descriptions for all classifications which were adopted in May 1996, as well as salary survey implementation over the last

three years, employees currently in positions now required to hold an AA or BA degree according to the job description for the classification they hold, will continue to receive an educational incentive for said degree. Any employees hired on or after January 1, 1998, or current employees promoted on or after January 1, 1998 to positions requiring degrees, will be subject to section 16.2.3 above.

16.2.5 Employees, hired on or after January 1, 1998, shall not be eligible for this incentive.

## **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:        ~~\$1,050~~ \$1,150  
~~Non-sworn dispatch: \$750~~

**NOTE: Section 17.7 reference to non-sword dispatch uniform allowance will be removed after September 26, 2014, or at the time that dispatch personnel are no longer under contract with the CITY, whichever is later.**

- 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 This Memorandum is effective upon adoption by the City Council, and any salary increases will be made with the subsequent pay period after that adoption.
- 18.2 Effective with the pay periods including July 1 of each year, salaries shall be increased by the following percentages:

Retroactive to the pay period including July 1, 2014: 1 ½%  
Pay period including July 1, 2015: 1 ½%

- 18.3 Any retroactive payments will be made only to those members who remain employed by the CITY at the time this Memorandum is formally adopted by the City Council.

## **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 his/her 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 he/she received callback pay.

## 19.3 DISPATCHER TRAINING PAY

19.3.1 An employee who is in the classification of Dispatcher and is assigned to train a new Dispatcher, shall receive an additional one-dollar (\$1.00) per hour when he/she actually performs the duties of a Dispatch/Trainer.

19.3.2 The parties agree, the Chief has the right to assign the Dispatcher Training function to any qualified Dispatcher.

**NOTE: Section 19.3 will be removed after September 26, 2014, or at the time that dispatch personnel are no longer under contract with the CITY, whichever is later.**

## 19.4 OUT OF CLASS ASSIGNMENT

19.4.1 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.

19.4.2 If an employee is required to work in an out-of-class assignment for more than fifteen (15) workdays, within a calendar month his/her 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.

19.4.3 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 his/her current range, the employee shall be granted a five percent (5%) increase above his/her current base salary.

## 19.5 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.

## 19.6 FIELD TRAINING OFFICER (FTO) ASSIGNMENT PAY

Individuals in the classification of Police Officer formally assigned a trainee by the Chief of Police or his/her designee shall be compensated at the rate of ~~twelve (\$12) dollars 5% of base hourly rate per scheduled shift~~. Compensation will be paid ~~for a scheduled shift only~~ only when acting as FTO.

## 19.7 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 ~~Field Training Officer~~ 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.

## 19.8 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.

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

### 19.8.1 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.

## 19.9 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.

## 19.10 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 his/her 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 parties agree that any appointments to fill vacant positions shall be subject to the following probationary periods:

Sworn personnel	18 months
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## **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 his/her designee and inform him/her of the nature of his/her 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 his/her 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 Memorandum 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 his/her 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. 46-74 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. 34-83, Personnel Rules & Regulations, Section 13.B.4.

**ARTICLE 25 - FULL UNDERSTANDING, MODIFICATION, WAIVER**

- 25.1 This Memorandum 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 Memorandum 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.

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

MORRO BAY PEACE OFFICERS ASSOC.

CITY OF MORRO BAY

\_\_\_\_\_  
Dale Cullum, Acting President/Vice President

\_\_\_\_\_  
Edward Kreins, Interim City Manager

\_\_\_\_\_  
Jody Cox, Employee Representative

\_\_\_\_\_  
Laurie Goforth, Human Resources Analyst

\_\_\_\_\_  
Nicole Canby, Employee Representative

\_\_\_\_\_  
Susan Slayton, Admin. Services Dir



**AGENDA NO: C-1**

**MEETING DATE: October 14, 2014**

# Staff Report

**TO: Honorable Mayor and City Council      DATE: October 3, 2014**

**FROM: Rob Livick, PE/PLS - Public Services Director/City Engineer**

**SUBJECT: Presentation and Review of the Report Regarding Initial Findings on Grants and Strategy for the Future City of Morro Bay Water Reclamation Facility by Kestrel Consulting**

## RECOMMENDATION

Staff recommends the Council review the report and provide any comments to be addressed in the final report at the November 12, 2014 City Council meeting.

## BACKGROUND/DISCUSSION

The attached information from Kestrel Consulting on Grants and Funding Strategy is a series of reports the City Council will use in making the final decision on where the City should build its wastewater reclamation facility. We heard a presentation on permitting implications by Walker and Associates at the last meeting; other reports still to be heard include a detailed assessment of the California Men's Colony Wastewater Treatment Facility, and impacts/benefits to groundwater basins. These reports will culminate in a final decision currently scheduled for the November 12, 2014 City Council meeting.

The goal of the City is to build the most cost effective Water Reclamation Facility (WRF) that is reclamation ready and which will ultimately produce tertiary, disinfected wastewater. In order to be the most cost effective for the rate payer, the City needs to maximize the use of outside funding sources for the project. These funding sources include low interest loans and grant opportunities. The attached report lays out the types of programs that can be used to fund the WRF as well as the likelihood of success with each of the programs.

## ATTACHMENTS

1. Report from Kestrel Consulting dated September 15, 2014

Prepared by: RL      Dept. Review: RL  
City Manager Review: \_\_\_\_\_  
City Attorney's Review: \_\_\_\_\_



September 15, 2014

Project: Morro Bay Water Reclamation Facility Funding Strategy

City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442

Attention: Mr. Robert Livick  
Public Services Director

Subject: Initial Findings on Grants and Strategy

Dear Mr. Livick:

As requested, Kestrel Consulting, Inc. conducted a review of grants and loans that may be available for planning and construction of a Water Reclamation Facility (Project) at one of two locations within San Luis Obispo County in the next 1-2 years. The goals of the Project are as follows<sup>1</sup>:

- Produce tertiary, disinfected wastewater in accordance with Title 22 requirements for unrestricted urban irrigation
- Distribute reclaimed wastewater for public and private landscape areas, agriculture, or groundwater recharge.
- Allow for onsite composting
- Design for energy recovery
- Design to treat contaminants of emerging concern in the future
- Design to allow for other possible municipal functions

Conceptual planning for the Project is underway and will continue into 2015. Construction could occur as soon as 2016, and the City is considering alternative project delivery options, such as design-build. To inform this effort, Kestrel was charged with addressing the following questions:

- What is the maximum amount of grants to be reasonably expected?
- What grants and loans are available now for the Project?
- Are there unique funding opportunities associated with either of the two sites?
- Does alternative project delivery pose any significant constraints on availability of grants or loans?
- What is a recommended approach to grants and strategy for Morro Bay?

#### Qualifications

Kestrel Consulting Inc., has assisted local governments in California with grants and loans for water, energy and environmental projects since 2000. We provide strategic planning and consultation around grants and loans, and expert assistance with funding proposals. We have secured over \$43 million in state and federal grants for our clients who are primarily located in

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<sup>1</sup> An excerpt from the Options Report (1/10/14)

coastal counties. We have also assisted clients with loans from the Clean Water State Revolving Fund and Safe Drinking Water State Revolving Fund. Our experience is focused on funding for water infrastructure, along with environmental efforts, including watershed restoration and climate change adaptation.

- **What is the maximum amount of grants to be reasonably expected?**

*The short answer is not more than 25% of the total project cost, and 10% is probably more realistic.*

Almost all state and federal grants require a matching contribution. The required match may be as little as 10% of the project cost, but more commonly, a required match is 50-75% of the total project cost. Note this is not a percentage of the grant amount, but rather the total project. So for example, if you had a \$50 million project and a 75% required match, the maximum grant would be \$12.5 million. However, in order for a grant proposal to be competitive, it is almost always necessary to exceed the minimum match requirement. Retroactive costs, such as planning or site acquisition, often cannot count toward the match, which is usually restricted to expenditures made during the period of the grant agreement.

- **What grants and loans are available now for the Project?**

#### Grants

Kestrel has done a complete assessment of state and federal grant programs that could potentially contribute to planning and/or construction of the Project, and there are very few grants available. The City of Morro Bay has the good fortune to:

- Not be economically disadvantaged
- Have low unemployment
- Be too large for “rural” eligibility
- Not be in Metropolitan Water District’s service area

These are all factors in being eligible for certain grants. Therefore, only the following grant programs are viable options for the Project.

#### FEDERAL GRANT PROGRAMS

##### US Bureau of Reclamation Title 16 Grant Program

The Title 16 grant program is the only federal grant of any significance that might be available for the City of Morro Bay. There are three prerequisites for the Title 16 construction grant: 1) the Project must be authorized by Congress for up to a specific dollar amount, 2) a feasibility study that meets specific requirements must be completed and approved by the Bureau, and 3) Congress must appropriate funds for the construction Project. This is a minimum three-year process.

The bad news is that many agencies are already in line for construction funding, *and* Congress has not authorized any new funding for construction projects since the Recovery Act of 2009. If Morro Bay were to be successful in steps 1, 2 and 3, then this grant program could potentially fund up to 25% of the project cost, up to \$20 million. The Title 16 federal grants require a minimum 75% match.

The Bureau must approve the feasibility study before a construction grant can be received. Having an approved feasibility study can also facilitate the appropriation by Congress.

Most years, the Bureau of Reclamation offers the WaterSMART: Title 16 Feasibility Study competitive grant program, which may contribute up to 50% of the cost of a feasibility study. These grants are capped at \$150,000 and require a 50% local match. Again, the bad news is that competition for these grants is tough. In the last round (2013) there were thirty applications and only 8 were funded (26%) in the 17 state western region.

#### Other WaterSMART Grants

The Bureau of Reclamation offers other types of WaterSMART grants most years. The majority of these grants are less than \$300,000 and they support whatever objective the Bureau is focusing on that year in the 17 western states. For example, in 2013 the focus was energy efficiency and sustainability in wastewater treatment. The Bureau awards a handful of larger WaterSMART grants each year – up to \$1,500,000 – however, Morro Bay is not likely to be competitive for these based on the size of the population, demographics and location.

As Project plans solidify, the City could potentially apply for a WaterSMART grant of up to \$300,000 for features of the Project that align with the Bureau's objectives and schedule for that particular year.

There are no other significant federal grants for construction available to Morro Bay.

#### STATE GRANT PROGRAMS

Most of California's major grant programs for water infrastructure originate from the sale of statewide water bonds, which have been approved by voters. Examples of these include the parks and water bonds, Propositions 40, 50, & 84. Funding from Propositions 40 and 50 has been completely exhausted, and Proposition 84 is 96% spent. A new statewide water bond, Proposition 1, will be on the ballot this November. The measure, upon voter approval, would enact the **Water Quality, Supply, and Infrastructure Improvement Act of 2014**. The \$7.15 billion bond will include funding for several grant programs that could provide some funds toward Project construction:

- \$810 million for expenditures on, and competitive grants and loans to integrated regional water management plan projects, and
- \$725 million for water recycling and advanced water treatment technology projects.
- \$2.7 billion for water storage projects - including underground storage, dams, reservoirs.

If the bond passes, then this funding would flow into two existing grant programs: the Department of Water Resources' (DWR) Integrated Regional Water Management Grant Program and the State Water Board's Water Recycling Facilities Grant Program. A new grant program would be established for the water storage funds. Grant guidelines would be revised or developed through a public process prescribed in the legislation. This would occur in early 2015, however, we might assume that the guidelines for the first two programs are likely to at least resemble their most recent iterations. In that case, it is realistic to expect that either one of these programs could potentially contribute \$1-3 million toward construction of a water reclamation facility or storage component. If voters approve the bond in November, the soonest competitive grant programs might open would be late 2015, with awards made in the first half of 2016. That is the earliest these new funds would be available.

The new water bond notwithstanding, the *only* state grant program that currently supports construction of water recycling facilities, and that *may* have construction funding available for the City of Morro Bay is the (Prop 84) Integrated Regional Water Management Grant Program. The Central Coast Region may still have up to \$6 million available in 2015 in this program, however, DWR is currently evaluating whether to award these funds to current applicants that requested drought emergency funding. It is also unclear that the Project will be at a sufficient state of readiness to be truly competitive.

Other state grants might support innovative stormwater features or public access or recreation features that might be included in a facility master plan. But these grants would likely be in the hundreds of thousands of dollars, and really depend on the design, timing and benefits of what is proposed.

California's electric utilities are required to increase the amount of renewable energy in their portfolios, including biogas from wastewater treatment. Waste-to-energy components of the Project may be eligible for Pacific Gas and Electric's Self-Generation Incentive Program, which provides a rebate per watt produced. The amount varies on the amount of energy produced and the location of the facility. The rebate program is authorized and funded through the end of 2015.

## LOANS

The Clean Water State Revolving Fund (CWSRF) loan program originates from federal funds that come to the State Water Board from the USEPA. The state administers the loan program and also contributes funds. Wastewater treatment projects are financed through CWSRF at the regular rate, which is determined at the time of the loan. The rate is typically  $\frac{1}{2}$  of the General Obligation bond rate. Throughout 2013 and 2014, the interest rate has been approximately 2%. The program will loan up to \$50 million per project. Communities that meet the "economically disadvantaged" criteria may be eligible for a portion of the loan principal to be "forgiven". The City of Morro Bay does not meet these criteria.

Because of California's drought, recycled water projects are currently eligible for a reduced interest rate on CWSRF loans. The interest rate is approximately 1% annually, and is available for applications submitted through December 2015. It is possible to use the CWSRF loans for both planning and construction. The application process is extensive, and completed environmental documents are required for construction loans, but applications are accepted year-round. CWSRF may also be used for loan guarantees.

The California Infrastructure and Economic Development Bank (IBank) has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. The IBank's current relevant programs include the Infrastructure State Revolving Fund (ISRF) Program, Exempt Facility Revenue Bond Program, Governmental Bond Program. Infrastructure loans are available in amounts ranging from \$50,000 to \$25,000,000, with loan terms of up to 30 years. Interest rates are set on a monthly basis and currently range from 2-5%. Financing applications are continuously accepted.

- **Are there unique funding opportunities associated with either of the two sites?**

*The short answer is “not likely” but it’s too soon to tell. Much depends on the final design of the Project and if the Proposition 1 water bond is approved by voters.*

The two sites now in consideration are: Site B - Morro Valley Rancho Coalina and Site D - California Men’s Colony. The merits and opportunities associated with each site have been explored in the Final Options Report, and continue to be evaluated.

Generally speaking, a water reclamation facility at Site B could have a higher potential for uses of recycled water including groundwater recharge (storage). Proposition 1 includes a new competitive grant program for water storage projects. If the bond is approved, then this grant program is likely to have a preference for projects that reduce dependence on imported water. An example would be if the City of Morro Bay proposed to inject and store highly-treated recycled water in the aquifer and pump it out at a later date in-lieu of State Water Project water. With such a project and a competitive grant proposal, it is reasonable to think that the state could contribute up to 25% of the cost of construction.

A facility located at Site D might have different and potentially fewer uses for recycled water, but greater potential for cost-sharing among regional partners, as well as expanded waste to energy systems. Until this Project is defined more clearly, it is difficult to assess grants that might be site-specific.

- **Does alternative project delivery pose any significant constraints on availability of grants or loans?**

*The short answer is “no.”*

Most state and federal grant programs for water infrastructure do not allow private companies to receive grants directly. If suitable grants were identified, then the City would be the applicant. If funds were awarded, then the City would apply the grant toward the design-build contract costs.

The following types of organizations are eligible for CWSRF Loans: cities, counties, districts, joint powers authorities, state agencies, non-profits, and private entities indirectly. If a new organization/authority is established for the purpose of supporting a regional facility, then as long as it is one of these types of organizations, it would be eligible.

According to the State Water Board’s Policy for Implementing the CWSRF (May 2013), and confirmed by SWRCB staff, there are no limitations regarding alternative project delivery methods. The CWSRF may fund projects using the Design-Build process. In general the State Water Board looks at eligibility as “what is built”, not “how it’s built”.

I-Bank Loans are available to municipalities as well as some private businesses.

### **What is a recommended approach to grants and strategy for Morro Bay?**

- If the project schedule allows, initiate the process for Title 16 funding by meeting with your local Representative. Meet with Bureau of Reclamation officials to discuss the project relative to their objectives. Complete a Title 16 Feasibility Study. Even if the Title 16 funds are not initially available, this program may be useful for future phases of the Project.



- Many City Councils have passed resolutions of support for Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, to underscore the importance of this funding to local projects.
- If the Water Bond passes, it will be very important for the City to participate in development of guidelines for the key grant programs to ensure that the Project would be eligible. These meetings would occur in Sacramento in early 2015.
- Engage in the San Luis Obispo regional water management group that serves as the vehicle for Integrated Regional Water Management grants.
- Be aware of greenhouse gas emissions and energy impacts associated with different alternatives, as this is something that is evaluated and scored in almost all state funding.
- If the City would rather use a CWSRF loan than issue municipal bonds, initiate the loan application at least 9 months before funding is needed.
- Kestrel Consulting can assist with any of these steps, either in advisory capacity or more directly.

If you have any questions or need other information, please do not hesitate to call. I am looking forward to presenting this information to the City Council on October 14.

Sincerely,

KESTREL CONSULTING, INC.

Monica Reid

Principal Consultant



## Things to Know About Grants for Public Works Projects

Monica Reid, Principal Consultant

Kestrel Consulting, Inc.

9/15/14

### Overview of Grant Programs

Grants are generally made available by federal or state agencies for the express purpose of changing the “status quo”, “standard operating procedure”, or current behavior on a specific issue. Often grants are used to advance certain state or federal objectives, such as improving energy efficiency, reducing pollution or creating jobs. For example, grants may be offered for the purposes of removing an unsustainable imported water supply and replacing it with a more sustainable local or regional water supply. A few grant programs are more like “entitlements”, where funding is awarded to a city or a region based on a formula that might be tied to population or demographics. Most grants, however, are won through competition. Grant proposals are scored according to certain criteria. The proposals with the highest scores win.

Some state grant programs operate with a specific funding source, such as the Environmental License Plate Fund. In this case, additional fees for car registrations are collected and deposited into a special fund which is then distributed through grants to local agencies for environmental projects. However, most state grants originate from the sale of statewide bonds, which have been approved by voters. Examples of these include the parks and water bonds, Propositions 40, 50, & 84. Funding from Prop 40 & 50 has been exhausted, Prop 84 is almost gone, and the next statewide water bond, Proposition 1 will require general voter approval in November 2014.

### Grant Application Process

The process of applying for and securing a grant can take a significant amount of time. Preparing a competitive grant application can take 2-6 months depending on the complexity of the project and the information required by the grant program. Reviewing, scoring, and ranking grant proposals can take between 3-8 months, with another 1-2 months needed before final decisions are made. Another 2-4 months are needed to negotiate a final grant agreement or contract, at which time the applicant can begin work on the project. Therefore, it's not unusual for the grant application process to take between 12-18 months from start to finish.

In addition, grant programs are very competitive and the odds of success are generally low. For example California state agencies frequently receive 2-4 times as many grant applications as they have available funding. Sometimes it is necessary to apply more than once. For example, if a proposal receives a high score, but not high enough to be awarded a grant, the proposal might be revised and submitted the next year. Last, many grant programs have limits on who may apply. For example, the Integrated Regional Water Management Grant Program funded by Prop 84, and potentially by Prop 1, does not allow individual cities to apply on their own, but rather they must work through a regional consortium that submits a slate of projects for consideration from that region.

### Grants are not for “Business as usual”

Most grant programs aim to provide incentives to encourage cities to advance a specific objective and promote a different way of “doing business”. These programs reward projects that will demonstrate new, innovative approaches, or a new technology, or some other advancement in the field of interest. Since grants are also very competitive, an average “run of the mill” project is usually overlooked for funding. One of the best strategies for securing grants is to address a significant problem that is faced by many organizations, or to develop an innovative component to a project, or both.

### Grant Costs & Management

The cost to prepare a competitive grant proposal can range from \$10,000 to \$200,000 or more, depending upon the complexities and requirements of the grant program. The applicant must also provide a financial match, which can be 20%-75% or more of the total project cost. Administration and management of a grant can be very time consuming. Most overhead charges and administrative costs are not usually eligible for reimbursement. These costs must be covered by the applicant and can amount to 10%-20% of the total project cost.

The applicant must also possess adequate cash reserves to be able to “float” project costs until the funding agency provides reimbursement. Reimbursements can take from 1-4 months to be received and only cover up to 90% of the invoiced amount. The final 10% is paid, once the project has been completed and all lingering issues, such as contractor disputes or labor compliance issues are resolved to the funding agency’s satisfaction. In some cases, this may take up to two years. Some smaller local agencies have found this cash-flow issue to be a significant limitation that affects their ability to apply for certain grants.

Finally, some grants may have on-going monitoring and reporting requirements that can extend for years after the project is completed and all grant funds have been expended. The applicant is expected to cover these costs and provide this information on an annual basis.

### Kestrel Consulting Recommends This Approach

Taking into consideration all the issues and costs associated with grants, we recommend that the Public Services Department should use a systematic and strategic approach to decide when it’s appropriate to apply for a grant. First, assess what is needed by identifying a list of future projects and resource limitations. Next rely on staff and specialized consultants to stay informed on funding opportunities. When a funding opportunity appears to match up with an identified project or group of projects, an analysis should be performed at many levels to evaluate the likelihood of success and the costs and benefits of preparing an application. If the department decides to apply, the grant proposal may be developed by consultants, staff or more likely, a combination of both. If a grant is awarded to the department they may decide to manage it “in-house” or hire a contractor to manage it, depending upon the resource limitations of the department at that time. In conclusion, we recommend a strategic, thoughtful, systematic approach to identify needs, evaluate grant opportunities, and clearly weigh the likelihood of success before applying for grants.

CFDA Number	Title	Agency/Office	Assistance Type	Median Award	Notes from Kestrel Consulting	
1	10.054	Emergency Conservation Program	USDA/Farm Serv Agcy	C		n/a - funding and assistance to farmers to repair damaged farmland or install water conservation.
2	10.675	Nat'l Urban&Community Forestry Challenge	USDA/FS		\$180,000	n/a - focus on urban forests
3	10.693	Watershed Restoration&Enhancement Agree	USDA/Forest Service	B		n/a protect habitat and achieve USFS goals & obj
4	10.76	Water&Waste Disposal Systems for Rural Com	USDA/RUS	B,E,F	#VALUE!	Not eligible. population> 10,000
5	10.763	Emergency Community Assistance Grants	USDA/RUS	B		n/a - Drinking water program. Population >10,000
6	10.77	Water&Waste Disposal Loans&Grants	USDA/Rural Utilities Ser	B,E		Not eligible. population>10,000
7	10.901	Resource Conservation & Development	USDA/NRCS	K		n/a
8	10.902	Soil and Water Conservation	USDA/NRCS	K		n/a
9	10.923	Emergency Watershed Protection	USDA/NRCS	B	\$800,000	n/a
10	10.925	Agricultural Water Enhancement Program	USDA/NRCS	C		n/a - small grants to farmers
11	10.93	Regional Conservation Partnership Program	USDA/NRCS	B		n/a "on-farm improvements"
12	11.3	Public Works Development Facilities Program	DOC/EDA		N/A	not eligible due to low unemployment,high income
13	11.302	Planning Program&Local Tech Assist Program	DOC/EDA	B	\$83,000	does not align with EDA's current investment priorities
14	11.419	Coastal Zone Mgt Admin Awards	DOC/NOAA	A,B		only States may apply, supports Coastal Programs
15	11.42	Coastal Zone Mgt Estuarine Research Reserves	DOC/NOAA	B		not applicable for WWTP
16	11.469	Congressionally identified awards&projects	DOC/NOAA	B	N/A	n/a for water reclamation facility
17	12.101	Beach Erosion Control Projects	DOD/ACOE	K		n/a - not related to erosion
18	12.108	Snag&Clear for Flood Control (CAPsec208)	ACOE		50,000	n/a - not related to flood control
19	12.109	Protection Clearing Straightening Channels	ACOE			n/a - not related to this
20	12.13	Estuary Habitat Restoration Program	DOD/Army	B	N/A	n/a- restoration-centric
21	14.218	Community Dev Block Grants/Entitlement Gran	HUD	A	\$2.96 million	not likely due to income levels
22	14.703	Sustainable Communities Regional Planning	HUD/Office of Sustain	B		n/a - planning grants focused on multi-benefit

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	CFDA Number	Title	Agency/Office	Assistance Type	Median Award	Notes from Kestrel Consulting
23	15.504	Title XVI Water Reclamation & Reuse	DOI/BuRec	A		Yes- see memo
24	15.506	Water Desalination R&D Program	DOI/BuRec	B	N/A	n/a - unless a new technology is piloted
25	15.511	Cultural Resources Mgt	DOI/BLM	B	N/A	n/a - not a cultural resources project
26	15.53	Water Conservation Field Services Program	DOI/BuRec	B		n/a - not "water conservation"
27	15.548	Reclamation Rural Water Supply Program	DOI/BuRec	B		Focused on rural drinking water supply.
28	15.554	Cooperative Watershed Mgt Program	Bureau of Reclamation	B	\$81,609	n/a - watershed groups
29	15.554	WaterSMART	DOI/BuRec	B	\$100,000	n/a for construction, possible for later add-ons
30	15.608	Fish & Wildlife Mgt Assistance	DOI/FWS	B		n/a
31	15.614	Coastal Wetlands Planning, Protec, Restoration	DOI/FWS	B		n/a
32	15.623	North American Wetlands Conservation Act	DOI/FWS		N/A	n/a
33	15.63	Coastal Program	DOI/FWS	B	\$13,000	small grants, TE Species focus, n/a
34	15.631	Partners for Fish & Wildlife Program	DOI/FWS	B	\$25,000	small grants n/a
35	15.655	Migratory Bird Monitoring, Assessment&Consrv	DOI/FWS	B		n/a
36	15.657	Endangered Species Conservation	DOI/FWS	B	N/A	n/a
37	15.669	Cooperative Landscape Conservation	DOI/FWS	B		planning for landscape-scale conservation
38	66.041	Climate Showcase Communities Grant Program	EPA/OAR	B	\$12,600	focus on GHG Reduction programs
39	66.202	Congressionally Mandated Projects	EPA/Office of CFO	B		"earmarks" - even these move through existing programs
40	66.418	Construction Grants for Wastewater Treatment	EPA/OW	B		defunct program, now CWSRF
41	66.424	Surveys, Studies, Investigations, Demos...	EPA/Office of Water	B		env justice, drinking water focus
42	66.436	Surveys, Studies, Investigations, Demos...	EPA/Office of Water	B		env. Justice focus, surveys
43	66.439	Targeted Watershed Grants	EPA/Office of Water	B		watershed focused, smaller grants
44	66.44	Urban Waters Small Grants	EPA/Office of Water	B	\$50,000	small grants for research
45	66.456	National Estuary Program	EPA/Office of Water	B		habitat focused

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CFDA Number	Title	Agency/Office	Assistance Type	Median Award	Notes from Kestrel Consulting
46	66.458	Clean Water State Revolving Fund	EPA/Office of Water		Yes, through SWRCB, see memo
47	66.46	Nonpoint Source Implementation Grants	EPA/Office of Water	A	\$2.8 million not eligible
48	66.461	Regional Wetland Program Development Grant	EPA/Office of Water	B	n/a
49	66.462	Five-Star Restoration Program	EPA/Office of Water	B	\$25,000 n/a - small grants for restoration
50	66.472	Beaches Environ Assessment&Coastal Act	EPA/Office of Water	B	\$250,000 n/a, Grants for Monitoring Beaches
51	66.51	Surveys, Studies, Investigations and Spec Purp	EPA/ORD	B	n/a studies
52	66.611	Environmental Policy and Innovation Grants	EPA/Office of Adminis	B	small grants for env. Economics studies, no \$\$ in FY15
53	66.717	Source Reduction Assistance Grant Program	EPA		\$50,000 small grants, n/a
54	66.814	Brownfields Training, Research& Tech	EPA/OSWER	B	n/a for WRF
55	66.818	Brownfields Assessment & Cleanup	EPA/OSWER	B	possible if a Brownfield is the chosen site
56	97.039	Hazard Mitigation Grant Program	FEMA		N/A n/a
57	97.047	Pre-Disaster Mitigation Program	FEMA		N/A n/a
58		Aquatic Ecosystem Restoration (CAP sec 206)	ACOE		\$199,592 n/a
59		Beneficial Uses of Dredged Mat (CAPsec204)	ACOE		\$130,241 n/a
60		Community Based Marine Debris Preven&Rem	NOAA/MDP		\$75,000 n/a
61		Environmental Solutions for Communities	Nat'l Fish&Wildlife Foun		\$40,000 n/a
62		Land & Water Conservation Fund	DOI/NPS		\$85,000 n/a
63		Project Mods for Improvement of the Environ	ACOE		\$145,465 Only applies to ACOE structures
64		Small Flood Damage Reduc Prog (CAPsec205)	ACOE		\$191,023 n/a
65		Wetlands Program Development Grants	EPA/Office of Water		\$220,000 n/a
		<b><u>KESTREL ALSO RESEARCHED</u></b>			
		All State Water Board Grant Programs			
		All Dept. of Water Resources Grant Programs			
		All Resources Agency Programs			
		All California Energy Commission programs			
		All Cap and Trade Auction Revenue programs			
		All federal grant programs for water treatment/recycling			

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AGENDA NO: D-1

MEETING DATE: October 14, 2014

# Staff Report

**TO:** Honorable Mayor & City Council      **DATE:** September 23, 2014

**FROM:** Edward S. Kreins, Interim City Manager  
David Buckingham, City Manager

**SUBJECT:** Discussion on Engaging Don Maruska & Company to Prepare and Implement a Local Economic Action Plan (LEAP) for Morro Bay

## RECOMMENDATION

Staff recommends the City Council review the proposal from Don Maruska & Company to prepare and implement a Local Economic Action Plan for Morro Bay.

## ALTERNATIVES

- Contract with Don Maruska & Company for the preparation and implementation of a Local Economic Action Plan (LEAP) (staff's recommendation)
- Go out to RFP for companies to provide an Economic Action Plan
- Work with the Chamber and/or Tourism Bureau to establish and implement an Economic Action Plan
- Determine that at this time, it isn't feasible to work on an Economic Action Plan

## FISCAL IMPACT

The cost of the proposal is \$49,000 for a one year program. Potential sources of funding are the General Fund Emergency Reserve and/or the Risk Management Reserve.

## BACKGROUND/DISCUSSION

For years, the City has discussed the need for a strong economic development program. In 2012/13, the City contracted with the Chamber of Commerce for such a plan and its administration, which resulted in the new business incubation program that is still very active. However, the entirety of the program has not been able to meet the continuing economic development needs in our City.

As Council may remember, Don Maruska, of Don Maruska & Company, successfully facilitated the Goals Workshop for the Council in 2013. When staff met with Mr. Maruska to examine the City's economic development needs, we discussed the City's lack of a vibrant program, as well as the interest expressed by the Council in having an ongoing and successful program. After the meeting, Mr. Maruska was asked to provide a proposal for developing and implementing a plan, which is attached.

Prepared By: \_\_\_\_\_

Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

The LEAP program is intended to bring together our business community, and collaboratively work toward improving our economic sustainability. Mr. Maruska's plan outlines the steps to achieving that goal.

**CONCLUSION**

Staff recommends the Council discuss their desire for a City supported economic action program as proposed by Don Maruska & Company and provide direction for its implementation.

## **Guidance for Morro Bay Community's Preparation and Implementation of a Local Economic Action Plan (LEAP) Program -- draft**

### **Situation**

Morro Bay is at a crossroads in terms of its economy. The community has many assets – a working waterfront, refreshing summer temperatures, friendly residents, new events, and more. On the other hand, economic challenges loom large. The power plant operator has ceased operations. Many visitor-serving facilities are aging. Retail vacancies and low cash flow hinder sales results. Rising housing prices limit access to working families.

Meanwhile, the County is gaining traction with a well-developed and implemented Economic Strategy. Other constituent cities are planning their future and taking steps to enhance their attractiveness to tourism and businesses with head-of-household jobs.

One of the difficulties that the Morro Bay community faces is the difficulty in getting segments of the business community to work together effectively. This hinders the ability to focus efforts and leverage resources to accomplish results.

In light of these circumstances, the City of Morro Bay has asked me to outline an approach for developing an Economic Action Plan and provide support for implementing it. These efforts build upon demonstrated success in bringing diverse elements of the community together on other issues and effective facilitation of the County Economic Strategy process.

### **Key Factors for Success**

Experience with the County Economic Strategy and insights from best practices elsewhere highlight the following key factors for success in developing a Local Economic Action Plan:

1. Commitment and leadership of business community – They will be the ones to generate results.
2. Broad and active support from elected officials.
3. Clear focus – objectives, targeted results, terms of public engagement.
4. Open, inclusive process to bring stakeholders together and generate action initiatives.
5. Fact-based input on opportunities for sustainable economic activity.
6. Tapping insights from other jurisdictions for lessons learned.
7. Effective facilitation to harness talent of participants and translate intentions into action initiatives.
8. Leverage resources and tools available to expedite efforts and reduce costs.
9. Review and endorsement of Plan from local government to secure needed City staff and other support.
10. Commitment of follow up resources to help private sector teams and City staff sustain momentum and gain early wins while building longer-term benefits.
11. Periodic progress updates and revisions to keep it fresh.
12. Recognition for results to sustain interest and attention.

## **Outline of Process to Develop a Local Economic Action Plan (LEAP)**

The attached chart outlines the objectives, targeted outcomes, key actions, participants/resources, and projected time frame for the plan and its implementation.

# Process for Morro Bay Local Economic Action Plan (LEAP) Program Development and Implementation

*draft – for discussion only*

Objectives	Targeted Outcomes	Key Actions	Participants Resources	Projected Timeframe	Comments
I. Creating a Strategic Framework	<ul style="list-style-type: none"> <li>➤ Commitment and leadership of business community to participate.</li> <li>➤ Agreed upon approach with support of key stakeholders.</li> <li>➤ Clear focus for Plan (clusters of interest, types of jobs, etc.).</li> </ul>	<ol style="list-style-type: none"> <li>1. Confirm interest with business community members.</li> <li>2. Review approach with City staff.</li> <li>3. Review data from EVC and others on current economic performance.</li> <li>4. Prepare options for scope of Plan.</li> <li>5. Present approach to City Council.</li> <li>6. Secure City leadership backing for effort.</li> </ol>	<ul style="list-style-type: none"> <li>• Multiple sectors of business community</li> <li>• City staff</li> <li>• City Council</li> <li>• EVC</li> </ul>	1-2 months	
II. Facilitation of Strategic Action Planning	<ul style="list-style-type: none"> <li>➤ Specific action initiatives to accomplish focus of Plan (jobs, tax revenues, etc.) – targeted outcomes, key actions, participants, resources needed, time frame for results</li> </ul>	<ol style="list-style-type: none"> <li>1. Convene targeted Action Teams.</li> <li>2. Brainstorm opportunities.</li> <li>3. Review relevant facts.</li> <li>4. Tap insights from other jurisdictions.</li> <li>5. Leverage resources and tools available.</li> <li>6. Formulate action initiatives</li> </ol>	<ul style="list-style-type: none"> <li>• Business community members organized by cluster</li> <li>• City staff with responsibility for programs and activities in targeted areas</li> <li>• EVC</li> <li>• City leadership</li> </ul>	2-4 months	

Don Maruska & Company, Inc.  
 895 Napa Avenue, Suite A-5, Morro Bay, CA 93442  
 805-772-4667, email: don@donmaruska.com, www.donmaruska.com

<p>III. Review and Gain Endorsement of Plan</p>	<p>➤ City-endorsed Local Economic Action Plan with broad support for implementation.</p>	<p>1. Integrate Plan elements. 2. Prepare concise document for public information and review. 3. Review with City Manager and City Council. 4. Revise as needed with action teams. 5. Secure endorsement.</p>	<ul style="list-style-type: none"> <li>• Business community members organized by Action Teams</li> <li>• City staff with responsibility for programs and activities in targeted areas</li> <li>• City leadership</li> </ul>	<p>1-2 months</p>	
<p>IV. Support for Successful Implementation</p>	<p>➤ Early wins that build value for the community and confidence in the Plan. ➤ Demonstrable progress toward longer-term goals. ➤ Engaged leadership and sustained involvement.</p>	<p>1. Monthly/quarterly meetings of Action Teams. 2. Troubleshooting obstacles and developing strategies to overcome them. 3. Implementation of reporting process to feature results. 4. Supporting leaders and teams to move forward. 5. Dynamic revision of Action Initiatives as needed to optimize results.</p>	<ul style="list-style-type: none"> <li>• Business community members organized by Action Teams</li> <li>• City staff with responsibility for programs and activities in targeted areas</li> <li>• City leadership</li> </ul>	<p>9 -12 months</p>	
<p>V. Review of Results and Update of Plan</p>	<p>➤ 6-month, 12-month reports on Plan. ➤ Updates as needed to address opportunities, constraints, and commitment of business leaders.</p>	<p>1. Compare results with plans for Action Initiatives. 2. Highlight needs to enhance outcomes. 3. Propose updates to Plan as appropriate.</p>	<ul style="list-style-type: none"> <li>• Business community members organized by Action Teams</li> <li>• City staff with responsibility for programs and activities in targeted areas</li> <li>• City leadership</li> </ul>	<p>1 month (2 times, at 6 months and 1 year)</p>	

**Draft**

**Preliminary Investment Estimates for Professional Guidance in  
Morro Bay Community's Preparation and Implementation of a  
Local Economic Action Plan (LEAP) Program**

(components link to the scope of work outlined in the program process document)

I. Creating a Strategic Framework	\$8,000
II. Facilitation of Strategic Action Planning	\$18,000
III. Review and Gain Endorsement of Plan	\$3,000
IV. Support for Successful Implementation	\$14,000
V. Review of Results and Update of Plan	\$6,000