

# 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, APRIL 12, 2016 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

Morro Bay Chamber of Commerce Quarterly Presentation for 1<sup>st</sup> Quarter 2016  
Presentation of Proclamations

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.

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 FROM THE MARCH 22, 2016 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-2 APPROVAL OF MINUTES FROM THE MARCH 22, 2016 CITY COUNCIL TEN-YEAR BUDGET FORECAST STUDY SESSION; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-3 APPROVAL OF MINUTES FROM THE MARCH 22, 2016 REGULAR CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-4 APPROVAL OF MINUTES FROM THE MARCH 23, 2016 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-5 PROCLAMATION DECLARING APRIL 2016 “MONTH OF THE CHILD” AND “CHILD ABUSE PREVENTION MONTH”; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-6 PROCLAMATION DECLARING APRIL 2016 AS “SEXUAL ASSAULT AWARENESS MONTH”; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-7 STATUS REPORT OF A MAJOR MAINTENANCE & REPAIR PLAN (MMRP) FOR THE EXISTING WASTEWATER TREATMENT PLANT; (PUBLIC WORKS)

**RECOMMENDATION: Receive and file.**

- A-8 ADOPT RESOLUTION NO. 23-16 ADOPTING THE CITY PUBLIC FINANCE DISCLOSURE POLICY AND PROCEDURES; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 23-16.**

- A-9 APPROVAL OF CITY COUNCIL LIAISON TO THE SAN LUIS OBISPO COUNTY TOURISM MARKETING DISTRICT ADVISORY COMMITTEE; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-10 LETTER OF SUPPORT FOR SENATE BILL 968; (ADMINISTRATION)

**RECOMMENDATION: Authorize the Mayor to sign letter of support for Senate Bill 968.**

A-11 3<sup>RD</sup> QUARTER FY 2015/16 CITY GOALS UPDATE; (ADMINISTRATION)

**RECOMMENDATION: Receive and file.**

A-12 ADOPT RESOLUTION NO. 17-16 AMENDING THE POLICY AND PROCEDURE FOR HIRING CONSULTANTS TO ALIGN AUTHORIZATION AMOUNTS WITH THE MORRO BAY MUNICIPAL CODE; (ADMINISTRATION)

**RECOMMENDATION: Adopt Resolution No. 17-16.**

A-13 ADOPT RESOLUTION NO. 24-16 RESCINDING RESOLUTION NO. 22-02 AND AUTHORIZING THE CITY OF MORRO BAY TO OBTAIN STATE SUMMARY CRIMINAL HISTORY INFORMATION OF EMPLOYEES AND VOLUNTEERS; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 24-16**

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 AUTHORIZATION TO ADD ONE FULL-TIME EQUIVALENT CITY STAFF MEMBER; (ADMINISTRATION)

**RECOMMENDATION: Authorize the addition of one full-time equivalent (FTE) City staff member “full time, partial benefits” position to an FTE position, retain the employee who has been filling that position, and convert the position to a full-time Assistant Planner.**

C-2 REVIEW AND DIRECTION FOR SAN LUIS OBISPO COUNCIL OF GOVERNMENT’S (SLOCOG) SELF-HELP TRANSPORTATION FUNDING INITIATIVE; (PUBLIC WORKS)

**RECOMMENDATION: Discuss and direct staff accordingly.**

C-3 CONSIDERATION OF HARBOR ADVISORY BOARD RECOMMENDATION FOR THE CITY OF MORRO BAY TO SPONSOR OR PROMOTE ADDITIONAL NATIONAL MARINE SANCTUARY PUBLIC INFORMATION FORUMS; (HARBOR)

**RECOMMENDATION: Discuss and direct staff accordingly.**

C-4 SECOND READING AND ADOPTION OF ORDINANCE 601: LOCAL COASTAL PROGRAM AND ZONING TEXT AMENDMENT (#A00-029) AMENDING TITLE 17 PROVISIONS RELATED TO SECONDARY DWELLING UNITS AND

GUESTHOUSES/QUARTERS AND ACCESSORY LIVING AREAS; (COMMUNITY DEVELOPMENT)

**RECOMMENDATION: Adopt Ordinance 601: Local Coastal Program and Zoning Text Amendment (#A00-029) amending Title 17 provisions related to Secondary Dwelling Units and Guesthouses/quarters and accessory living areas, by number and title only, with further reading waived.**

C-5 AUTHORIZATION OF RESPONSE TO ALLEGED VIOLATION OF THE RALPH M. BROWN ACT (THE "BROWN ACT") REGARDING STAFF PRESENTING WRITTEN REVISED CONDITIONS OF APPROVAL TO THE PLANNING COMMISSION DURING ITS OCTOBER 6, 2015, PUBLIC MEETING, AND NOT HAVING MADE COPIES OF THOSE CONDITIONS AVAILABLE TO THE PUBLIC BEFORE OR DURING THAT MEETING; (CITY ATTORNEY)

**RECOMMENDATION: Authorize the Mayor to sign the letter to Ms. Stedjee prepared by the City Attorney.**

C-6 WATER RECLAMATION FACILITY 60-DAY PAUSE UPDATE; (ADMINISTRATION)

**RECOMMENDATION: Receive and file.**

C-7 ADOPTION OF ORDINANCE NO. 602 AMENDING SECTION 3.22.120 OF THE MORRO BAY MUNICIPAL CODE TO INCREASE THE NUMBER OF MEMBERS ON THE CITIZENS OVERSIGHT COMMITTEE; (ADMINISTRATION)

**RECOMMENDATION: Adopt Ordinance No. 602 Amending Section 3.22.120 of the Morro Bay Municipal Code to Increase the Number of Members on the Citizens Oversight Committee, by number and title only, with further reading waived.**

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, April 26, 2016 at 6:00 pm** at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

**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.**



MINUTES - MORRO BAY CITY COUNCIL  
SPECIAL MEETING – MARCH 22, 2016  
MORRO BAY VETERAN’S HALL  
209 SURF STREET – 4:00 P.M.

AGENDA NO: A-2  
MEETING DATE: April 12, 2016

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	John Headding	Councilmember
	Matt Makowetski	Councilmember
	Noah Smukler	Councilmember
STAFF:	David Buckingham	City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Susan Slayton	Administrative Services Director
	Sam Taylor	Deputy City Manager
	Rob Livick	Public Works Director
	Scot Graham	Community Services Manager
	Amy Christey	Police Chief
	Eric Endersby	Harbor Director
	Steve Knuckles	Fire Chief

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 4:05pm.

SPECIAL MEETING AGENDA ITEM:

I. TEN-YEAR BUDGET FORECAST STUDY SESSION

<https://youtu.be/jAnOanIrAY4?t=25s>

City Manager Buckingham and Bob Leland of Management Partners presented the updated 10-year budget forecast and responded to Council inquiries.

PUBLIC COMMENT RE: ITEMS ON THE AGENDA

The public comment period for Item I was opened.

Barbara Spagnola, Morro Bay, questioned the projected increase of approximately \$300k in Measure Q revenues from FY 18 to FY 19 on page 3 of the staff report, which seems out of line with other projections.

The public comment period was closed.

No formal action was taken by the City Council.

ADJOURNMENT

The meeting adjourned at 5:41pm.

Recorded by:

Dana Swanson, City Clerk

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – MARCH 22, 2016  
VETERAN’S MEMORIAL HALL – 6:00 P.M.

PRESENT:	Jamie Irons	Mayor
	Matt Makowetski	Councilmember
	John Headding	Councilmember
	Christine Johnson	Councilmember
	Noah Smukler	Councilmember
STAFF:	Dave Buckingham	City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Susan Slayton	Administrative Services Director
	Sam Taylor	Deputy City Manager
	Rob Livick	Public Works Director
	Scot Graham	Community Development Manager
	Whitney McIlvaine	Contract Planner
	Eric Endersby	Harbor Director
	Amy Christey	Police Chief
	Steve Knuckles	Fire Chief

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:04 p.m.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT - City Attorney Pannone reported that with regard to the Closed Session Items, the Council did not take any reportable action pursuant to the Brown Act.

MAYOR AND COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/zbbxh2e-HhM?t=3m43s>

Mayor Irons reported out from his trip to Washington, D.C. to attend California Marine Affairs and Navigation Conference (CMANC).

PUBLIC PRESENTATIONS

<https://youtu.be/zbbxh2e-HhM?t=12m43s>

Robert Ellis from Community Action Partnership of San Luis Obispo (CAPSLO) provided a presentation on “Supportive Services for Veteran Families to assist Homeless Veterans.”

PUBLIC COMMENT

<https://youtu.be/zbbxh2e-HhM?t=21m42s>

Sean Zurbriggen of Libertine Pub provided the business spot. The Libertine Pub has been located at 801 Embarcadero in Morro Bay for nearly three years and recently expanded their business to

San Luis Obispo and Santa Maria. They have a full-kitchen and use locally sourced ingredients as much as possible. For more information check their website [www.libertinebrewing.com](http://www.libertinebrewing.com).

Mac McCauley, Ava Perkins, and Chanell Thibodeaux, Student Council members from Del Mar Elementary School, announced upcoming events. The 2016 Fun Run will be held on Thursday, March 24, to raise funds for field trips and school supplies. A Goodwill Fundraiser will be held two weeks after the citywide yard sale - April 15-17. You can drop off leftover items between 10am-4pm. More information is available at <http://dm.slcsd.org>

Dave Weisman, Alliance for Nuclear Responsibility, requested the City Council announce their support for Senate Bill 968, requiring PG&E to conduct an economic analysis of the potential impacts caused by the closure of Diablo Canyon Nuclear Plant.

Terry Simons, Morro Bay, shared there is interest by marine services facility vendors to design and build a facility in Morro Bay and urged the Council to move forward with an RFP for design-build of a marine services facility.

Walter Schob, Morro Bay, spoke regarding Item C-1 and stated parking an RV on a paved area made for that purpose does not violate the Health and Safety or Public Nuisance sections of the municipal code.

Betty Winholtz, Morro Bay, addressed three agenda items. Regarding Item A-3, she suggested the language on page 7 is nebulous and leaves the decision makers out of the process; regarding Item B-1, she urged the Council to leave the ordinance as is; and regarding Item C-1, she suggested the code section regarding hedges be looked at from a historical perspective.

Rich Buquet, Morro Bay, shared concerns about excessive speed on Piney Way between Marina and Morro Bay Blvd., particularly northbound traffic.

Ed Sylvester, Morro Bay, urged the Council to leave the wastewater treatment plant in its current location due to concerns about distance.

The comment period was closed.

A. CONSENT AGENDA  
<https://youtu.be/zbbxh2e-HhM?t=43m47s>

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

A-1 APPROVAL OF MINUTES FROM THE MARCH 8, 2016 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FROM THE MARCH 8, 2016 CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-3 APPROVAL OF RESOLUTION 17-16 AMENDING THE POLICY AND PROCEDURE FOR HIRING CONSULTANTS TO ALIGN AUTHORIZATION AMOUNTS WITH THE MORRO BAY MUNICIPAL CODE; (ADMINISTRATION)

**RECOMMENDATION: Adopt Resolution No. 17-16.**

- A-4 APPROVAL OF RESOLUTION NO. 18-16 AMENDING THE ADVISORY BOARD BY-LAWS TO CHANGE MEETING FREQUENCY FOR PUBLIC WORKS ADVISORY BOARD, RECREATION AND PARKS COMMISSION AND TOURISM BUSINESS IMPROVEMENT DISTRICT ADVISORY BOARD, AND INCREASE NUMBER OF MEMBERS ON CITIZENS OVERSIGHT/FINANCE COMMITTEE; (ADMINISTRATION)

**RECOMMENDATION: Adopt Resolution No. 18-16.**

- A-5 APPROVAL OF AGREEMENT FOR RUNABOUT RIDER FARE-FREE ACCESS ON MORRO BAY TRANSIT DEVIATED FIXED-ROUTE AND TROLLEY BUSES; (PUBLIC WORKS)

**RECOMMENDATION: Authorize the Mayor to execute an agreement with the San Luis Obispo Regional Transit Authority.**

- A-6 RESOLUTION NO. 19-16 AUTHORIZING THE PUBLIC WORKS DIRECTOR TO EXECUTE DOCUMENTS TO CONTINUE CALIFORNIA ENERGY COMMISSION LOAN FOR ENERGY EFFICIENCY PROJECTS; (PUBLIC WORKS)

**RECOMMENDATION: Adopt Resolution No. 19-16.**

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

Councilmember Johnson pulled Item A-3 and Councilmember Makowetski pulled Item A-6.

MOTION: Councilmember Heading moved for approval of Items A-1, A-2, A-4 and A-5. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

- A-3 APPROVAL OF RESOLUTION 17-16 AMENDING THE POLICY AND PROCEDURE FOR HIRING CONSULTANTS TO ALIGN AUTHORIZATION AMOUNTS WITH THE MORRO BAY MUNICIPAL CODE; (ADMINISTRATION)  
<https://youtu.be/zbbxh2e-HhM?t=44m47s>

Responding to concerns expressed during public comment, the Council directed staff to review and consider clarifying language on page 7 in “Final Scope of Work and Contract” section of the policy, and bring this item back at a future meeting.

- A-6 RESOLUTION NO. 19-16 AUTHORIZING THE PUBLIC WORKS DIRECTOR TO EXECUTE DOCUMENTS TO CONTINUE CALIFORNIA ENERGY COMMISSION

LOAN FOR ENERGY EFFICIENCY PROJECTS; (PUBLIC WORKS)

<https://youtu.be/zbbxh2e-HhM?t=53m16s>

Councilmember Makowetski inquired about the type of projects that would be paid for with these funds. Staff responded projects include new HVAC units and solar energy improvements for City buildings.

MOTION: Councilmember Makowetski moved the Council approve Item A-6. The motion was seconded by Councilmember Johnson and carried unanimously, 5-0.

There was Council consensus to hear Agenda Item C-1 before the Public Hearing items.

C. BUSINESS ITEMS

C-1 COMMUNITY ENHANCEMENT (CODE ENFORCEMENT) PROGRAM STATUS/DISCUSSION; (COMMUNITY DEVELOPMENT)

<https://youtu.be/zbbxh2e-HhM?t=54m29s>

City Manager Buckingham and Community Development Manager Graham presented the staff report and responded to Council inquiries.

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

Rosemary Greenville, Morro Bay, expressed support for RV and boat owners, noting a lot of revenue is generated through the harbor.

Tim Driscoll, Morro Bay, urged the Council to relax current regulations regarding RV and boat parking.

Loyce Tobler, Morro Bay, urged the Council to revisit code sections and keep in mind different areas of town have different needs.

Robert Davis, Morro Bay, urged the Council to focus on protecting health and safety, and develop a code that serves the City's needs and reflects its values.

Cathy Reitz spoke in support of code enforcement, particularly on the island streets where RVs and boats block vision of drivers.

Joseph Conchelos, Cayucos resident and Vice-President of Morro Bay Commercial Fishermen's Organization, asked the codes related to storage of boats and trailers on private property be rescinded.

Kendall Welch, Morro Bay, urged the Council to update code sections related to boat storage.

Anne O'Brien, Morro Bay, requested the Council repeal 1988 ordinance related to RV and boat parking.

Monica King supported an ordinance that allows residents to have boats in their yard and suggested the hedge on Kern and Ridgeway be given a variance.

Terry Simons, part-time Morro Bay resident, suggested the City property being considered for a boatyard facility be used for short-term boat storage.

Don Headland, Morro Bay, shared the majority of boats and RVs are well-maintained and do not cause safety or aesthetic issues. He urged the Council to allow use of private property to store private property.

Dale Johnson, Morro Bay, urged the Council to reconsider the RV and boat parking ordinance and invite residents to participate in development of new ordinance to retain the uniqueness of Morro Bay.

Judy Van Hoy, Morro Bay, spoke regarding hedges, noting those at her property were planted in 1920 and therefore historic, and also provide security.

Ray David, Morro Bay, expressed concern that enforcement of the current rules and regulations will damage merchants and reduce property values.

Jim Wedding, Morro Bay, urged the Council to revisit code sections related to RV and boat parking.

Ed Sylvester, Morro Bay, suggested the Council repeal the current RV and boat parking ordinance and provide storage solutions.

Lynne Valley, San Luis Obispo County resident, urged the Council to reconsider the current ordinance and allow RV and boat parking on private property.

Nathaniel Scott, Morro Bay, recommended the City amend the current RV and boat parking ordinance.

Kelly Ulrich, Morro Bay, stated the current code section related to boat parking is ambiguous and requested the Council receive community input to create clear regulations.

Justin Perkins, Morro Bay, urged the Council to amend code sections related to RV and boat parking, trash enclosures and hedges.

Ian Starkie, Morro Bay, expressed frustration regarding the flag pole height ordinance and process to gain compliance.

Jane VonKoehe, Morro Bay, spoke to the RV parking ordinance noting at one time an RV was her only mode of transportation and could not have been legally parked on her property.

Rachel Combs, Morro Bay, supported regulations about how to fly a flag, not pole heights, and the ability to store RVs and boats on private property.

Mike Fort, Morro Bay, expressed support for those who had spoken about boat and RV parking and asked the Council to be reasonable regarding hedges.

Mike Barrios, Morro Bay, asked the Council to stand up for the people.

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

Following Council discussion, there was consensus to review current municipal code sections related to RV and boat parking (to be considered separately), hedge heights, and garbage can enclosures. During that review, those current code section would not be enforced. The Council directed staff to facilitate robust citizen involvement before and during Planning Commission review of the new ordinances.

Staff clarified that regarding parking and hedge height issues, violations of other code sections related to health and safety would still be enforced. The Council concurred.

No formal action was taken by the City Council.

The Council took a brief recess at 10:08pm; the meeting reconvened at 10:17pm.

## B. PUBLIC HEARINGS

B-1 INTRODUCTION AND FIRST READING OF ORDINANCE 601: LOCAL COASTAL PROGRAM AND ZONING TEXT AMENDMENT (#A00-029) AMENDING TITLE 17 PROVISIONS RELATED TO SECONDARY DWELLING UNITS AND GUESTHOUSES/QUARTERS AND ACCESSORY LIVING AREAS; (COMMUNITY DEVELOPMENT)  
[https://youtu.be/e\\_t4BSw9mDM?t=5s](https://youtu.be/e_t4BSw9mDM?t=5s)

Mayor Irons recused himself from this item as he has a secondary unit and an application in process to remodel his home that would include a guesthouse. He submitted correspondence to the Council which is included in the agenda correspondence.

Contract Planner McIlvaine presented the staff report, reviewed staff recommended revisions to sections 8, 9 and Exhibit A of the Ordinance, and responded to Council inquiries.

The public comment period for Item B-1 was opened

Val Seymour, Morro Bay, expressed concern about the effect allowing vacation rentals may have on affordable long-term housing.

Rich Buquet, Morro Bay, asked the Council to support staff's recommendation to strike prohibition of vacation rentals.

MOTION: Councilmember Smukler moved the meeting go past 11:00pm. The motion was seconded by Councilmember Johnson and carried 3-1-1 with Councilmember

Heading voting no, and Mayor Irons abstaining as he recused himself during Item B-1.

Erica Crawford, Chamber of Commerce, shared information gleaned from a recent Western Association of Chamber Executives (WACE) convention regarding short-term vacation rentals.

Jamie Irons, Morro Bay, suggested the affordable housing issue is driven by the Housing Element and suggested exploring a special secondary unit or tiny house ordinance specifically focused on true affordable housing.

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

Following discussion, there was Council consensus to accept the amended staff recommendation and strike language excluding the use of secondary units as vacation rentals. Councilmember Johnson sensed there's community interest to talk about vacation rentals, in general, and did not support that being a part of this discussion.

Councilmember Heading disagreed, stating that from an economic development perspective, he did not support use of secondary dwellings for vacation rentals.

**MOTION:** Councilmember Johnson moved for introduction and first reading of Ordinance 601, the Local Zoning Text Amendment amending Title 17 provisions related to Secondary Dwelling Units and Guesthouses/quarters and accessory living areas, by number and title only, as amended by staff. The motion was seconded by Councilmember Smukler and carried 3-1-1 with Councilmember Heading voting no and Mayor Irons abstaining.

Mayor Irons rejoined the meeting.

**B-2 RESOLUTION NO. 20-16 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS PARK AND OPEN SPACE LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)**  
[https://youtu.be/e\\_t4BSw9mDM?t=1h8m8s](https://youtu.be/e_t4BSw9mDM?t=1h8m8s)

Public Works Director Livick presented the staff report and responded to Council inquiries.

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

**MOTION:** Mayor Irons moved the Council adopt Resolution No. 20-16 initiating the proceedings to levy the annual assessment for Cloisters Landscaping and Lighting Maintenance Assessment District and ordering the preparation of an Engineer's Report detailing the maintenance expenses projected for FY 2016-17. The motion was seconded by Councilmember Heading and carried unanimously, 5-0.

B-3 RESOLUTION NO. 21-16 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)  
[https://youtu.be/e\\_t4BSw9mDM?t=1h10m38s](https://youtu.be/e_t4BSw9mDM?t=1h10m38s)

Mr. Livick presented the staff report and responded to Council inquiries.

The public comment period for Item B-3 was opened; seeing none, the public comment period was closed.

MOTION: Mayor Irons moved the Council adopt Resolution 21-16 initiating the proceedings to levy the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance Assessment District and order the preparation of an Engineer's Report detailing the expenses projected for FY 2016-17. The motion was seconded by Councilmember Headding and carried unanimously, 5-0.

C. BUSINESS ITEMS

C-2 WITHDRAWAL OF PREVIOUS CONSENT OF LANDOWNER AGREEMENT APPROVAL FOR LEASE SITE IMPROVEMENTS FOR LEASE SITE 86/86W AT 801 EMBARCADERO (EMBARCADERO GRILL, CALDWELL) ISSUED OCTOBER 15, 2013, AND APPROVAL OF A NEW CONSENT OF LANDOWNER AGREEMENT TO FILE A NEW APPLICATION FOR LEASE SITE IMPROVEMENTS AND ALLOW STAFF TO ENTER INTO LEASE NEGOTIATIONS; (HARBOR)  
[https://youtu.be/e\\_t4BSw9mDM?t=1h11m58s](https://youtu.be/e_t4BSw9mDM?t=1h11m58s)

Harbor Director Endersby presented the staff report and responded to Council inquiries.

Burt Caldwell, applicant, responded to Council questions related onsite activities and potential noise concerns for hotel guests.

Councilmember Johnson disclosed ex parte communications with Mr. Caldwell to discuss the revised project.

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

Cathy Novak, speaking on behalf of the applicant, provided an overview of the revised project and asked the Council for guidance on significant project components before they move forward.

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

The Council was generally supportive of the project, but expressed concerns about lack of on-site parking.

MOTION: Councilmember Headding moved the Council withdraw the original consent of landowner agreement for improvements to Lease Site 86/86W and enter into a new consent of landowner agreement for the leaseholder's newly proposed site remodel

project and direct the City Manager to amend agreement, as needed, and upon approval by the City Attorney, execute that agreement. The motion was seconded by Councilmember Johnson and carried unanimously, 5-0.

C-3 RESOLUTION NO. 22-16 AUTHORIZING THE CITY MANAGER TO IMPLEMENT THE EARLY RETIREMENT MANAGEMENT PROGRAM FOR 2016/17; (ADMINISTRATION)

[https://youtu.be/e\\_t4BSw9mDM?t=1h46m28s](https://youtu.be/e_t4BSw9mDM?t=1h46m28s)

Mr. Buckingham presented the staff report and responded to Council inquiries.

The Council supported the program and stressed the importance of succession planning to maintain institutional knowledge. The Council also wanted to be certain the employees felt valued and stated the program is being considered due to the burden of CalPERS.

The public comment period for Item C-3 was opened; seeing none, the public comment period was closed.

MOTION: Mayor Irons moved the Council adopt Resolution No. 22-16 authorizing the City Manager to implement the Early Retirement Management Program for 2016/17. The motion was seconded by Councilmember Heading and carried unanimously, 5-0.

C-4 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 602 AMENDING SECTION 3.22.120 OF THE MORRO BAY MUNICIPAL CODE TO INCREASE THE NUMBER OF MEMBERS ON THE CITIZENS OVERSIGHT COMMITTEE FROM FIVE TO SEVEN MEMBERS; (CITY ATTORNEY)

[https://youtu.be/e\\_t4BSw9mDM?t=2h4m54s](https://youtu.be/e_t4BSw9mDM?t=2h4m54s)

City Attorney Pannone presented the staff report and responded to Council inquiries.

The public comment period for Item C-4 was opened; seeing none, the public comment period was closed.

MOTION: Councilmember Heading moved for introduction and first reading of Ordinance No. 602, by number and title only, amending Section 3.22.120 of the Morro Bay Municipal Code to increase the number of members on the Citizens Oversight Committee from five to seven. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

[https://youtu.be/e\\_t4BSw9mDM?t=2h5m49s](https://youtu.be/e_t4BSw9mDM?t=2h5m49s)

Councilmember Smukler requested discussion of tiny homes and incentives for affordable housing. Mayor Irons and Councilmembers Johnson and Heading supported the item.

Councilmember Johnson requested discussion of a letter of support for SB968. Staff confirmed this item will be agendaized for the April 12, 2016, meeting.

E. ADJOURNMENT

The meeting adjourned at 12:25 a.m. The next Regular Meeting will be held on Tuesday, April 12, 2016 at 6:00 p.m. at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

Recorded by:

Dana Swanson, City Clerk



**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY DECLARING APRIL 2016  
"MONTH OF THE CHILD" and  
"CHILD ABUSE PREVENTION MONTH"**

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

**WHEREAS**, the Morro Bay City Council recognizes that every moment in a child's life is an opportunity for that child to learn, that the quality of these experiences may determine whether a child succeeds in school and in life, and that all children need caring and loving adults in their lives; and

**WHEREAS**, April - Month of the Child and Child Abuse Prevention Month -- mark a time to recognize that our community's children are precious assets, that the quality of their early years is our collective responsibility, and that we commit ourselves to ensuring that each and every child experiences a high quality early environment – at home, at child care, at school and in the community – that will promote their optimal development; and

**WHEREAS**, Friday, April 8, 2016 has been named a countywide “Wear Blue Day” to raise awareness about the many children in our midst who suffer daily from abuse and neglect, and to pledge support for strategies that strengthen families and protect our young ones; and

**WHEREAS**, Saturday, April 9, 2016, will commemorate “Day of the Child” at the 38<sup>th</sup> Annual Children’s Day in the Plaza celebration from 10:00am to 3:00 pm in the San Luis Obispo Mission Plaza, this year’s celebration building a special partnership with Arts Obispo’s Passport to the Arts, where children and families will have the opportunity to discover creativity, individuality, diversity and the arts while exploring community resources; and

**WHEREAS**, a variety of other events honoring Month of the Child will provide an opportunity to acknowledge the dedication of individuals and organizations to improve the lives of children and youth in our county, including the 6<sup>th</sup> annual celebration of Hands-on Heroes in early childhood, and Champions of Youth; and raise the awareness of the community, employers and elected officials of the need to improve the quality, availability, and accessibility of such programs;

**WHEREAS**, in this caring and connected county, we will, including and beyond the Month of the Child, continue to dedicate our efforts and our resources to investing in our community’s future by investing in and supporting our community’s children and youth;

And, may we remember to listen to and watch the children around us, to have patience and to allow them the opportunity to enjoy the journey of childhood, as exemplified in the San Luis Obispo County Children’s Bill of Rights.

**NOW, THEREFORE, BE IT RESOLVED** that the Morro Bay City Council is proclaiming April 2016 as the "Month of the Child," “Child Abuse Prevention Month” and April 9, 2016 as “Day of the Child.”

**IN WITNESS WHEREOF** I have  
hereunto set my hand and caused the  
seal of the City of Morro Bay to be  
affixed this 12th day of April, 2016

---

Jamie L. Irons, Mayor  
City of Morro Bay, California

**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY DECLARING  
APRIL 2016 AS “SEXUAL ASSAULT AWARENESS MONTH”**

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

**WHEREAS**, Sexual Assault Awareness Month calls attention to the fact that sexual violence is widespread and impacts every person in San Luis Obispo County; and

**WHEREAS**, rape, sexual assault, and sexual harassment harm our community, and statistics show that one in five women and one in 71 men will be raped at some point in their lives; and

**WHEREAS**, child sexual abuse prevention must be a priority to confront the reality that one in six boys and one in four girls will experience a sexual assault before age 18, and youth ages 12 to 17 are 2.5 times as likely to be victims of sexual violence; and

**WHEREAS**, on campus, one in five women and one in 16 men are sexually assaulted during their time in college; and

**WHEREAS**, last year RISE received 1,171 crisis calls from members of our community and sent advocates an average of once a week to accompany sexual assault survivors at SART medical exams, law enforcement interviews, etc.; and

**WHEREAS**, the number of RISE clients receiving counseling for sexual assault related issues rose 31% over the last three years, with 374 community members receiving counseling through RISE in 2015 and the demand for therapy being so high that the wait list was closed multiple times; and

**WHEREAS**, we must work together to educate our community about sexual violence prevention, supporting survivors, and speaking out against harmful attitudes and actions; and

**WHEREAS**, the City of Morro Bay strongly supports the efforts of RISE, and acknowledges that prevention is possible when everyone gets involved. The first step is increasing education, awareness and community involvement because it is time for all of us to take action to create a safer environment for all residents of Morro Bay.

**NOW, THEREFORE, BE IT RESOLVED** that the Morro Bay City Council does hereby proclaim April 2016 as “Sexual Assault Awareness Month” in Morro Bay.

**IN WITNESS WHEREOF** I have  
hereunto set my hand and caused the  
seal of the City of Morro Bay to be  
affixed this 12th day of April, 2016

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Jamie L. Irons, Mayor  
City of Morro Bay, California



AGENDA NO: A-7

MEETING DATE: April 12, 2016

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** March 29, 2016

**FROM:** Rob Livick, PE/PLS - Public Works 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**

The City and District approved a FY 15/16 MMRP budget of \$465,000 which includes \$200,000 in funding for new MMRP projects, and carrying over \$265,000 to complete projects funded but not completed in FY 14/15, for a grand total of \$465,000.

Below is a table that provides the MMRP budget and actual expenditures for each of the fiscal years 13/14, 14/15, and 15/16. Expenditures for MMRP projects to date have totaled \$1.287 Million. The difference between fiscal year MMRP project budgets and expenditures is related to projects carrying over multiple fiscal years and budget being carried over from fiscal year to fiscal year, as well as project budgets being reduced (chlorine contact improvement project) and projects being completed for less than estimated costs, in which case the difference stays in the sewer reserve. For example, the MMRP budget for FY 13/14 contained \$500k for the purchase and installation of influent screens; the screening project was not completed until FY14/15, and the budget from FY13/14 was carried over to FY14/15 to cover project expenses.

Prepared By: BK

Dept Review: RL

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

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

Adopted MMRP Projects by Fiscal Year	Adopted Budget	Actual Cost	Project Status
<u>FY13/14</u>			
Influent Screening Project	500,000	0	Carried Over to FY14/15
Clean, Coat, and Repair Digester #2	250,000	253,312	Completed July 2014
Chlorine Contact Tank Improvements	200,000	0	Carried Over to FY 14/15
Interstage Pump and Valve Project	50,000	46,759	Completed April 2014
Reconditioning of the Chlorine Building	40,000	28,459	Completed June 2014
<b>Total for FY 13/14</b>	<b>1,040,000</b>	<b>328,530</b>	
<u>FY 14/15</u>			
Influent Screening Project Carryover from FY13/14	550,000	502,106	Completed October 2014
Clean, Coat, and Repair Digester #1	331,000	301,946	Completed July 2015
Primary Clarifier Rehabilitation	50,000	35,551	Completed June 2015
Biofilter Arms and Biofilter Improvements	215,000	0	Carried Over to FY 15/16
Chlorine Contact Tank Improvements – scope reduced from FY13/14	75,000	57,144	Completed April 2015
<b>Total for FY14/15</b>	<b>1,221,000</b>	<b>896,747</b>	
<u>FY 15/16</u>			
Clean, Coat, and Repair Digester #1 Carryover	50,000	18,797	
Metering Vault and Valve Replacement	125,000	0	Planning Process
Secondary Clarifier Rehabilitation	75,000	4502	Planning process
Biofilter Arms and Biofilter Improvements Carryover	215,000	39,109	Completed/Planning process
<b>Total for FY 15/16</b>	<b>465,000</b>	<b>62,408</b>	
<b>Total MMRP Project Expenses</b>		<b>1,287,685</b>	

This staff report is intended to provide an update on the development, implementation and status of the MMRP for the WWTP since the January 26, 2016, City Council meeting.

Development of the MMRP has assisted the City and District in projecting the budgeting of expenditures required to keep the current plant operational and in compliance with regulatory requirements.

Staff's focus has been on developing and implementing work plans for the MMRP projects approved for the FY15/16 budget. The FY 15/16 budget for MMRP projects was adopted by the City and District at their regular meetings on June 9 and 18, 2015, respectively.

At the January 26, 2016, City Council meeting, the Council approved staff's recommendation to discontinue the MMRP as of the beginning of FY16/17 and continue a proactive Operations and Maintenance (O&M) program funded through the O&M portion of the WWTP budget. That recommendation was based on the successful completion of MMRP projects to date, condition assessments of the plant, and the current schedule for completion of new WRF(s). It is important to note, the O&M budget will be brought to the Council and District Board during budget deliberations for discussion and approval. That will ensure the recommended O&M funding needs are brought forward each year. If the five-year schedule is delayed for whatever reason, then City and District staff would make the requisite recommendations necessary for O&M or MMRP projects during the annual budget approval process.

A similar recommendation and staff report will be included on the next Joint Meeting between the Morro Bay City Council and the Cayucos Sanitary District Board agenda for consideration, discussion, and action by the Council and District Board.

### **DISCUSSION**

The following discussion provides an update of the FY 15/16 MMRP projects that are currently ongoing or have been recently completed.

#### **Metering Vault Removal and Blending Valve Replacement Project**

The City Council and Sanitary District Board awarded the contract to the lowest responsible bidder, Pacific Coast Excavation, Inc. of Santa Maria, in the amount of \$90,238.00 at their respective regularly meetings of October 13 and 15, 2015. Staff expects to issue a Notice to Proceed in early to mid-April depending on weather conditions, with construction expected to take 14 to 21 calendar days.

#### **Rehabilitation of the Secondary Clarifier #2**

Plant staff has begun the repair process for the catwalk. These repairs include chipping away corroded areas and repairing and coating these areas to prevent or minimize corrosion. Ultimately, this project could include repairs to the catwalk, repairs to the metal framework on the flights and skimmer cage assembly, repair and replacement of piping and valving, and other associated work. Staff will rely on their recent experience performing similar repairs on the primary clarifiers to refine the work schedule and process.

#### **Chlorine Contact Basin Improvements**

The repairs to the chlorine contact basin were completed on Wednesday, April 15, 2015. A detailed description of the work was included in the May 12, 2015 MMRP Update. On January 20, staff received notice that a minimum mandatory penalty of \$3,000 will be issued for the total chlorine residual violation that occurred when the chlorine contact was bypassed on April 15, 2015 to complete the repair project.

#### **Purchase and Installation of New Distributor Arms and Biofilter Improvement Project**

Staff will continue to work with City Public Works Engineering staff and MKN for the purchase and installation of new distributor arms on biofilter #2 and replacement of the main bearing on the turntable. Staff requested quotes from several manufacturers and received three quotes. City Public Works Engineering staff is reviewing the quotes and will provide a purchase order to the

manufacturer with the lowest responsible quote. There will be a long lead time of sixteen to twenty weeks for receipt of the equipment once a purchase order is issued, so the funding for this project will be rolled over and included in the draft FY16/17 budget.

Flood Control Measures at the Biofilters and Interstage Pumping Station

Flood control measures have been substantially completed at the plant. Staff will continue to work with Public Works Engineering staff and MKN to identify any remaining cost effective flood control measures in accordance with the requirements of the existing and anticipated NPDES permits.

**CONCLUSION**

Staff requests the City Council review and receive and file this report.



AGENDA NO: A-8

MEETING DATE: April 12, 2016

## Staff Report

**TO:** Honorable Mayor and Council Members      **DATE:** April 4, 2016  
**FROM:** Susan Slayton, Administrative Services Director  
**SUBJECT:** Adopt Resolution No. 23-16 Adopting the City Public Finance Disclosure Policy and Procedures

### **RECOMMENDATION**

Staff recommends the adoption of Resolution No. 23-16.

### **FISCAL IMPACT**

None.

### **SUMMARY**

The Central Coast Water Authority (the "CCWA"), of which the City is a member, is considering refinancing certain outstanding debt. As a part of that refinancing, certain information regarding the City and other members of the CCWA must be provided to investors in a Preliminary and final Official Statement, as well as on an on-going basis in the form of audited financial statements. The information contained in the Preliminary Official Statement regarding Morro Bay must be accurate.

Cities involved in the public securities market are subject to numerous regulations from the Securities and Exchange Commission (the "SEC"), with respect to making accurate and timely disclosures to the holders of debt and to the municipal marketplace. Cities benefit from entering into disclosure policies to provide a framework and procedure for ensuring compliance with SEC regulation. Because the City has not issued public securities, it has not previously adopted such policies. However, in the event that the City does enter the public securities market in the future, and to assist with ongoing disclosure obligations in connection with the CCWA refinancing, it will be beneficial to have disclosure policies (the "Disclosure Policies") in place.

### **BACKGROUND**

In March/April 1992, the City of Morro Bay entered into a water treatment and local facilities agreement with the San Luis Obispo County Flood Control and Water Conservation District, for the purpose of treating the City's state water project allotment from the state water project. It was agreed the District would contract with CCWA to construct, operate and finance the water treatment facilities, to include a pipeline and water tank. In 1996, CCWA issued 25 year revenue bonds (maturing 10/1/2021) for the construction of the water treatment facilities. The bonds were eligible for refinance after 10 years from

the date of issue, and in 2006, a refinance occurred to reduce the interest costs. Another 10 years have passed, and the bonds are again eligible for refinance. With this refinance, the savings to the City, over the remaining years of the debt (still maturing 10/1/2021), is approximately \$295K.

### **DISCUSSION**

While working with bond counsel to the CCWA, Andrew Foley with Stradling Yocca Carlson & Rauth, it was brought to staff's attention the City did not have a policy on disclosure procedures to ensure the City continues to comply with all applicable disclosure obligations and requirements under the federal securities laws, primarily because the City has not previously issued public debt. Mr. Foley provided a sample document, which staff provided to the City Attorney, who amended the document for Morro Bay.

The Disclosure Policies provide best practices, procedures, and a framework for the disclosure obligations of the City regarding its public debt, including preparing the Preliminary and final Official Statement or other offering document, as well as ongoing disclosure obligations including annual reports.

In addition, as part of the CCWA refinancing, the CCWA will be required to release a Preliminary Official Statement to the public securities market, which provides information to potential purchasers of the CCWA's bonds regarding the structure, security for, and information relating to the CCWA's bonds. Because the City is a part of the CCWA, certain information will be included in Appendix L to the Preliminary Official Statement describing the City. Staff has been working with bond counsel to the CCWA to review the accuracy of this information, the accuracy of which must be certified by the City. The relevant portions of Appendix L will be brought to the City Council at a later date for review and approval.

### **CONCLUSION**

Staff recommends at this time that the Council review and approve Resolution No. 23-16 adopting the Disclosure Procedures Policy.

### **ATTACHMENTS**

- 1) Resolution No. 23-16
- 2) The Disclosure Procedures Policy

**RESOLUTION NO. 23-16**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING PUBLIC FINANCE DISCLOSURE AND PROCEDURES POLICY**

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

**WHEREAS**, in April 1992, the City of Morro Bay (“City”) entered into a water treatment and local facilities agreement with the San Luis Obispo County Flood Control and Water Conservation District (“District”) for the purpose of treating the City’s state water project allotment, and to provide for the financing of the local facilities (pipeline and water tank); and

**WHEREAS**, pursuant to the above-mentioned agreement, the District contracted with the Central Coast Water Authority (“CCWA”) to construct and operate a water treatment plant, and finance the construction of the local facilities; and

**WHEREAS**, in 1992, the CCWA issued revenue bonds to finance the costs of developing a pipeline, water treatment plant and other local facilities; and

**WHEREAS**, in 1996, the CCWA issued revenue bonds to advance refund the 1992 revenue bonds, and subsequently refunded the 1996 bonds in 2006; and

**WHEREAS**, the CCWA currently intends to refund the 2006 bonds to reduce interest costs and provide savings to member agencies, while maintaining the same maturity date of 10/1/2021 as was the case for the 1996 revenue bonds and the 2006 bonds; and

**WHEREAS**, it is advantageous for the City at this time to adopt public finance disclosure policy and procedures (the “Public Finance Disclosure Policy and Procedures”) to ensure the City complies with all applicable disclosure obligations and requirement under the federal securities laws with respect to disclosure obligations under the proposed CCWA refinancing, and additional public securities the City may issue in the future.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay Resolution No. 23-16 is adopted, and the Public Finance Disclosure Policy and Procedures is approved.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 12<sup>th</sup> day of April 2016, by the following vote:

AYES:

NOES:

ABSENT:

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JAMIE L. IRONS, Mayor

ATTEST:

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DANA SWANSON, City Clerk

**Attachments:**

1. Public Finance Disclosure Policy and Procedures

## **CITY OF MORRO BAY**

### **PUBLIC FINANCE DISCLOSURE POLICY AND PROCEDURES**

#### **PURPOSE**

The purpose of these Disclosure Procedures (the “Procedures”) is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the City of Morro Bay (the “City”) so as to ensure that the City continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

#### **BACKGROUND**

The City from time to time issues bonds, notes or other obligations or causes certificates of participation to be executed and delivered (collectively, “Obligations”) in order to fund or refund capital investments, other long-term programs and working capital needs. In offering Obligations to the public, and at other times when the City makes certain reports, the City must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the Securities and Exchange Act of 1934.)

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the City must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the City’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are offered, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section which provides information on the City, including its financial condition as well as certain operating information (“City Section”), and (iii) various other appendices, including the City’s audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

#### **DISCLOSURE PROCESS**

When the City determines to issue Obligations directly, the City’s Administrative Services Director requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the City Section) for which they are responsible. While the general format and content of the Official Statement may not normally change substantially from offering to offering, except as necessary to reflect major events, the City’s Administrative Services Director and other relevant staff are responsible for reviewing and preparing or updating certain portions of the City Section which are within their particular areas of knowledge. Once the draft POS has been substantially

updated, the entire draft POS is shared with the City Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire draft POS.

Members of the financing team, including the Bond Counsel, Disclosure Counsel (where applicable), and a financial advisor, if one is engaged with respect to the Obligations (the “Financial Advisor”), assist staff in determining the materiality of any particular item, and in the development of specific language in the City Section. Members of the financing team also assist the City in the development of a “big picture” overview of the City’s financial condition, included in the City section. This overview highlights particular areas of concern. Bond Counsel and Disclosure Counsel have a confidential, attorney-client relationship with officials and staff of the City.

The Administrative Services Director or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes City officials, the City Attorney, Bond Counsel, Disclosure Counsel (where applicable), and the City’s Financial Advisor (and the underwriters of the Obligations, and the underwriters’ counsel, if the proposed financing is being undertaken as a negotiated transaction)), and new drafts of the forepart of the draft POS and the City Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among City staff and other members of the financing team to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes City officials involved in the preparation of the POS and members of the financing team (and the underwriters and the underwriters’ counsel, if the financing is a negotiated transaction) during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters, if any, to ask questions of the City’s senior officials. This is referred to as a “due diligence” meeting.

A substantially final form of the POS is provided to the City Council in advance of approval to afford such City Council an opportunity to review the POS, ask questions and make comments. This draft POS will be presented to the City Council in a noticed agenda item at a regular or special meeting. The substantially final form of the POS is approved by the City Council which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with Bond Counsel, Disclosure Counsel (if applicable), and the City Attorney, if necessary.

At the time the POS is posted for review by potential investors, senior City officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the City Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior City officials execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the Official Statement in light of the circumstances under which they were made, not misleading.

## **CITY SECTION**

The information contained in the City Section is developed by personnel under the direction of the Administrative Services Director, with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the City Section:

- City staff involved in the disclosure process are responsible for being familiar with its responsibilities under federal securities laws as described above.
- City staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult Bond Counsel, Disclosure Counsel (if applicable), the City Attorney, or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the City should consider revisions to the Procedures.
- The process of updating the City Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the City Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The City must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the City, its operations and its finances.

## **JOINT POWERS AGENCY FINANCINGS**

The City is a member of various joint powers agencies. These joint powers agencies finance or refinance facilities from time to time. In connections with such financings and refinancings, these joint powers agencies may prepare offering documents which include information provided by the City which constitutes a City Section as discussed above. These Procedures apply to City Sections prepared in connection with such joint powers agency financings and refinancings.

## **TRAINING**

Periodic training for the staff involved in the preparation of the Official Statement (including the City Section) is coordinated by the finance team and the Administrative Services Director. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the City Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the City Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

## **ANNUAL CONTINUING DISCLOSURE REQUIREMENTS**

In connection with the issuance or execution and delivery of Obligations, the City will be required to enter into contractual agreements (“Continuing Disclosure Undertakings”) to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Undertakings. The City must comply with the specific requirements of each Continuing Disclosure Undertaking. The City’s Continuing Disclosure Undertakings will generally require that the annual reports be filed within 270 days after the end of the City’s fiscal year, and material event notices are generally required to be filed within 10 business days of their occurrence.

Specific events which require “material event” notices are set forth in each particular Continuing Disclosure Certificate.

The Administrative Services Director shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Undertakings. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).



AGENDA NO: A-9

MEETING DATE: April 12, 2016

# Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** March 31, 2016

**FROM:** Dana Swanson, City Clerk

**SUBJECT:** Approval of City Council Liaison to the San Luis Obispo County Tourism Marketing District Advisory Committee

## RECOMMENDATION

Staff recommends the City Council designate Councilmember Headding as the City Council Liaison to the San Luis Obispo County Tourism Marketing District (SLOTMD) Advisory Committee for 2016, and assign this responsibility to the Council liaison to the TBID Advisory Board in future years.

## ALTERNATIVES

The Council may choose to appoint another Councilmember to the SLOTMD Advisory Committee, or decide to not appoint a liaison to the SLOTMD Advisory Committee at this time.

## BACKGROUND/DISCUSSION

In December 2014, the City Council approved Resolution No. 82-14 consenting to the inclusion of the City within the proposed SLOTMD. In June 2015, the City appointed Valerie Seymour as the City's representative to the SLOTMD Board of Directors. Staff was recently made aware the City also has the opportunity to appoint a City Council member as liaison to the SLOTMD Advisory Committee. The Advisory Committee is comprised of 10-20 elected officials and city managers, who participate in semi-annual meetings and liaise back to the communities they represent with programming updates and overall metrics demonstrating the impacts of the TMD on the County and cities.

In January of each year, the City Council assigns liaisons to the Advisory Bodies, including the City's Tourism Business Improvement District (TBID) Advisory Board. Staff recommends the Councilmember assigned as liaison to the TBID Advisory Board also be designated as the City's representative to the SLOTMD Advisory Committee. Councilmember Headding is currently serving as liaison to the TBID Advisory Board and, if approved, would also be designated as the liaison to the SLOTMD.

## CONCLUSION

Staff recommends the City Council designate Councilmember Headding as the City Council Liaison to the San Luis Obispo County Tourism Marketing District (SLOTMD) Advisory Committee for 2016, and assign this responsibility to the Council liaison to the TBID Advisory Board in future years.

Prepared By: DS

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

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

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



AGENDA NO: A-10

MEETING DATE: April 12, 2016

## Staff Report

**TO:** Honorable Mayor and City Council                      **DATE:** March 31, 2016  
**FROM:** Brooke Austin, Legal Assistant/Deputy City Clerk  
**SUBJECT:** Letter of Support for Senate Bill 968

### **RECOMMENDATION**

Staff recommends that Council approve the attached letter of support for Senate Bill 968.

### **ALTERNATIVES**

Council may decide not to approve the letter of support.

### **FISCAL IMPACT**

None at this time.

### **BACKGROUND/DISCUSSION**

The Diablo Canyon Power Plant, which is owned and operated by Pacific Gas and Electric (PG&E) Company, is licensed by the Nuclear Regulatory Commission (NRC). Unit 1 is licensed to operate until November 2, 2024, and Unit 2 is licensed to operate until August 26, 2025. PG&E applied for license renewal, but the process has stalled and the NRC is requiring seismic studies and reviews prior to making a decision to renew the license. Failure to obtain license renewal could result in the temporary or permanent closure of the plant.

As a result, Senator Monning has introduced Senate Bill 968 to require PG&E to conduct an economic assessment of the adverse impacts that could result should the Diablo Canyon Nuclear Power Plant shut down and to identify mitigation plans going forward. The intent of an economic assessment is to better understand the challenges the San Luis Obispo region will face and make sure local and state entities are prepared. Understanding the associated impacts will assist in mitigation planning and preparing what to expect if the plant is decommissioned.

The Council has received requests from the Alliance for Nuclear Responsibility and Senator Monning's office to support the bill. At the March 22<sup>nd</sup> meeting, Council requested a letter of support be added to agenda for consideration. The attached letter has been prepared in response to that request.

Prepared By:   BRA                        Dept Review: \_\_\_\_\_  
City Manager Review: \_\_\_\_\_  
City Attorney Review:   JWP

**CONCLUSION**

Approve the letter of support.

**ATTACHMENT**

Letter of Support for Senate Bill 968



## CITY OF MORRO BAY

CITY HALL

595 Harbor Street  
Morro Bay, CA 93442

April 12, 2016

Honorable Senator Bill Monning  
State Capitol, Room 4066  
Sacramento, CA 95814

Re: Senate Bill 968 (Monning): Diablo Canyon Economic Impact Study – **IN SUPPORT**

Dear Senator Monning:

On behalf of the City of Morro Bay, I am writing to express our support of Senate Bill 968, which would direct the California Public Utilities Commission (CPUC) to require the Pacific Gas and Electric (PG&E) Company to fund and submit an assessment study on the adverse economic impact a temporary or permanent closure of Diablo Canyon's Units 1 and 2 reactors would have on our County. It should further analyze the adverse economic impacts of a plant closure and ways to mitigate those impacts.

The City of Morro Bay has seen firsthand the effects of a plant closing due to the closure of the Dynegy Power Plant in 2014. That resulted in the loss of jobs and tax revenue, which has had a ripple effect throughout the community. The City is continuously striving to fill the gap the plant closure left in the City's budget. The closure of the Diablo Canyon Power Plant would be detrimental to the County on an even larger scale, having negative financial impacts on local and regional governments, businesses, schools and residents.

Assessing and planning for any adverse economic impacts is prudent. Senate Bill 968 will provide local communities and the State the information they need to develop contingency plans if the plant shuts down.

Please accept this letter of support of Senate Bill 968. If I can be of any further assistance in this matter, then please do hesitate to contact me.

Sincerely,

Jamie Irons  
Mayor



AGENDA NO: A-11

MEETING DATE: April 12, 2016

TO: Honorable Mayor and City Council

DATE: April 6, 2016

FROM: David Buckingham, City Manager

SUBJECT: 3<sup>rd</sup> Quarter FY 2015/16 City Goals Update

### **RECOMMENDATION**

Approve staff recommendation to modify one FY 2015/16 objective, removing it from the work plan, and receive and file the report.

1. **Purpose.** The purpose of this report is to provide a brief update on the status of our FY 2015/16 objectives. The mid-year FY 15/16 annual goals update is attached. This report builds on that report. This report is primarily communicated in the attached staff goals / objectives tracker that lists all 73 FY 15/16 objectives and the status of each. This update is intended to provide the Council a goals and objectives status nine months through the fiscal year.
2. **Fiscal Impact.** None.
3. **Background.** The FY 15/16 Goals and Objectives process produced 73 discreet objectives associated with the 10 City goals. As of the November Annual Goals update, the status was:
  - a. 22 (30%) are complete or in implementation phase to completion.
  - b. 42 (58%) are ongoing.
  - c. 5 (7%) will be started in the months ahead.
  - d. 4 (5%) were not budgeted for.

At that update, the council modified two objectives and removed 6:

- a. Modified Goal 1.c and 3.e.
- b. Removed objectives 6.d, 7.g, 7.1, 7.j, 8.e, 10.f

Prepared By: DWB

Dept Review: All

City Manager Review: DWB

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

4. **Discussion.** The attached spreadsheet provides a current status on our FY15/16 objectives. Following are some key points:

Status

- a. 58 (80%) are complete or in implementation phase to completion.
- b. 12 (16%) are ongoing and should be completed in FY16.
- c. 2 (3%) are ongoing and some of the work will likely be completed in FY17.
- d. 1 (1%) staff recommends dropping from the FY16 work plan.

Changes to Work Plan

- a. Staff recommends the council remove objective 7.h “Sidewalk Responsibility”. Staff does not believe it is appropriate to consider this requirement, which would consider placing responsibility for maintenance of sidewalks and other improvements in the public right of way on the adjacent property owner, this year or next.
  - b. Staff wants to highlight that part of goal 6.h will not be completed this year due to budget issues. Goal 6.h “Projects” focused on continuing progress on the Central Coast Maritime Museum, proposed new Aquarium, proposed new Coast Guard facility, and proposed improvements to the Tidelands Park fish cleaning station. All of those projects are on track except the fish cleaning station improvements. The estimate for that project came back at \$50,000, \$25,000 higher than projected budget. However, the City is receiving some money from a State Grant for Tidelands Park improvements. Staff recommends not moving forward on fish cleaning station improvements (at an increased cost of \$25K) until we know if some of the State Grant can be used for this project.
5. **Summary and Recommendation.** At this point, nine months through the fiscal year, the City has completed nearly 80% of our FY16 objectives. Most of the balance will be completed in the next three months. Portions of a few will continue into FY17 and completed along with our FY17 objectives. Staff recommends the Council receive and file this report.

**Attachments**

- 1. FY 2015/16 Annual Goals Update presented Nov. 2015
- 2. FY 2015/16 Goals Tracker



AGENDA NO: D-1

MEETING DATE: November 10, 2015

## Annual City Goals Update Staff Report

**TO: Honorable Mayor and City Council**

**DATE: November 4, 2015**

**FROM: David Buckingham, City Manager**

**SUBJECT: FY 15/16 City Goals Update**

### **RECOMMENDATION**

Receive and file. Consider approving one or more staff recommendations on goal / objective reprioritization recommended throughout this report and summarized at the end of this report.

### **OUTLINE**

1. City Update Overview
2. 10 Key Activities in 2015
3. Item by Item Status of Seventy-Three FY15/16 Objectives
4. Other Important Completed / Ongoing Activities
5. Management Partners Organizational Study Recommendation Status
6. FY14/15 Year-End Budget Overview
7. Communicating in the Community Update
8. Council Action

Prepared By:    DWB   

Dept Review:    All   

City Manager Review:    DWB   

City Attorney Review:    NA

## 1. CITY UPDATE OVERVIEW

a. **Purpose and Explanations.** The purpose of this report is to provide a mid-year FY 2015/16 update on a number of items including our FY15/16 Goals and Objectives, year-end FY14/15 budget, the Management Partners Organizational Survey, and the City's ongoing efforts to improve communication in the community.

- 1) While the City's FY2015/16 Goals and Objectives strictly run from July 1, 2015 to June 30, 2016, some liberty is taken in this report to look back a full year, while looking ahead primarily through June 2016.
- 2) It is also important to note that in some cases work on objectives is ongoing. That is, work continues on implementation of a particular item. In cases where implementation work is ongoing, but critical research, approval and funding hurdles have been crossed, this update may count that objective as being "complete". In other cases, items that are underway but that still require significant Council, Staff or community effort or input may be counted as "ongoing."

b. **City Goals and Objectives.** Beginning in December 2014 and continuing through January and February 2015, the City went through a 2-month public process to consider and refine the City's existing 10 goals, and to identify specific objectives under each goal to be worked on in FY 15/16. The City's 2015/16 Goals and Objectives were approved by Council on February 24, 2015 and are attached to this document. Through that process, the City Council refined our goals as follows:

- 1) Develop New WRF
- 2) Improve Streets
- 3) Review and Update Significant City Land Use Plans
- 4) Maintain Core Public Safety Services
- 5) Ensure Fiscal Sustainability
- 6) Support Economic Development
- 7) Improve City Infrastructure, Facilities and Public Spaces
- 8) Enhance Quality of Life
- 9) Improve Water Supply Diversification
- 10) Improve City Operations

- c. That process also produced 73 discreet objectives associated with the above 10 goals. These objectives were adopted as “specific objectives the City intends to accomplish in the February 2015 to June 2016 time period.” The goals and objectives memo also noted that some objectives may not be completed if adequate resources, time and money, are not available.

## 2. Ten Key 2015 Accomplishments

- a. Before launching into an update on the City’s FY15/16 Goals and Objectives, here’s an overview of 10 key activities this year:
  - 1) **Setting Goals and Objectives.** A first accomplishment to note is that, for the first time, the City identified specific, measurable, annual objectives under each goal – essentially an annual work plan – and tied these objectives to the development of the City Budget. This is a management best practice and was actually recommended by Management Partners after we had already begun the process. So, as we will see, in some respects the Management Partners Organizational Survey was actually a confirmation of practices implemented by the City early this year.
  - 2) **Budget Process – 10-Year Forecast and Improved Transparency.** For the first time ever, Morro Bay executed a 10-year budget forecast, looking in detail at revenues and expenses over a 10-year period. Measurable improvements were also made to the FY15/16 budget development and deliberation process.
  - 3) **WRF Progress.** While we are currently conducting some important analysis on site selection, the WRF planning and construction process has moved decisively forward. In the past year the Council decided to build a Morro Bay owned and operated WRF that will recover the 1 million gallons of water a day that we currently dump into the ocean. Our Program Management team is on board, as is the Facility Master Planning team. Contract for Environmental Services has been approved and is ready to be executed. Field work for the fatal flaws analysis at the original Rancho Colina site is complete.
  - 4) **Stronger / Improved Management Practices.** City Staff, and Council, have taken action to significantly improve internal management practices. The staff now conducts detailed quarterly budget reviews (recently including members of the Citizens Finance Committee) to look more stringently at quarterly revenues and

expenditures. After many years with the same auditor, staff contracted this year with a new auditing firm, another management best practice. Staff also purchase and is implementing a purchasing module for our accounting software which will require most City purchases to be made through the finance department instead of on City Credit cards, significantly improving oversight and legal review.

- 5) **Improved Relationships with Regional and State Organizations.** The City has worked to measurably improve relationships with regional and state organizations. Our significantly improved relationship with the California Coastal Commission is critical to the General Plan / Local Coastal Plan update and has resulted, among other things, in the CCC decision to host their February 2016 meeting in Morro Bay. City Council and staff are also working closely with the SLO Economic Vitality Corporation in all areas of Economic Development and a recent City staff presentation to the EVC resulted in several new relationships that we anticipate will translate into increased investment in Morro Bay.
- 6) **Cost Recovery Policy and Improved Fee Structure.** The City Council approved the City's first comprehensive Cost Recovery Policy, another management best practice. That policy was the basis of a fee review to ensure fees for City services are set appropriately each year and based on a thoughtful policy.
- 7) **Business Recruitment and Expansion.** As part of the LEAP process and continuing economic development focus, the City has worked closely with a number of businesses to help them to transition to Morro Bay, or help them expand their business in Morro Bay. Three examples include Elemental Herbs' move from Los Osos to the previously vacant Sun Bulletin Building, expansion of South Bay Wild's commercial fishing concern to include a fish cleaning, packaging, storing and shipping facility, and the ongoing renovation of The Siren at Harbor and Main, the first significant non-hotel renovation investment in the Downtown in several years.
- 8) **Utility Discount Program.** As part of an essential raising of water and sewer rates to generate the minimum levels of revenue required to provide these services, the City Council instituted an easily accessed Utility Discount Program for financially challenged residents, providing an ~10% discount on water and sewer bills for most participants.
- 9) **Improved Communication.** The City has made huge improvements in the breadth and depth of our communication with the public. New this year are a regular City

column in the Bay News providing facts on City activities and programs, routine use of water bill mailers to communicate broadly on two subjects a month, a vibrant Facebook page with a 10X increase in the number of “likes” and a 100X increase in the amount of City / resident interaction over 8 months. Video recordings of City meetings are now posted on YouTube, allowing residents to view and review Council, board, commission and committee meetings 24/7/365.

**10) Improved Event and Group Coordination.** Understanding the importance of marketing Morro Bay as a destination with a range of activities interesting to a broad range of residents and potential visitors, the City is working to significantly improve event coordination. This year, City staff’s work with the Harbor Festival Board helped “remake” that signature event into a more accessible and Morro Bay business friendly activity. The City also ran the Morro Bay 4th of July celebration as a resident focused, family-friendly event including the ribbon cutting at the new Morro Creek Bridge as a kick-off to the Bike Parade. The City’s renewed regional group and local event focus were crucial in our selection as a host City for the 2016 AMGEN Tour of California bike race. Staff is working closely with a regional group to bring an annual “Yoga at the Rock” event to Morro Bay beginning in 2016.

### **3. Status of FY15/16 City Goals and Objectives.**

a. **Completion Status.** As of Nov 10, 2015, of the 73 2015/16 objectives adopted by Council:

- 1) 22 (30%) are complete or in implementation phase to completion.
- 2) 42 (58%) are ongoing.
- 3) 5 (7%) will be started in the months ahead.
- 4) 4 (5%) were not budgeted for.

Considering both time and money as essential resources, staff recommends, based on time available and pace for the community, moving several objectives off the FY15/16 work plan for consideration next year.

b. **Objective by Objective Review.**

**1) Goal #1 - Develop New WRF**

- a) **Public Input.** *Ensure robust WRFCAC and public engagement for major WRF decisions.*

**Ongoing.** The WRFCAC is quite active and functioning very well, having been an integral part of every significant WRF decision including the decision to build a “Morro Bay WRF” and selection of key consultants from Program Management to Environmental Consultants. The City has sought and received robust input from the public throughout the process and is now engaged in a deep and deliberate public outreach and engagement campaign approved by the Council. Stakeholder interviews are ongoing and two public workshops on different topics have been held in the past month.

- b) **Governance.** *Bring a recommendation to City Council for the governance structure with the Cayucos Sanitary District for the future WRF.*

**Complete.** This objective is complete. The Cayucos Sanitary District withdrew from the project and on May 12, 2015 the City Council decided the new WRF will be owned and operated by the City of Morro Bay.

- c) **MOU for Now.** *Bring a recommendation to Council for an interim agreement with the Cayucos Sanitary District defining the roles and responsibilities for the preliminary engineering and environmental review phase of the WRF project.*

**Complete.** This objective was obviated by the Council’s May 12 decision to build a Morro Bay WRF.

- d) **Fatal Flaws.** *Complete a detailed “fatal flaws” analysis of the “Rancho Colina” site including: Cultural Resources, Biological Resources, Geotechnical and Groundwater.*

**Complete.** While we await the final written reports from two of the Fatal Flaws analyses that will inform the Facility Master Planning Process, the analysis is complete and there are no fatal flaws on the originally identified SE portion of the Rancho Colina site.

e) **FMP.** *Complete the first phase of Facilities Master Plan, including: consultant team selection, decision regarding direction for the use of reclaimed water and a robust analysis of new treatment technologies that meet the anticipated requirements for use of reclaimed water.*

**Ongoing.** The Facility Master Planning contract was awarded on July 14, 2015 and the team is actively working the Master Plan with completion projected no later than April 2016, on schedule with the our 5-year construction timeline.

f) **Environmental Review.** *Complete an Initial Study for the preparation of an appropriate environmental review document.*

**Ongoing.** The Environmental Review contract was approved by Council in Oct 2015 and the consultant is ready to start work.

**Note.** Based on the status of ongoing negotiations with the Rancho Colina property owner, staff recommends Council formalize this new objective: “WRF Property MOU. Negotiate and finalize an MOU, subject to appropriate Environmental Review, for the purchase of appropriate and sufficient property to construct a WRF consistent with previously adopted Council Goals.

## 2) Goal #2 - Improve Streets

a) **Streets Ballot Measure.** *Research and bring to Council for decision a ballot measure for a district transaction tax, Bond measure or other financing mechanism that would provide revenue to secure financing to rebuild/repair all Morro Bay streets in 5 years.*

**Ongoing.** The Council decided not to consider a streets ballot measure in 2016 but simultaneously directed staff to consider a streets financing approach, essentially taking out a loan to do significant street work in the next 2-3 years

and paying that off over 20-30 years with measure Q revenue. This item is going to CFC and PWAB in Nov / Dec and will come to Council for direction in Jan-Mar.

- b) **Traffic Management Plan.** *Prepare and bring to Council for adoption a neighborhood traffic management plan for both residential and commercial neighborhoods that is consistent with the State of California's "Complete Streets" requirements and improves safety and access for all users: vehicles, bikes, and pedestrians. Implement five traffic safety and/or calming measures, as recommended in the adopted plan.*

**Ongoing.** Work on the traffic management plan is ongoing. With respect to traffic calming, staff will start work on a traffic calming project at Pacific and Main before in Nov / Dec. Staff also hopes to find some affordable and feasible improvement possibilities to the San Jacinto and Main intersection, and Easter and Hwy 1.

- c) **Traffic Control Measures.** *Prepare an asset database and maintenance plan for all traffic control devices, including signs, signals, feedback devices and pavement markings.*
- *Refresh marking of all crosswalks; stop bars; legends; parking stall markings; and bicycle lane marking in commercial districts, collector and arterial streets, designated pedestrian routes, and on all routes to schools.*
  - *Replace 20-percent per year of the regulatory signs that do not meet FHWA's retro-reflectivity requirements.*

**Ongoing.** Work on the asset database is ongoing. Some repainting is complete and additional repainting is ongoing. Replacement of regulatory signs is ongoing. This items will continue through the fiscal year.

- d) **Pavement System.** *Update the Pavement Management System software and inspection verification to evaluate streets for maintenance needs. Crack seal all applicable streets in the East Beach Tract (AKA Island Streets).*

**Ongoing.** Cracksealing of the East Beach track is scheduled for Nov / Dec.

- e) **Bike Needs.** *Bring one or more unmet bike needs and/or maintenance of existing bike paths to Council for funding consideration in the 2015/2016 budget process.*

**Ongoing.** Several bike needs have been completed including installation of many new bike racks in the downtown, and painting of green bike lanes near the High School. Work is also underway to site some “themed” bike racks on the waterfront. Resurfacing of the Cloisters / High School bike path will complete this objective for 2015/16. Many bike needs remain for future years.

### 3) **Goal #3 - Review and Update Significant City Land Use Plans**

- a) **GP/LCP.** *Complete GP / LCP update and integration by December 2017.*

**Ongoing.** A General Plan Advisory Committee was selected by Council and is working. Adequate funds are budgeted to complete the GP/LCP update in two years. An RFP has been released for a GP/LCP consultant and GPAC recommendation, with contract, should come to Council in Jan 2016. The City is prepared to begin the GP/LCP update in January 2016 to be complete in two years.

- b) **Secondary Unit Ordinance.** *Complete revision / update of the City’s Secondary Unit Ordinance.*

**Ongoing.** The Secondary Unit Ordinance is going to Planning Commission in Nov – Jan and should come to Council for approval in Feb ’16.

- c) **Sign Ordinance.** *Complete revision / update of the City’s Sign Ordinance.*

**Ongoing.** The Sign Ordinance process is ongoing; PC to kick off process in Nov with four business / public outreach sessions planned for Dec – Jan 2015. Updated ordinance may come to Council in Mar ’16.

- d) **Neighborhood Design.** *Develop and implement neighborhood design guidelines.*

**Complete.** The Council approved updated Neighborhood Design Guidelines on July 14, 2015.

- e) ***Downtown Specific Plan.*** *Update the existing Downtown Specific Plan for implementation and certification with design guidelines to establish the identity and vision of downtown, include "Old Town" resolution as part of the update process.*

**Scheduled.** Work on a downtown plan is scheduled to begin in the spring, following work on objectives 7a and 7b. Based on a full reassessment, input in the LEAP process, and additional staff research, staff recommends Council change this goal to a Downtown / Waterfront Strategic Plan. The Downtown / Waterfront Strategic plan will look holistically at both the Downtown and Waterfront as one entity, linking them more closely together, will save money since some items in a Downtown Specific Plan would be replicated in the General Plan update, and will provide all of the important parameters and information to encourage investment in the Downtown / Waterfront area – while also getting consensus on branding and theme for Morro Bay’s core. Staff recommends Council modify this objective to: Develop a Downtown Waterfront Strategic Plan for implementation and certification with design guidelines to establish the identity and vision of the Downtown / Waterfront core of Morro Bay.

#### **4) Goal #4 - Maintain Core Public Safety Services**

- a) ***CERT and EOC.*** *Complete four regional Community Emergency Response Team (CERT) courses with bi-monthly continuing education for our citizens and enhance our Emergency Operations Center (EOC) position training for City employees, volunteers, and City Council.*

**Ongoing.** CERT Training is continuing with our next community class scheduled for January 12th. Our local CERT have been meeting bi-monthly and has participated in our latest Point of Distribution drill. The City Council will participate in an EOC “Policymakers” seminar tentatively in November with staff EOC training for our City employees and volunteers following. Other training has been conducted and is ongoing. Due to time constraints (especially during fire season) we may not reach the goal of EOC bi-monthly training.

- b) ***Drought Annex.*** *Complete the drought annex to Part II of our City's Multi-Hazard Emergency Response Plan.*

**Ongoing.** Further assessment identified that before the drought annex can be complete, the City's Mitigation Plan must be updated and we have begun the 18-month process of updating the Mitigation plan, after which the Drought Annex can be completed. Our Mitigation Plan public workshop is scheduled for December 3rd with an online survey to follow shortly.

- c) ***IT Communication.*** *Create and implement IT solutions to enhance public safety communication to the community.*

**Complete.** The Morro Bay Police Department APP has been launched and is in use around the City.

- d) ***Code Enforcement.*** *Bring a proposal for a proactive code enforcement program to Council for decision and immediate implementation.*

**Complete.** The Council budgeted for two Code Enforcement officers and they have been hired. Staff updated Council on the implementation plan and it is ongoing with significant public education in Nov – Jan and proactive enforcement, primarily using warnings followed by administrative citations, planned to begin in February.

- e) ***Emergency Plan Updates.*** *Complete all emergency plan updates presented by San Luis Obispo County Office of Emergency Services that affect our Mass Casualty, Nuclear, Hazardous Materials, and Tsunami events.*

**Ongoing.** No updates have been presented yet to date by the San Luis Obispo County Office of Emergency Services. We anticipate some updates in the spring.

- f) ***Body-Worn Cameras.*** *Complete implementation of body-worn camera technology for all police officers.*

**Ongoing.** Cameras are on hand and being tested while MBPD policy for use is written and adopted. To be complete in Jan 2016.

- g) **PD Strategic Planning.** *Establish Police Chief's Advisory Committee and complete Police Department Strategic Plan to enhance organizational efficiency and community collaboration.*

**Ongoing.** MBPD began work on strategic plan in Oct '15.

- h) **Public Safety Ordinances.** *Bring to Council ordinances related to emerging public safety trends.*

**Complete.** The Council passed a Synthetic Drug ordinance in April 2015 and amended the Sale and Use of Fireworks ordinance in April 2015.

- i) **FD Strategic Plan.** *Complete a Fire Department strategic plan update to improve organizational efficiency.*

**Ongoing.** Phase one of the strategic plan is complete. Work to complete the plan is ongoing.

## 5) Goal #5 - Ensure Fiscal Sustainability

- a) **Budget Process.** *Retool the City's budgeting process, improving transparency and simplicity while considering biennial and program-based budgeting. Develop a 5-year strategic budget forecast.*

**Complete.** The City completed significant of transparency and simplicity improvements to the budget process during development of the FY15/16 Budget, including a first-ever 10-year budget forecast, a measurably improved budget letter and a firm step toward requirements based budgeting. The Council considered biennial budgeting and agreed not to implement biennial budgeting until the FY 17/18 budget cycle. More work to be done in the FY 16/17 budget cycle, but the FY15/16 objective was completed.

- b) **Financial Reporting and Oversight.** *Bring to Council a recommendation to establish a Financial Oversight body. Develop an improved process for financial reporting that is transparent and easy to understand.*

**Complete.** The City Council appointed a Citizens Financial Oversight Committee, received and approved that committee's 2016 work plan, and the committee, having recently participated in the City Manager's 1st Quarter FY 15/16 budget review, is actively engaged assisting in financial oversight.

- c) **Capital Replacement.** *Establish capital replacement accounts in FY 2015/16 for all major capital assets and include a minimum contribution to each account in the 2015/16 budget.*

**Complete.** For the first time in recent history, the City established a capital replacement (funded depreciation) account and deposited \$100,000 into that account with the FY 15/16 budget.

- d) **Fee Recovery.** *Review and bring to Council for decision balanced cost recovery for City fees and charges.*

**Complete.** In Oct '15 the City Council established the City's first comprehensive cost recovery policy and the City's current fee schedule is based on actual cost of services in accordance with that policy.

- e) **Management Partners.** *Research and implement or bring to Council for adoption or rejection all Management Partners recommendations.*

**Ongoing.** This staff report includes an update on the 65 Management Partners recommendations with recommendations for each.

- f) **Vehicle Leasing.** *Research and decide on City vehicle leasing vs. ownership policy.*

**Complete.** Staff researched the pros and cons of leasing vs ownership for City vehicles. Based on the relatively small size of the City and our vehicle fleet, and

that we keep our vehicles far beyond the normal leasing life, we determine not to go to a leasing model at this time.

- g) **Energy.** *Explore renewable energy projects that reduce energy costs.*

**Ongoing.** A low-interest loan is being finalized and coordination ongoing to have solar panels installed on most City buildings in spring 2016.

## 6) Goal #6 - Support Economic Development

- a) **LEAP.** *Provide a high degree of staff support and participation in the Local Economic Action Plan process; bring appropriate LEAP proposals to Council.*

**Complete.** Staff remained fully engaged in the LEAP process through the year and to the completion of the engagement period. Staff is now LEAPing to an enduring Economic development plan.

- b) **Economic Development Strategic Plan.** *Bring to Council for decision, a proposal to retain a consultant to help the City create a 5-year Economic Development Strategic Plan.*

**Complete.** Council budgeted for an Economic Development Strategic Plan and staff worked the process. Following an appropriate competitive RFP period, the City will select a consultant in Nov to provide assistance in completing an Economic Development Strategic Plan. Development and implementation of the plan should be considered a high priority objective for FY16/17 objectives.

- c) **High-Speed Fiber.** *Coordinate and bring to Council for decision, options for a public / private partnership to deliver high-speed fiber connectivity in Morro Bay.*

**Ongoing.** Council budgeted adequate funds for a public / private partnership to deliver high-speed fiber to Morro Bay. Staff has conducted fairly extensive research and discussion with various entities that might be part of a solution to

this objective. Staff intends to release an RFP for a high-speed fiber project in early in 2016.

- d) ***Tri-W Property.*** *Research and bring to Council for decision and possible incorporation into the General Plan / LCP, partial business development of the “Tri-W” property while preserving a large portion of the space as a green belt and dedicating a portion to affordable housing.*

**Ongoing.** Staff has done some research, and initial discussion with potential investors, on this objective. However, for a number of reasons, including staff time and energy focusing on other priorities, general pace of activity in Morro Bay, and synchronization with other community interests such as a greenbelt, staff recommends Council remove this item from our FY15/16 objectives and direct staff to incorporate it in the GP/LCP process while also remaining engaged with investors who may have the interest and capacity to bring in a diverse project for this site.

- e) ***Marine Services Facility.*** *Evaluate the ongoing boatyard studies and bring to Council for guidance, the feasibility and/or proposals for establishing a marine services facility in Morro Bay.*

**Ongoing.** Through the HAB, staff brought Council the market analysis study that determined there was at least a adequate market to deserve continued analysis for a Marine Services Facility in Morro Bay. Council directed an initial feasibility study to examine the potential of siting such a facility in the “triangle” parking lot adjacent to the MBPP. That study is underway. Staff will bring the results of that analysis through the HAB and to Council for direction on whether or not to conduct a broader feasibility study for a Marine Services Facility at that site or another possible site in Morro Bay.

- f) ***Event Coordination.*** *Implement, or bring to Council for decision, appropriate measures to improve event coordination and support in Morro Bay and consider an event coordinator function.*

**Complete.** The recently hired Deputy City Manager, whose duties include improving event coordination and support is complete and having a positive

effect on event coordination in Morro Bay. There is still work to be done in the area of event coordination, but the recent selection of Morro Bay as a host city for the AMGEN Tour of California, work on a 2016 Yoga at the Rock festival projected to attract over 1000 participants, and the success of the newly redesigned Harbor Festival demonstrate significant progress in this area and complete of the FY 15/16 objective.

- g) **Chamber of Commerce/Tourism Bureau Relationships.** *Evaluate, analyze and present to Council alternate models for partnerships between the City and both the Chamber of Commerce and Morro Bay Tourism Board.*

**Ongoing.** The transition of the Morro Bay visitor Center from a \$100K/year activity under the Morro Bay Tourism Bureau to a \$50K/year activity under direction of the Morro Bay Chamber of Commerce marks completion of a new model for a major facet of the relationship between the City and the Chamber. Consideration of an alternate model for delivering tourism marketing and promotion is ongoing.

- h) **Projects.** *Continue forward momentum on various projects including: Maritime Museum, Marine Research Center / Aquarium, Coast Guard facility, and Tidelands Park fish cleaning station.*

**Ongoing.** Work on all four of these projects is continuing and in various degrees of completion. City public works groundwork to set the physical stage for Phase I of the non-profit Maritime Museum is complete and staff is currently working on a new agreement with the Maritime Museum to reflect the current situation. Staff will bring a proposal for an Aquarium / Marine Research Facility to Council in December for Consent of Landowner approval. Staff continues to support USCG efforts to build / expand their facility. Work on the Tidelands Park fish cleaning station is scheduled for early next year.

## **7) Goal #7 - Improve City Infrastructure, Facilities and Public Spaces.**

- a) **Old Town Link.** *Design and bring to Council for approval a specific plan to link the Embarcadero with Old Town at Centennial Parkway. If approved, begin work as soon as resources allow.*

**Ongoing.** For efficiency, staff is working this objective and the 7b “Embarcadero Promenade” objective simultaneously - and work is ongoing. Staff selected a consultant to lead a stakeholder / public engagement conceptual design process that will result in concept plans for the possible redevelopment of Centennial Parkway and expansion of the narrow Embarcadero sidewalk into a wider promenade. Stakeholder interviews are underway and a public design workshop will be held late this year or early next year.

- b) **Embarcadero Promenade.** *Develop constraints and cost analysis, then pilot, design and bring to Council for decision, an Embarcadero Promenade project to widen the west side Embarcadero sidewalk to ~15 feet as part of a Waterfront Master Plan.*

**Ongoing.** See above.

- c) **Parking.** *Leveraging the 2007 Parking Management Plan, begin implementation of specific parking management and improvement actions, including enforcement and targeted use of pay parking. Consider implementation of 60/90-degree angle center aisle parking to increase parking density. Consider lease of vacant lots for parking. Convert the “triangle lot” to temporary parking and plan for its future use.*

**Ongoing.** Staff has completed a number of parking improvement projects and several others are under consideration. Early this year parking “t’s” were painted on many downtown streets, improving available parking by better designating available spaces. Last month, the “triangle” parking lot was opened, providing around 100 new parking spaces on the Embarcadero for several years as we determine the best long-term use of that space. The city is in the final stages of acquiring the parking lot at Pacific and Market which, if the purchase goes through, will add ~40 additional spaces accessible to both the downtown and Embarcadero areas. Staff plans to begin implementing other recommendations from the 2007 Parking Management Plan after getting direction from Council in January.

- d) **ADA Compliance.** *Complete a full ADA compliance assessment of all City facilities and develop a plan to address issues, budgeting and executing for an appropriate amount for ADA compliance in FY 15/16.*

**Ongoing.** Council budgeted for both an ADA assessment and to make ADA improvements in public spaces. Staff is in the final stage negotiating a contract for a comprehensive ADA assessment and is prepared to execute improvements recommended by that assessment. Staff has also designated a City ADA coordinator and added an ADA facet to the City Website, both essential aspects of a compliant and effective ADA program.

- e) **Needs Assessments.** *Complete Harbor and Police Department's needs assessment for recapitalization of department buildings.*

**Ongoing.** Both assessments were funded and are under way. The Harbor assessment was just completed and is being evaluated for next steps.

- f) **City Property.** *Research and bring to Council for consideration, best future use of all City properties.*

**Complete.** Council reviewed the City property list and provided direction. Three pieces of city property are on the market with strong offers on one.

- g) **Sidewalk Improvement.** *Conduct a complete assessment of all City sidewalks and develop a plan for grinding and/or replacement with a focus on parks, school zones and business districts.*

**Not Funded.** This objective was not funded. However, part of this assessment will be made under objective 7.d. (ADA Compliance). Staff recommends Council remove this objective from the FY15/16 work plan and consider it again in FY16/17 goals and objectives process.

- h) **Sidewalk Responsibility.** *Bring to Council for decision, a process for implementation of the California Streets and Highways requirements for street frontage maintenance.*

**Not started.** As time allows with other higher priorities, staff intends to bring this item to Council in spring 2016.

- i) **Street Signs.** *Design and bring to Council for decision, a distinctive design that captures Morro Bay's image for new street name signs.*

**Not Funded.** This objective was not funded and should wait on completion of the Downtown / Waterfront Strategic Plan that should include a more compressive branding / image and signage component. Staff recommends Council remove this objective from the FY15/16 work plan and consider it again in FY16/17 goals and objectives process.

- j) **Way-Finding Signs.** *Update and/or replace 20% of "way-finding" signs across all of Morro Bay.*

**Not Funded.** This objective was not funded. However, part of this assessment will be made under objective 7.d. (ADA Compliance). Staff recommends Council remove this objective from the FY15/16 work plan and consider it again in FY16/17 goals and objectives process.

## 8) Goal #8 - Enhance Quality of Life

- a) **New Pool.** *Develop and implement a plan to operate the community-use portion of the new high school pool, including a new Joint Use Facilities Agreement with the San Luis Coastal Unified School District (SLCUSD).*

**Ongoing.** Staff has conducted several meetings with school district officials and community stakeholders to ensure the community aspects of pool design and construction are implemented. Recreation staff is working to develop effective and efficient community-use agreements and processes when the pool opens in Fall 2016 with programming likely to begin later that year or in early 2017.

- b) **Access to Healthcare.** *Initiate outreach to appropriate healthcare providers with the goal of reestablishing a health center in Morro Bay that provides improved accessibility to our medically underserved residents.*

**Not started.** Staff intends to begin work on this objective early next year.

- c) **Funding of Non-City Events.** *Develop and bring to Council for approval, policies and procedures regulating the use of City funds for non-City events.*

**Ongoing.** Staff is working on a comprehensive City Events policy that will address both this objective and objective 8.d. (City Events). Staff anticipates bringing this policy to Council for initial discussion early next year.

- d) **City Events.** *Bring to Council for decision, a list of City of Morro Bay sponsored events. Focus resources to enhance those events.*

**Ongoing.** See 8.c. above.

- e) **QOL Survey.** *Implement annual community quality of life/customer service surveys.*

**Not Budgeted.** While staff has implemented the use of broad surveys for a number of projects, money for this QOL Survey was not budgeted in FY15/16 and staff recommends Council remove this item from the FY15/16 Objectives.

- f) **Community Needs Assessment.** *Conduct a community needs assessment to reestablish recreational priorities for residents and visitors.*

**Complete.** This Cal Poly facilitated Community Needs Assessment was completed by Recreation Staff and is being used to help inform Recreation Department improvements.

- g) **Recreation Program Improvements.** *Improve marketing and execution of core recreation programs.*

**Complete.** While there is work to be done providing a broader range of better-executed recreation opportunities in Morro Bay, staff budgeted for and has implemented a number of marketing improvements that are having a measurable effect in the community.

## 9) Goal #9 - Improve Water Supply Diversification

- a) **State Water.** *Conduct an assessment of the long-term requirements for continued participation in the State Water Project, conduct initial determination what level of participation is appropriate, and identify timeline for contract renewal.*

**Ongoing.** Council, staff and community have begun a broad conversation on Morro Bay's future water supply and staff intends to bring this item formally to Council for initial discussion in the Spring of 2016. Morro Bay's State Water Contract ends in 2021. Staff recommends an update to the City's Water Master Plan be added to next year's City objectives.

- b) **DeSal Permit.** *Complete the Coastal permitting of the City's existing desalination plant support infrastructure including the seawater wells and the outfall.*

**Ongoing.** The City's consultant is working permit renewal. Staff is hopeful this will be complete by June 2016.

- c) **Rate Study.** *Complete the ongoing water (and sewer) rate study and bring to Council for decision, a balanced plan to ensure the fiscal sustainability of City Water (and Sewer) Funds.*

**Complete.** Following a lengthy and comprehensive public process, Council approved new water and sewer rates for 2015 – 2020 and those rates are in place, providing necessary funds to keep the water enterprise fund solvent and for Phase I construction of the new WRF. Council also approved a special rate discount program for financially challenged residents, providing around a 10% discount for water use.

- d) **WRF Water Usage.** *Develop a reuse plan for WRF recycled water that protects and enhances the City's current water supply, while considering additional appropriate uses of recycled water in accordance with the City's approved Local Coastal Plan policies.*

**Ongoing.** This objective is being addressed as part of the WRF Facility Master Plan. The FMP, and water reuse studies associated with that FMP, are ongoing.

- e) **Regional DeSal.** *Research and, if appropriate, bring to Council for information, the potential of a public-private partnership (3P) to design, build and operate a regional desalination facility (eg Poseidon Facility) that could sell drinking water into regional / state water system.*

**Not Started.** While staff has conducted some limited research and discussion on this objective, no significant effort has yet started. Staff recommends Council remove this item from the FY15/16 objectives while directing staff to keep this idea in mind as opportunities may present themselves, including as a possible aspect for development of the MBPP.

- f) **Conservation.** *Continue City implementation and community education to improve water conservation.*

**Complete.** While conservation efforts can and will continue, the Public Works brought a "Waster Summit" item through the PWAB and to Council and the Council approved several new water conservation programs. Information on those programs is easily accessible on the City website as is implementation in the Public Works department. The City has exceeded our State-mandated 12-percent water conservation goals required this year.

- g) **Groundwater Improvement.** *Evaluate Morro and Chorro creek groundwater basins for salts and nutrients and identify strategies to improve water quality.*

**Ongoing.** Morro Creek groundwater studies are ongoing as part of WRF Facility Master Planning. Staff is conducting a cost / benefit analysis of a similar effort in the Chorro Creek basin.

## 10) Goal #10 - Improve City Operations

- a) **Public Input.** *Provide opportunities for robust public involvement and input in all major City decisions.*

**Ongoing.** Staff continues to seek robust input on all major decisions. The recent public outreach sessions on WRF construction have been reasonably well attended. As noted above, public engagement is planned for many upcoming items including the Sign Ordinance and Centennial Parkway / Embarcadero Promenade concept plans. This objective is critical to effective local government, can always be improved, and will never be “complete”.

- b) **Vision, Values and Mission.** *Develop and bring to Council for adoption, City of Morro Bay Vision, Values and Mission Statement.*

**Ongoing.** Some public outreach on this objective is complete and the GPAC will be working draft Vision and Values in Nov-Dec. Staff intends to bring this item to Council for discussion in early next year.

- c) **Strategic Planning.** *Research and bring to Council for adoption, a City strategic planning framework.*

**Complete.** Council approved a City strategic planning framework for goals, objectives and budget process. (A white paper and resolution memorializing this process will come to Council in the next month.)

- d) **Information Technology.** *Fundamentally remake IT operations in the City - consider every approach, system, platform, software solution and best practice to gain efficiency, effectiveness, collaboration and transparency using IT solutions. Write IT Master Plan.*

**Ongoing.** Council budgeted for a significant ‘remake’ of City IT and that process is well underway. Council approved a contract for City Works, a customer-facing permitting and work order system and that project is in implementation. Also ongoing is an IT inventory and needs assessment. IT Strategic Plan will follow.

Staff changed our IT budgeting process, consolidating all IT activities in a single account under the Deputy City Manager to ensure consistent acquisition and implementation of IT across all departments.

- e) **Public Information.** *Measurably improve public information and public outreach, maximizing IT solutions while ensuring residents less tech-oriented have appropriate access to public information.*

**Complete.** The City has significantly improved the breadth of depth of our public information, both digitally and using traditional tools. The City Manager now has a column presenting City information in every issue of the Bay News and the City is sending informational mailers with every water bill. The City's Facebook page is a broad and vibrant location for "what's happening" in Morro Bay. "Likes" on that page have increased 10 times in the past 6 months and some posts have a reach to over 10,000 distinct people. The new City Website, better organized and more accessible, was deployed on Nov 5 and included a significantly improved "My Morro Bay" constituent interface that will replace "Let Us Know" to provide improved communication with our residents city services.

- f) **Water Metering and Billing.** *Research and bring to Council for decision, a contracted arrangement for automated water meter reading and complete billing operations.*

**Ongoing.** Staff and the PWAB worked this item for several months and the City is in receipt of one proposal to provide comprehensive water metering and billing. Some concerns identified in the process include a need to more closely review our current water meter replacement process to determine what improvements may be realized solely with meter replacement. Staff recommends Council remove this objective from our 2015/16 list for future consideration.

- g) **Customer Service.** *Take customer service to world class level. Develop and implement employee customer service standards. Develop and implement an employee recognition system for providing great customer service.*

**Scheduled.** While some areas of customer service have improved markedly, timeliness of Community Development actions (ie, building permits) and public information for example, Staff intends to begin a structured and more determined effort in to improve customer service, including service standards and a more formal employee recognition system.

- h) **Grants.** *Research and apply for all possible grants to help fund renewal, operations and capital improvements.*

**Ongoing.** As of Nov 1, the Community Development Department has executed two (2) grant agreements for \$397,000 and received Council authorization for submittal of 1 grant application to Caltrans for \$50,000. The Harbor Department successfully secured and executed approximately \$153,000 in four different grants.

#### **4. Other Important Completed / Ongoing Activities**

- a. **Reorganization of City Departments.** City staff completed a reorganization of some City departments to improve efficiency and provide capacity to focus on a number of key functions. Maintenance Division was moved from the Recreation Department to Public Works – a better fit as most City Maintenance efforts are engineering, facilities and infrastructure centric – all Public Works areas of key competence. Planning and building activities were elevated into a stand-alone Community Development Department, significantly improving the efficiency and City-level focus on those critical activities. The IT Division, along with Economic Development, Public Information and supervision of Recreation Services were consolidated under a new Deputy City Manager – proving significantly improved City focus on those key areas of internal and external operations.
- b. **Tourism Marketing District.** Morro Bay joined the Visit SLO County regional Tourism Marketing District. An additional 1% of lodging rates spent on overnight visits in Morro Bay now help market SLO County as a destination around the country and around the world.
- c. **Business License Audit.** The City’s business licenses audit prompted a complete review of the business licensing code and system. Based on the audit and review, the Council took action twice to modify our ordinances relating to business licensing. In Nov 2014

the Council approved a temporary amnesty from penalties for unpaid taxes, allowing businesses without licenses to “get healthy” without paying penalties. At the same time, the Council approved a new reduced-cost business license (about \$32 instead of \$137) for low-revenue businesses. In June, following a complete review of our business licensing code / system, the Council approved other changes including a new \$4000 gross revenue threshold under which no license or tax is required at all.

- d. **Harbor Lease Audit.** The Harbor department had been continuing a three year effort to audit our Tidelands Trust leases. Of 22 master leases audited, representing 57 separate business audits, audits are complete on 14 master leases with 8 remaining.
- e. **Cloisters Neighborhood Group.** The City has significantly improved communication and cooperation with the Cloister Neighborhood Group in general, particularly working through and improving the functioning of the Cloisters Assessment District. This includes quarterly community meetings and monthly working group meetings. The proposed major maintenance work includes evaluation of bike-paths for resurfacing, renewing/reducing the landscaping in the medians, and play equipment replacement.
- f. **Special Olympics.** In addition to running the 4th of July as a City event, the City partnered with the Lions Club to host athletes from the United Arab Emirates participated in the 2015 Special Olympics World Games in Los Angeles.
- g. **Closed City Gas Station, Reduced Costs of Fuel.** The City got out of the gas station business (the City used to run a gas station to serve City vehicles), saving significantly on the cost of fueling City vehicles. City vehicles now use a State administered gas card, allowing City vehicles to fuel at local service stations and reducing our cost per gallon (by removing overhead) by about 30%.
- h. **Healthcare Reopener.** As part of existing contracts, the City was required to reopen negotiations on healthcare reimbursement with representatives of our three employee unions. While the cost of health care continues to increase significantly, the City and our unions reached a reasonable accommodation, keeping the Employee paid percentage and the City paid percentage at essentially the same level as negotiated last year.

## 5. Management Partners Organizational Study

- a. In May 2015 Management Partners completed a Council-directed Financial and Organizational Study for the City of Morro Bay. That study resulted in 65 discreet recommendations to improve City management. FY15 Goal Objective 5.e. committed requires the staff to research and implement, or bring to Council for adoption or rejection, all Management Partners recommendations.
- b. A status of the 65 Management Partners recommendations is at attachment 1. Following is a rollup of the status / staff recommendation for completion of those recommendations not yet complete:
- c. Of the 65 recommendations:
  - 1) 30 (46%) are complete.
  - 2) 13 (20%) were added to our FY16 work plan and are ongoing.
  - 3) 17 (26%) are recommended for consideration on FY17 objectives.
  - 4) 5 (8%) are recommended for consideration on FY18 objectives.
- d. As part of this goals update, staff recommends the Council approve the timing / recommendations for completion of each recommendation as noted in the attached status document.

## **6. FY15 Budget Performance Review**

- a. A completed year-end status of the FY15 budget year will be complete in December 2015 when our auditor completes their review and audit. Based on our internal review, we are confident reporting the following:
- b. The City ended FY14/15 well.
  - 1) In the General Fund (GF), the City ended the year about \$116K in the black.
  - 2) While that excess was technically held in the GF to pay accounts payable in early July, it allowed us to make a substantial deposit to the City's General Fund Emergency Reserve (GFER).
  - 3) In all major categories, FY15 actual revenues exceeded budgeted projections:
    - a) Property Tax was projected at \$3.74M and came in at \$3.92M, \$180K in the green.
    - b) Sales Tax was projected at \$1.16M and came in at \$1.21M, \$50K in the green.

- c) TOT was projected at \$2.35M and came in at \$2.89M, \$540K in the green.
  - 4) Some of this anticipated surplus was reallocated by the Council to current needs in the FY14/15 mid-year budget review in Jan 2015, and expenditures in some areas - especially for additional contract planners in Community Development Department - were above budget, and much needed.
  - 5) With the deposit noted above, the GFER now sits at \$3.60M. Based on Council resolution in the FY15/16 budget process, the City should end FY15/16 with \$3.58M in the GFER.
  - 6) Based on the positive financial results in FY14/15, the GFER now, sits where it needed to sit in 8 months on June 30, 2016. With a small projected surplus in the current year, and what was anticipated to be requirement for a larger surplus to make up a projected end of year GFER deficit, this is quite positive news.
  - 7) The Harbor Fund ended the year with approximately \$110K in the black. The surplus was deposited in the Harbor accumulation fund for future Capital requirements.
- c. So far, the City is also doing well in FY15/16.
- 1) As of staff's first quarter budget review, attended by two members of the Citizens Finance Committee, the General Fund and Harbor Enterprise Fund were generally on track with their FY15/16 budgets.
  - 2) As discussed by Council in the FY15/16 budget process, we are watching two revenue areas especially closely.
    - a) In Community Development, where the Council's cost recovery policy and removal of City subsidy for development activity increased fees somewhat, we are actually at, or ahead of a fairly optimistic revenue projection. That is, revenues generated by building and development are ahead of the increased revenues we projected.
    - b) Revenues are slightly behind projections in Recreation where we committed not to increase program fees but are working to increase revenues by expanding program participation and pursuing other ways to reduce costs such as business sponsorships.

- d. This Budget update is not intended to be comprehensive. The Council will conduct a detailed review of the FY15/16 budget during our normal mid-year budget review in January 2016.

## 7. Communicating in the Community

- a. The City has placed significant emphasis and effort on improving the quality of our communication to the community and how the community can interact back. While there are literally hundreds of communication avenues available to the City, selecting and focusing on a discreet set of communication venues is important both to focus City resources and so our residents know where, and where not, to go for accurate City information.
- b. With a population growing in comfort with digital communication tools, but still with many residents preferring the old fashioned way, the City has improved our communication in both the digital and print realms.
- c. Following is a review of our top 10 communication methods and what an engaged public can expect from each.
  - 1) **Website.** This is the City's knowledge repository, largely designed to ensure that residents and businesses know what's happening on their behalf. Our goal is to place as much information, records, and data on the site as possible to enhance transparency and accountability.
  - 2) **Facebook.** Up to the minute info on what is happening, right now, in the community.
  - 3) **Website Calendar.** This revamped calendar provides a schedule of City meetings and events, but also community events. We invite the public to share their happenings with us so we can share them with your neighbors.
  - 4) **News Alerts/Notify Me** – The Notify Me section of the website lets people sign up for notices on City press releases and news, all Council and board agendas along with numerous other topics. When we place news and information on the website, a participant automatically is emailed a notification about it.

- 5) **Bay News Column.** The “why” behind the “what”, bi-weekly articles providing additional detail on key City activities, often looking ahead to what is happening in the coming months.
  - 6) **Monthly Water Bill Mailers.** We highlight some of the top issues the City is currently undertaking or focusing on in a direct mailer to all utility customers, meaning basically every household and business.
  - 7) **My Morro Bay/Service Requests** – Our replacement for the website’s “Let Us Know” questions, help, and feedback system. This new platform enhances the City’s ability to track requests as well as for people to seek assistance, whether it be through the new mobile app, My Morro Bay, or on the City’s renovated website (under Service Requests).
  - 8) **YouTube.** Currently serving as our meeting archive, we hope to utilize YouTube in the future for additional video news and information content, from everything to short, informative pieces about city departments, to various initiatives or even community happenings.
  - 9) **Press Releases.** A diverse communications strategy means we continue to provide information to traditional media for dissemination to the community.
  - 10) **Laserfiche** – An online library of important documents, first being utilized to provide copies of ordinances and resolutions digitally for the first time to the public.
- b. Our quick guide for being informed about your community government includes these easy tips on how to get the most from the City of Morro Bay’s enhanced communications systems:
- 1) **Facebook.** You don’t have to have a Facebook account to visit us at [facebook.com/cityofmorrobay](https://facebook.com/cityofmorrobay) each day (throughout the day), to see the latest and greatest on what each City department is doing on your behalf – and what is happening around Morro Bay from water outages to critical information on public safety.

- 2) **Notify Me – City News to your Email Inbox.** Sign up for Notify Me on the website (on the homepage it's on the left-hand lower sidebar) to receive automatic emails about news and information, Council and board agendas and more.
- 3) **City “Bay News” Column.** Read the City Manager’s biweekly column in the Bay News.
- 4) **Water Bill Mailers.** Read your water bill mailer to learn about the hottest topics in the community.
- 5) **My Morro Bay.** Download the My Morro Bay app on your smart phone to get help or provide feedback (you can also seek assistance on the website under the Service Requests icon on the homepage).
- 6) **Website.** Visit the City website to learn more about your community government, check out the link to archived video of meetings, access our electronic documents repository for ordinances and resolutions and see the calendar for city and community meetings and events.

## **8. Council Action**

- a. Staff recommends Council consider approving each recommendation below:
  - 1) **Recommendation #1.** Modify Goal 1.c to: “WRF Property MOU. Negotiate and finalize an MOU, subject to appropriate Environmental Review, for the purchase of appropriate and sufficient property to construct a WRF consistent with previously adopted Council Goals.
  - 2) **Recommendation #2.** Modify Goal 3.e to: Develop a Downtown Waterfront Strategic Plan for implementation and certification with design guidelines to establish the identity and vision of the Downtown / Waterfront core of Morro Bay.
  - 3) **Recommendation #3.** Remove Objective 6.d (Tri-W Property) from the work plan. Staff does not have resources (time) to work objective 6.d, Tri-W Property.
  - 4) **Recommendation #4.** Remove Objective 7.g (Sidewalk Improvement) from the work plan. Objective 7.g, Sidewalk Improvement, was not funded.

- 5) **Recommendation #5.** Remove Objective 7.i (Street Signs) from the work plan. Objective 7.i, Street Signs, was not funded.
  - 6) **Recommendation #6.** Remove Objective 7.j (Wayfinding Signs) from the work plan. Objective 7.j, Wayfinding Signs, was not funded.
  - 7) **Recommendation #7.** Remove Objective 8.e (QOL Survey) from the work plan. Objective 8.e, QOL Survey, was not funded.
  - 8) **Recommendation #8.** Remove Objective 10.f (Water Metering and Billing) from the FY15/16 work plan pending additional staff analysis.
  - 9) **Recommendation #9.** Approve Staff Recommendations for timing of work on Management Partners recommendations as recommended in Attachment 1.
- b. Recommendations may be approved in whole or in part.

**City of Morro Bay**  
Goals and Objectives Status

<u>Obj #</u>	<u>OPR</u>	<u>Status</u>	<u>Goal</u>	<u>Objective</u>	<u>Status</u>	<u>Next Step</u>	<u>Completion Date</u>
1.a	PW	OG	WRF	Public Input	Ongoing	On track	Jun-16
1.b	PW	C	WRF	Governance	MB Consutrcting MB owned / operated WRF.	Complete.	
1.c	PW	C	WRF	MOU for Now	Not needed.	Complete.	
1.d	PW	C	WRF	Fatal Flaws	Bio, Hydrogeo, Archelological, and Salt Nutrient all in progress.	Complete	
1.e	PW	OG	WRF	FMP	In progress. On temporary pause pending preferred site selection determination.	On track for May 10th Council direction.	Jun-16
1.f	PW	OG	WRF	Environmental Review	In progress. On temporary pause pending preferred site selection determination.	On track for May 10th Council direction.	Jun-16
2.a	AS	C	Streets	Ballot Measure	Suspended. Initially changed from ballott measure to streets financing. Then suspended in lieu of a streets summitt on FY16/17 objectives to determine next steps.	Suspended by Council vote. Staff worked ceased.	

**City of Morro Bay**  
*Goals and Objectives Status*

2.b	PW	IP	Streets	Traffic Management	Traffic calming at Pacific and Main complete. Calming at SJ and Main planned for May 2016. Traffic Management plan (toolbox) being worked on but may not be complete until FY17. Needs PWAB input.	Complete calming project at SJ and Main. Two minor traffic Calming Projects will be complete this month: Share the Road signage on Atascadero Road near high school and North of new bridge; and additional STR signs on lower State Park Road. The Easter Street Traffic issue will be presented at the May PWAB along with a traffic calming toolbox for consideration . , then Council.	Jun-16
2.c.1	PW	IP	Streets	Traffic Control - Markings	Street markings updated in many areas, including parking tees and some crosswalks, legends, stopbars. Winter rains and crew availability measurable affected ability to do as much as envisioned. Work continuing this spring.	Continue to refresh legends and stopbars as able.	Jun-16
2.c.2	PW	IP	Streets	Traffic Control - Signs	Continuing work on this. Inventory of total number of signs not yet complete. This item may slip into FY17.		Jun-16
2.d	PW	OG	Streets	Pavement Management System	New PMP software in place.	PMS Complete. Cracksealing ongoing.	May-16
2.e	PW	C	Streets	Bike Needs	Bike Racks Installed. HS / Cloisters Path complete.	Complete	
3.a	CD	OG	Land Use Plans	GP/LCP	All FY 16 actions on track.	On track	Jun-16

**City of Morro Bay**  
*Goals and Objectives Status*

3.b	CD	OG	Land Use Plans	Secondary Unit Ordinance	2nd reading of ordinance going to council on April 12th.	On track.	Apr-16
3.c	CD	IP	Land Use Plans	Sign Ordinance	On work plan after secondary unit ordinance is complete.	To Council in Jun 16. Could slip into FY 17.	Jun-16
3.d	CD	C	Land Use Plans	Design Guidelines	Complete	Complete	
3.e	CD	FY17	Land Use Plans	Downtown Specific Plan	Change to Downtown / Waterfront Strategic Plan approved by Council. To be added to GP/LCP contract.	DWSP to be completed in FY17.	Dec-17
4.a	FD	IP	Public Safety	CERT and EOC	Development of our Estero Bay CERT team with 230 trained and 30 active members. 2015-2016 training schedule for Policy Makers, City Employees, and Volunteers. Lesson plan development with SLO County IMT to provide individual position training.	Policymaker and EOC director classes to be conducted. Some training will likely slip into FY17.	Jun-16
4.b	FD	OG	Public Safety	Mitigation Plan update and Drought Annex	Mitigation Plan update in review process that will lead to the addition of Drought Annex.	Ongoing.	Jun-16
4.c	PD	C	Public Safety	IT Communication	Complete. PD Mobile app purchased and deployed.	Complete	
4.d	CD	C	Public Safety	Code Enforcement	Hiring complete. Plan in Q1, Engage in Q2, Enforce in Q3.	Complete	
4.e	FD	C	Public Safety	Emergency Plan Updates	No updates made by County so no updates required by City.	Complete	
4.f	PD	C	Public Safety	Body Worn Cameras	Cameras in use by MBPD	Complete	
4.g	PD	IP	Public Safety	PD Strategic Planning	Long-term planning document, scheduling staff meetings and assignments to assist with this goal. Working on draft, planning meetings complete except for vision/mission	Strategic Plan to be complete in Jun 2016. Police Chiefs Advisory Body to be implemented in FY17.	Jun-16

**City of Morro Bay**  
*Goals and Objectives Status*

4.h	PD	C	Public Safety	Public Safety Ordinances	Two safety ordinances presented to Council, first and second reading April/May.	Complete	
4.i	FD	IP	Public Safety	FD Strategic Plan	First phase of Strategic Plan and work traits completed. Second to be completed around June. Third phase in next FY.	Complete phase II in Jun. Phase III in FY 17.	Jun-16
5.a	AS	C	Fiscal Sustain	Budget Process	Complete. Currently conducting second 10-year financial forecast.	Complete.	
5.b	AS	C	Fiscal Sustain	Financial Oversight	Complete. Committee established.	Complete.	
5.c	AS	C	Fiscal Sustain	Capital Replacement	Complete. In budget.	Complete.	
5.d	AS	C	Fiscal Sustain	Fee Recovery	Approved by Council in Oct.	Complete.	
5.e	AS	C	Fiscal Sustain	Management Partners	All items addressed or added to future work plans.	Complete.	
5.f	AS	C	Fiscal Sustain	Vehicle Leasing	Staff analysis determined not to pursue. Council concurred. Item Complete	Complete.	
5.g	PW	IP	Fiscal Sustain	Energy	Project assessment complete. Funding on hand. HVAC and Solar implementation in contracting phase for install on roofs of all City buildings in spring 2016.	Installation in spring 2016.	Jun-16
6.a	CM	C	Econ Dev.	LEAP	Staff continuing to support LEAP efforts. LEAP formally concluded.	Complete	
6.b	CM	OG	Econ Dev.	MB Economic Strategic Plan	Consultant selected and project ongoing.	On track.	Jun-16
6.c	CM	OG	Econ Dev.	High-Speed Fiber	Responses to RFP received. Negotiating contract.	To Council for approval in April / May	Apr-16
6.d	CM	C	Econ Dev.	Tri-W	Council removed from FY15/16 work plan.	Suspended.	
6.e	HD	C	Econ Dev.	Marine Services Facility	Market analysis and initial land use analysis complete. Council approved full feasibility study in Mar 16. FY16 work complete. Next phase included on FY17 objectives.	Complete	
6.f	CM	C	Econ Dev.	Event Coordination	DCM position is the event facilitator.	Complete.	

**City of Morro Bay**  
*Goals and Objectives Status*

6.g	CM	C	Econ Dev.	Chamber / Tourism Relationships	TBID organization to Council Complete. Chamber / Visitor Center Complete.	Complete	
6.h	PW	FY17	Econ Dev.	Projects	Museum, Coast Guard and Aquarium all moving forward - FY16 actions complete. Fish cleaning station will not be completed this year. Quote received for enclosing fish cleaning station is 100% more (\$25K) than budgeted. Planning to wait to see if grant money recently approved can be used for this.	Continue fish cleaning station to FY17.	
7.a	PW	OG	Facilities	Old Town Link	Project ongoing.	Ongoing, complete in May 16	May-16
7.b	PW	OG	Facilities	Embarcadero Promenade	Project ongoing.	Ongoing, complete in May 16	May-16
7.c	PW	C	Facilities	Parking	Market street restriping complete. Triangle Lot conversion complete. New parking lot acquired. Council updated on 2007 parking management plan.	Complete	
7.d	PW	IP	Facilities	ADA Compliance	Phase I of ADA Assessment Complete. Phase II ongoing. PW to execute ~\$55K of improvement projects this spring.	Selecting projects to complete this year.	Jun 16
7.e	PW	C	Facilities	Needs Assessments	Needs assessments for both Harbor and PD complete. FY16 actions complete.	Complete	
7.f	PW	C	Facilities	City Property	Assessment Complete. Mindoro sold. Cloisters and Main Hwy 1 Lot on the market. Offers received. FY16 actions complete.	Complete.	
7.g	PW	C	Facilities	Sidewalk Improvement	Money not budgeted for improvements. Assessment to be made as part of Goal 7.4 ADA assessment. Council removed from work plan.	Suspended.	
7.h	PW	CR	Facilities	Sidewalk Responsibility	Staff recommends the Council remove this item from the FY16 work plan.	For council decision on Apr 12th, 2016.	

**City of Morro Bay**  
*Goals and Objectives Status*

7.i	PW	C	Facilities	Street Signs	Not budgeted. Council removed from work plan.	Suspended.	
7.k	PW	C	Facilities	Way-Finding Signs	Not budgeted. Council removed from work plan.	Awaiting new logo.	
8.a	DCM	C	QOL	New Pool - Community Access.	Several meetings complete. DCM working community use plan. Sports supervisor will manage pool with a head lifeguard.	Complete until 2016/17.	
8.b	DCM	OG	QOL	Access to Healthcare	Dignity Health and regional partners mobile clinic pilot to be executed in MB in May and then quarterly going forward.	Conduct May mobile clinic.	May-16
8.c	DCM	OG	QOL	Event Funding Policy	DCM working both event funding policy and city events policy. Council direction received in Mar. Going to Council for decision in May.	To Council in Apr 16	Apr-16
8.d	DCM	OG	QOL	City Events Policy	DCM working both event funding policy and city events policy. Council direction received in Mar. Going to Council for decision in May.	To Council in Apr 16	Apr-16
8.e	DCM	OG	QOL	QOL Survey	Not budgeted. Council removed from work plan. Then budgeted at mid-year. Contract in place.	Survey to be executed.	Jun-16
8.f	DCM	C	QOL	Community Needs Assessment	Cal Poly Community Rec needs assessment complete.	Complete.	
8.g	DCM	C	QOL	Rec Program Improvements	Some marketing (more frequent mailings) and program improvements (flag football) complete. Formal update provided to Council in March.	Complete.	
9.a	PW	IP	Water	State Water	Conversation continuing. Initial discussion going to Council in Apr 16.	Take to council in Apr 16.	Apr-16
9.b	PW	OG	Water	Desal Permit	Action at Coastal Commission.	Awaiting action by Coastal Commission. Approval could slip into FY17.	Jun-16

**City of Morro Bay**  
*Goals and Objectives Status*

9.c	PW	C	Water	Rate Study	New rates in place.	Complete	
9.d	PW	OG	Water	WRF Reuse	Part of WRF FMP. FY16 actions complete as this was folded into WRF FMP and will be completed in FY17 as part of the water reclamation plan.	Complete	
9.e	PW	C	Water	Regional Desal	Communication ongoing. Spring 2016 project. Council removed from 2015/16 work plan.	Suspended	
9.f	PW	C	Water	Conservation	New programs in place. Staff continuing to monitor.	Complete	
9.g	PW	IP	Water	Groundwater Improvement	Spring project as part of 9.a State water / strategic water decision.	Initial discussion with Council Apr 16.	Apr-16
10.a	CM	C	City Ops	Public Input	Complete	Complete	
10.b	CM	IP	City Ops	Vision, Values, Mission	The Vision/Values is being worked as part of the GP/LCP. Staff writing the Mission. GPAC should consider by Jun 16. Final Council approval could slip into FY17.	GPAC then Council approve. Could slip into FY17.	Jun-16
10.c	CM	C	City Ops	Strategic Planning	Plan Complete. Adopted by council.	Complete.	
10.d	DCM	C	City Ops	Information Technology	Office 365 implementation ongoing. IT strategic plan ongoing. IT needs assessment complete. IT strategic plan nearly complete.	Complete.	
10.e	DCM	C	City Ops	Public Information	FB "channel" in place. New website complete. Water bill mailers monthly. STRATCOM coordination monthly as part of staff meetings. Community Communications program fully implemented in Nov 2015.	Complete	
10.f	PW	C	City Ops	Water Metering and Billing	Council removed from FY15/16 work plan.	Suspended.	

**City of Morro Bay**  
*Goals and Objectives Status*

10.g	CM	C	City Ops	Customer Service	Q-send, website, and social media platforms all established. 1/2 day customer service training completed. City Manager continuing training effort next FY.	Completed.	
10.h	CD	C	City Ops	Grants	Several grants complete. Worked with a contract grant writer but determined not to pursue this FY.	Completed.	



**RESOLUTION NO. 17-16**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
AMENDING VARIOUS SECTIONS OF THE CITY POLICY  
AND PROCEDURES FOR HIRING CONSULTANTS**

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

**WHEREAS**, the City Council approved the Policy and Procedures for Hiring Consultants (the “Policy”) on August 27, 2013; and

**WHEREAS**, recent changes to the Morro Bay Municipal Code (MBMC) have been made relating to Contract Authority and the Purchasing Process listing a threshold amount of \$125,000 for consultant services; and

**WHEREAS**, staff has reviewed the Policy and determined modifications are warranted to align the authorization amount to the MBMC.

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

**SECTION 1.** The Policy is readopted, as attached hereto as Exhibit A.

**SECTION 2.** This Resolution shall be effective as of April 12, 2016.

**PASSED AND ADOPTED** by the City Council, City of Morro Bay at a regular meeting thereof held on the 12<sup>th</sup> day of April, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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JAMIE L. IRONS, Mayor

ATTEST:

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DANA SWANSON, City Clerk

# CITY OF MORRO BAY

## POLICY AND PROCEDURE FOR HIRING CONSULTANTS

This policy outlines the procedures for securing the services of consultants. Before any work by a consultant may begin, the City requires that certain approvals are obtained and an acceptable and properly signed contract is completed. All departments that intend to engage a consultant must obtain pre-approval of budget availability before committing funds to pay a consultant. It is the policy of the City that the following procedures shall be used in the selection of consulting services.

### **Purpose of the Policy:**

The purpose of this policy is to establish general guidelines for the selection of consultants. It is the intent of the City to make a selection on the basis of demonstrated competence and/or professional qualifications for the services required at a competitive price. Furthermore, consultant services are of a professional nature, and due to the ethical codes of the professions involved, as well as the nature of the services to be provided, do not readily fall within the competitive bidding process. Consultants should be individually selected for a specific project or problem with the objective of selecting the most qualified consultant at a fair and reasonable cost based on the complexity of the work involved.

### **Policy:**

Except as otherwise provided, the City of Morro Bay will solicit competitive proposals by releasing, when practicable, Requests for Proposals (RFPs) to perform work for which the City does not have staff available or lacks the technical expertise required to perform a project/program. Consultants will be individually selected for specific projects with regard to special knowledge of the subject matter; ability to perform the services within the time allowed; record of success on similar work; the demonstrated understanding of City project related issues; proven working relationships with City project staff; consultant availability to City staff and the project; and ability to perform effectively in the necessary discussion, presentation, coordination, and cooperation realms of the project. While the primary goal of consultant selection is on the basis of demonstrated competence and professional experience, the cost of providing the technical service to be performed will also be considered. Deviation from an RFP selection process (*i.e.*, negotiated contracts) shall only be employed as discussed below.

### **Application:**

This Consultant Policy applies to the engagement of, and all payments to, individuals or firms who are not employees of the City. The policy provides guidance regarding the engagement of consultants who perform a specific service, provide advice, or render assistance for a specific time period. Consultants normally possess specialized skills, knowledge or credentials that are not readily available among City staff and shall apply to the selection of technical consulting firms for design, review, inspection, field supervision, contract management, feasibility studies, master planning, and related services in connection with public improvement projects and/or

governmental operations for the City of Morro Bay. For purposes of this policy, consulting services include, but are not limited to, professional services which may be contracted for by the City in the following fields:

- Engineering (civil, mechanical, electrical, structural, traffic, etc.)
- Architecture
- Landscape Architecture
- City and Regional Planning
- Economic Analysis
- Property Analysis
- Financial Services
- Data Processing Services
- Rates and Fees
- Recreation
- Risk Management
- Human Resources (Key employee recruitment, training, etc.)
- Contract Management (Construction management, inspection, etc.)
- Administrative Services
- Legal Services
- Environmental Services
- Land Surveying

The term "consultant" may include individuals, partnerships, a corporation, joint ventures, or any other combination of firms or persons deemed by the City to be qualified to perform the required services.

**General Requirements:**

1. The use of consultants provides an important human resource tool by addressing short-term project-oriented needs that would not warrant the addition of permanent full-time staff because of the finite nature of the task. Arrangements to secure the services of a consultant are beneficial when the services are so specialized or highly technical that they cannot be performed economically or satisfactorily by existing City staff, or in a situation where there are significant time or city workload constraints.
2. The use of a consultant is expected to be primarily for the purpose of obtaining recommendations for solving clearly delineated problems.
3. In general, the determination regarding employee versus consultant status is made by the Administrative Services Director in close coordination with the affected Department Head. In cases where it is difficult to determine the correct status, the Administrative Services Director shall consult with the City Attorney to determine whether an employer-employee relationship exists. Only upon determination that no employer-employee relationship would be established can the proposed agreement be executed. If an employer-employee relationship would be established, the Administrative Services Director shall follow the normal employment process.

### **Conflict of Interest:**

The City's conflict of interest code requires all City officials and employees to disqualify themselves from participating in a City decision that may result in material financial gain to them. That applies to decisions relating to contracting for the services of a consultant. Further, a consultant shall not be in a reporting relationship to a City employee who is a near relative nor shall the near relative be in a decision-making position with respect to the consultant.

Former employees that subsequently work as consultants are prohibited from participating in projects directly or indirectly related to the City of Morro Bay for a period of one year. For example, the former employee may not work in the following consulting roles:

- An individual working as an independent consultant;
- An individual working for a consulting firm (i.e., the firm may bid on City contracts but may not involve a former employee on the project);
- An individual working for a firm that has been subcontracted by another consulting firm to perform a specific component of a contract.

An exception to this prohibition may be granted, with City Council approval, under extenuating circumstances before the one-year period expires, for example, when a former employee with specialized skills and/or experience is required to work on a special project.

### **Criteria for Selection:**

Selection of consultants for professional services shall be based on demonstrated competence and the qualifications necessary for the work required. The following general selection factors will be considered, to the extent that each may apply, in selecting a consultant for a particular study or project:

- A. The consultant and consultant team's demonstrated understanding of the City's capital program, infrastructure and standards; positive work experience with City's project development and operations staff; and availability to the project and City staff.
- B. Educational and experience background of the consultant's key staff that will be assigned to each of the primary elements of the project work as well as the individual within the consultant's organization who will be in overall charge of the work.
- C. Necessary license or other professional credential(s) of the consultant to perform the particular study, project, or work.
- D. Demonstrated recent record of success of the consultant on work previously performed for the City or others of a similar nature and magnitude. Key areas to consider are the consultant's ability to deliver the required work or services in acceptable form and detail, on schedule, and within budget.

- E. The consultant's documented record in delivering completed design, estimating, construction management services, etc., of proven reliability as evidenced by the final completion costs of previous projects of similar scope and magnitude.
- F. The adequacy of the consultant's staff to perform the work within the time allowance.
- G. The method(s) proposed by the consultant for the work required; the primary elements of the work shall be identified.
- H. The ability of the consultant to make effective written reports and public presentations of the work or design as may be required.
- I. The ability of the consultant to work effectively with City staff, other public agencies, and related parties as may be required during the course of the design, study, or other technical services.
- J. New or innovative ideas that are presented by the consultant in the proposal which demonstrate clear or advanced understanding of the work, its problems, and possible solutions.
- K. Whether the consultant has adequate knowledge of local conditions.
- L. The consultant's past record of continued interest in the success, efficiency, and workability of the program of services previously delivered.
- M. The ability of the consultant to furnish effective construction supervision services, where such services are an inherent part of a "package" of services for which the consultant is employed.
- O. The ability of the consultant to provide errors and omission insurance and other insurance as may be required by the City Attorney/Risk Manager.

Each of the above listed general selection criteria factors may typically be employed in the evaluation of any proposal. To this list may be added any specific or unusual evaluation criteria necessary because of any special work, process, or service required. Each selection criteria factor may be weighted according to its overall, perceived importance against the project whole.

While price may not be the singular guiding issue in selecting a consultant, the consultant's proposal shall include the "fixed" or "not-to-exceed" cost (whichever is required by the RFP). The proposal shall also include any required supporting data in the form of cost/man-hour of each employee classification to be used, anticipated total project, man-hours for each classification, overhead costs, expenses, etc. (Note: If a "not-to-exceed" cost is required by the RFP, then the final cost of the service(s) shall be the consultant's actual cost incurred or the agreed upon "not-to-exceed cost," whichever is less.)

The consultant's proposal will be reviewed for any deviations and exceptions taken, work not included, or any other inconsistency between the City's RFP which details the "work required" and the consultant's proposal which details the "work offered." The consultant shall explain the reasons for the deviations and exceptions in the proposal. Deviations and exceptions which demonstrate clear benefit or advantage to the City may receive special consideration.

### **Selection Process–General Guidelines:**

Firms that have been determined, by the department that is most familiar with the project or program, to be actively in the business of providing the required service will be invited to submit proposals. When possible, the minimum number of firms requested to submit a proposal in response to an RFP shall be three (3) for services estimated to cost from \$45,000 to ~~\$175~~125,000 and five (5) for services estimated to cost ~~\$175~~125,000 or more.

When appropriate, qualified local firms (within San Luis Obispo County) will be sent RFPs. For unusual or extraordinary consulting services, Request for Qualifications (RFQs) will be sent to selected firms. The RFQs will be reviewed and evaluated to narrow and finalize the field of qualified firms to be sent RFPs.

Recognizing ~~that~~ the development and presentation of a professional proposal is often expensive, it is the City's position to request a proposal from a firm only when the firm will be seriously considered for the program, project, or work.

### **Selection:**

The review procedure for the selection of professional service contracts shall be as follows:

A. Consultant Contracts Costing Less than \$45,000:

Request for Consultant services shall be initiated by the requesting Department Director (or Manager if there is no Director). The Department Director (or Manager if there is no Director) may waive the formal RFP process and interview one or more consultants which the Department Director (or Manager if there is no Director) believes is/are qualified to perform the work. The Department Director (or Manager if there is no Director) will then select a consultant and forward a recommendation, to include an explanation/justification for bypassing a competitive RFP process, to the City Manager for issue of a contract. At the discretion of the City Manager, award will be made as recommended, or the City Manager may require consideration of additional service providers.

B. Consultant Contracts Costing More Than \$45,000:

1. Review/Selection Committee:

The responses received to an RFP will be evaluated by a review/selection committee which shall provide a recommendation of a specific consultant for consideration. The review/selection committee shall normally consist of requesting department staff members

appointed by the requesting Department Director (or Manager if there is no Director). For projects of particular interest, complexity, or controversy, the City Manager may designate additional staff from other departments ~~and~~/or request less than a quorum of Council Members or others to participate on the review/selection committee. The review/selection committee will determine the ranking of the consultants. Final recommendation for awards valued greater than \$45,000 but under ~~\$175~~125,000 will be presented to the City Manager for approval. Recommendations for awards over ~~\$175~~125,000 will then be presented to Council for consideration of contract award.

2. Deviation from RFP process:

The availability of qualified local firms (within San Luis Obispo County) is essential to the business of City government. To preserve ~~that~~this vital resource, the City Staff may decide to solicit annual submission of Statements of Qualification (SoQ) from local and regional professional firms that may provide value in executing the various programs and projects identified in the annual budget or capital improvement program. ~~Th~~ose SoQs may be used to award on-demand delivery task order contracts to assist in the execution of the approved budget when appropriate. ~~Th~~ose on-demand contracts shall not exceed ~~\$175~~125,000, unless specifically approved by the City Council.

In addition, the City Council may authorize the execution of a contract for services up to ~~\$175~~125,000 without any previous publication or posting of notice inviting proposals when the City Council finds and declares ~~that~~ any one or more of the following situations exist:

- a. When a proposal or proposals have been received for the subject services, including publication or posting of notice, and the City has rejected any and all proposals, and has authorized negotiation with one or more proposers or other parties who possess the capability of supplying the required services, and the City finds ~~that~~ the proposed contract so negotiated is more favorable to the City than any which could be made in accordance with the proposals heretofore requested.
- b. When there is only one available source which can supply the subject matter of the contract.
- c. When the contract is for professional services, including peculiar or specialized skill or ability.
- d. When an emergency exists that makes it essential to the health, safety or welfare of the people that emergency action be taken.
- e. When a sole-source procurement is based on standards previously adopted by the City Council.
- f. When prices have been established by other governmental entities, or associations of governmental entities, in such a manner as to ensure the best value available to

the City.

- g. For procurement of services over \$~~175~~125,000 when, at the request of the City Manager, and upon approval thereof by the City Council, services are proposed to be procured which do not constitute public works projects.

All of the above is to be in accordance with the Government Code requirements.

**Final Scope of Work and Contract:**

~~The final contract of work may vary somewhat from that originally contemplated in the RFP, if the review/selection committee determines that additions, deletions, or corrections are necessary to properly describe the work. The description of the work set forth in the contract that results from the RFP may differ from that described in the RFP if the review/selection committee determines it is in the City's best interest to make that addition, deletion or correction.~~ Contracts must be prepared on forms approved by the City Attorney to assure ~~that~~ they include all state and CJPIA required contract language. Any modification of forms previously approved by the City Attorney or the use of a non-City form requires the review by the City Attorney.

**Renewal of Contracts with Professional Consultants:**

Requests to the City Manager/City Council to renew an existing contract with a professional consultant should include an evaluation of the work performed by the consultant as well as a determination that the fees being charged are comparable to similar services offered by other consultants.

If the fee of the renewed contract does not exceed \$~~175~~125,000, then the City Manager may execute the agreement. If the fee exceeds \$~~175~~125,000, then the request will be placed on the Council agenda.

The total expenditures for consultant services shall be reported to City Council on a quarterly basis.



AGENDA NO: A-13

MEETING DATE: April 12, 2016

## Staff Report

**TO:** Honorable Mayor and Council Members      **DATE:** April 1, 2016

**FROM:** Susan Slayton, Administrative Services Director

**SUBJECT:** Adopt Resolution No. 24-16 Rescinding Resolution No. 22-02 and Authorizing the City of Morro Bay to Obtain State Summary Criminal History Information of Employees and Volunteers

### RECOMMENDATION

Staff recommends the adoption of Resolution No. 24-16.

### DISCUSSION

When hiring employees, the Human Resources Division performs background checks on those individuals, to ensure they have no impairing violations on their records. For example, a recent driving under the influence (DUI) conviction could suspend a driver license, which would limit the City's ability to fully utilize a maintenance worker. Additionally, when hiring Recreation employees and volunteers, the State requires us to perform background checks to ensure the individuals are allowed to work with children (no misdemeanor convictions and no restrictions prohibiting contact with children).

In order for the City to continue accessing criminal summary history of employees and volunteers, this Resolution needs to be adopted.

The previously adopted Resolution No 22-02 did not specify the Personnel Director, as the individual authorized to obtain the criminal history information. Resolution No. 24-16 corrects that State requirement.

### ATTACHMENTS

1. Resolution No. 22-02
2. Policy for Conducting Criminal Background Checks and Securing Received Criminal History Information
3. Employee Statement Regarding the Use of Criminal Justice Information

Prepared by: SS      Dept Review: \_\_\_\_\_

City Manager Review: DWB

City Attorney Review: JWP

**RESOLUTION NO. 24-16**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
RESCINDING RESOLUTION NO. 22-02 AND AUTHORIZING THE  
CITY OF MORRO BAY TO OBTAIN STATE SUMMARY CRIMINAL HISTORY  
INFORMATION OF EMPLOYEES AND VOLUNTEERS**

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

**WHEREAS**, the City of Morro Bay adopted Resolution No. 22-02, authorizing the City of Morro Bay to access state and local summary criminal history information for employment, licensing or certification purposes, but did not specify the position authorized to do so; and

**WHEREAS**, the City Council desires to rescind Resolution No. 22-02, rather than amend it; and

**WHEREAS**, Penal code subdivision 11105(b)(10) authorizes cities, counties and districts to access state summary criminal history information for screening employees and volunteers; and

**WHEREAS**, Penal Code subdivision 11105(b)(10) states there is a requirement or exclusion from employment or volunteer activities, based on specific criminal conduct on the part of the subject of record; and

**WHEREAS**, Penal Code subdivision 11105(b)(10) requires the city, county or district to specifically authorize access to summary criminal history information for the purpose of screening employees and volunteers; and

**WHEREAS**, Public Resources Code section 5164 prohibits cities, counties and districts from hiring employees or volunteers, at specified park and recreation facilities, in a position having supervisory or disciplinary authority over any minor, if the person has been convicted of certain criminal offenses; and

**WHEREAS**, Public Resources Code section 5164 requires cities, counties and districts to take reasonable steps to determine if a prospective employee or volunteer has been convicted of any crimes specified in Penal Code section 11105.

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

1. Resolution No 22-02 is hereby rescinded,
2. The Personnel Director is authorized to access state and local summary criminal history information for employment, licensing or certification purposes,

3. The Personnel Director is directed to enact policies and procedures, which will govern the administration of received criminal history information, and which meet the requirements of the State of California, Department of Justice, Bureau of Criminal Identification and Information, Field Operations and Record Security Section for any agency that maintains or receives criminal history information.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 12<sup>th</sup> day of April 2016, by the following vote:

AYES:

NOES:

ABSENT:

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JAMIE L. IRONS, Mayor

ATTEST:

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DANA SWANSON, City Clerk

**RESOLUTION NO. 22-02**  
**A RESOLUTION OF THE CITY COUNCIL**  
**OF THE CITY OF MORRO BAY**  
**AUTHORIZING THE CITY OF MORRO BAY**  
**TO ACCESS STATE AND LOCAL SUMMARY CRIMINAL HISTORY INFORMATION**  
**FOR EMPLOYMENT, LICENSING OR CERTIFICATION PURPOSES**

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

WHEREAS, Penal Code Sections 11105 (b) (10) and 13300 (b) (10) authorize cities, counties and districts to access state and local summary criminal history information for employment, licensing or certification purposes; and

WHEREAS, Penal Code Sections 11105 (b) (10) and 13300 (b) (10) require that there be a requirement or exclusion from employment, licensing, or certification based on specific criminal conduct on the part of the subject of the record; and

WHEREAS, Penal Code Sections 11105 (b) (10) and 13300 (b) (10) require the City Council to specifically authorize access to summary criminal history information for employment, licensing, or certification purposes.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Morro Bay that the City of Morro Bay is hereby authorized to access summary criminal history information for employment (including volunteers and contract employees), licensing, or certification purposes; and

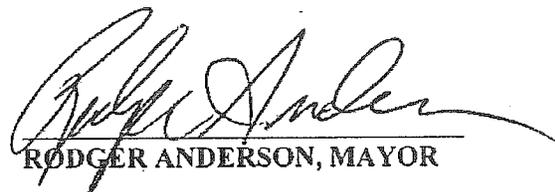
BE IT FURTHER RESOLVED by the City Council of the City of Morro Bay that the City of Morro Bay shall not consider a person who has been convicted of a felony or misdemeanor involving moral turpitude eligible for employment (including volunteers and contract employees), or licensing; except that such conviction may be disregarded if it is determined that mitigating circumstances exist, or that the conviction is not related to the employment, volunteerism or license in question..

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held this 8th day of April, 2002 by the following roll call vote:

AYES: Anderson, Crotzer, Elliott, Peirce and Peters

NOES: None

ABSENT: None

  
RODGER ANDERSON, MAYOR

ATTEST:

  
BRIDGETT BAUER, CITY CLERK

**CITY OF MORRO BAY  
POLICY FOR CONDUCTING CRIMINAL BACKGROUND CHECKS  
AND SECURING RECEIVED CRIMINAL HISTORY INFORMATION**

**I. Policy Statement**

- A. To ensure that the interests of the City of Morro Bay (hereinafter referred to as City) its employees and members of the public are protected and to help minimize potential liability, City of Morro Bay has passed a resolution authorizing it to obtain from the Department of Justice summary criminal background information on applicants for employment and volunteer positions.
- B. The City desires to identify those prospective employees and volunteers who have a criminal history so that information about criminal history can be used in employment decisions.
- C. The City wishes to comply with Public Resources Code Section 5164 which requires that the City take reasonable steps to determine if a prospective employee or volunteer has been convicted of any crimes specified in Penal Code Section 11105.
- D. The City shall not consider a person who has been convicted of a felony or misdemeanor involving moral turpitude eligible for employment or to be a volunteer if the felony or misdemeanor is to a crime specified in Section III below as being relevant to the employment in question or in the case of a crime not actually listed it is determined by the City Attorney to be substantially similar in nature to those listed that a reasonable person would have had notice that such a crime would bar employment.

**II. Authority**

California Penal Code Section 11105 allows cities, counties and districts to obtain state summary criminal background information from the Department of Justice if the Morro Bay City Council has given the Personnel Officer authority to obtain such records. The Personnel Officer has such authority pursuant to Resolution No. 24-16 of the City.

**III. Applicability**

- A. The City shall obtain criminal background information on all prospective full-time and part-time employees and volunteers, including police reserves and recreation employees and volunteers. The City shall not hire individuals if records show convictions of the following crimes of moral turpitude within ten (10) years of the date of application or after hiring:<sup>1</sup>

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<sup>1</sup> All sections referenced relate to the California State Penal Code.

General:	
Section 68:	Asking for or receiving bribes.
Section 72:	Presentation of fraudulent claims.
Section 73, 74:	Bribes for appointment to office.
Section 187, 189:	Murder.
Section 209:	Kidnapping for ransom, extortion or robbery.
Section 211:	Robbery: taking personal property in possession of someone by force or fear.
Section 245:	Assault with deadly weapon.
Section 261:	Rape.
Section 451:	Arson of structure, forest land or property.
Section 459:	Burglary.
Section 484:	Theft.
Section 503:	Embezzlement: fraudulent appropriation of property by a person to whom it has been entrusted.
Section 518:	Extortion: obtain property by a wrongful use of force or fear or under color of official right.

B. In addition to A above, for positions relating to interaction with minors the following areas shall also be grounds to not hire or for discipline up to and including termination.

1. Violations or attempted violations of Penal Code Sections 220, 261.5, 262, 273a, 273d, or 273.5, 288, or any sex offense listed in Section 290.
2. Any crime described in the California Uniform Controlled Substances Act (Division 10, commencing with Section 11000, of the Health and Safety Code), provided that, except as otherwise provided in subdivision (c), no record of a misdemeanor conviction shall be transmitted to the requester unless the subject of the request has a total of three or more misdemeanor or felony convictions defined in this section within the immediately preceding 10-year period.
3. Any felony or misdemeanor conviction within 10 years of the date of the employer's request under subdivision (a), for a violation or attempted violation of Chapter 3 of Title 8 of the California Penal Code (commencing with Section 207), Section 211 or 215, wherein it is charged and proved that the defendant personally used a deadly or dangerous weapon, as provided in subdivision (b) of Section 12022, in the commission of that offense, Section 217.1, Chapter 8 of Title 8 of the Penal Code (commencing with Section 236), Chapter 9 (commencing with Section 240), and for a violation of any of the offenses specified in subdivision (c) of Section 667.5, provided that no record of a misdemeanor conviction shall be transmitted to the requester unless the subject of the request has a total of three or more misdemeanor or felony convictions defined in this section within the immediately preceding 10-year period.
4. Any felony or misdemeanor conviction under Penal Code Section 311, et seq.,

photographic use of children relative to sexual conduct.

- C. In addition to those crimes listed in A above, for positions relating to use of public funds and public records, the following shall also be grounds not to hire or for discipline up to and including termination.<sup>2</sup>

Section 115, 115.3:	Use of a false or forged public record; alteration of certified copy of public record.
Section 424:	Embezzlement and falsification of accounts.
Title 13, Chapter 4:	Any violation of forgery and counterfeiting.

- D. For positions requiring strict public confidence such as (identify positions), in addition to A, B and C above, any penal code violation which resulted in conviction shall be grounds not to hire and after hiring grounds for discipline up to and including termination.

#### **IV. Assignment Responsibility**

It is the applicant's responsibility to report any conviction or arrest pending final adjudication to the City. The information shall be included on all employment applications. Once a person has been hired under this procedure, convictions or arrests pending conviction which occur that are in the list specified for that employee under Section III above, the employee or volunteer shall report that conviction or arrest to his or her supervisor who shall forward the information to the Department Head and Personnel Officer. Alternatively, the Personnel Officer may be informed directly.

#### **V. Procedures**

- A. All prospective City employees and volunteers shall be subject to a criminal records check as a condition of employment.
1. The City shall submit a completed Applicant Fingerprint Card to the Department of Justice accompanied by any other forms or information required by the Department of Justice in order to obtain the criminal background information.
  2. Any information obtained from the Department of Justice shall be used to determine whether the applicant shall be offered a position with the (Agency Name).
- B. For any employee or volunteer who has been hired subsequent to the adoption of the policy, who passed the initial screening, the individual must sign an acknowledgement that conviction of crimes listed in Section III above under their job category or determined to be substantially similar by the City Attorney shall be grounds for disciplinary action up to and including termination. Further, any such individual has the responsibility to report any such conviction to the Personnel

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<sup>2</sup> All sections and titles referenced relate to the California State Penal Code.

Officer.

- C. The City shall enter into a contract with the Department of Justice so that any subsequent conviction or arrest information concerning an employee or volunteer that was originally hired subject to this policy may be obtained.
  1. Any information about existing employees' or volunteers' convictions and/or arrests pending adjudication shall be reported to the employee's or volunteer's department manager or the Personnel Officer.
  2. Upon receipt of information regarding a conviction and/or arrest pending adjudication which is specified as not acceptable for the given position in Section III above, the Department Head and the Personnel Officer shall evaluate the effect and potential effect of the employee's or volunteer's record or arrest on their position of employment, fellow employees and the public, and shall take appropriate action to maximize public safety and minimize potential liability while respecting the rights of the employee or volunteer.

## VI. Confidentiality

State summary criminal history information is confidential and shall not be disclosed, except to those individuals designated to make employment decisions.

- A. Pursuant to California Penal Code Section 11077 the Attorney General is responsible for the security of Criminal Offender Record Information (CORI) and has the authority to establish regulations to assure the security of CORI from unauthorized disclosures. The following are requirements as prescribed by the State of California, Department of Justice, Bureau of Criminal Identification and Information, Field Operations and Record Security for any agency that maintains or receives criminal history information.
  1. **Record Security:** Any inquiries regarding the release, security or privacy of Criminal Offender Record Information (CORI) are to be resolved by the Personnel Officer.
  2. **Record Storage:** CORI shall be under lock and key and accessible only to the Personnel Officer who shall be committed to protect CORI from unauthorized access, use or disclosure.
  3. **Record Dissemination:** CORI shall be used only for the purpose for which it was requested by the Personnel Officer.
  4. **Record Destruction:** CORI and copies of the same shall be destroyed after employment determination has been made in such a way and to the extent that the employee's name can no longer be identified.
  5. **Record Reproduction:** CORI may not be reproduced for dissemination.

6. **Training:** The Personnel Officer and employees with access to CORI are required:
  - a. To read and abide by this policy,
  - b. To be fingerprinted and have a clearance check completed,
  - c. To have on file a signed copy of the Employee Statement Regarding the Use of Criminal Record Information, which acknowledges an understanding of laws prohibiting misuse of CORI.
7. **Penalties:** Misuse of CORI is a criminal offense. Violation of this policy regarding CORI may result in suspension, dismissal, and/or criminal or civil prosecution.

#### VII. **Monitoring of this Program**

The Personnel Officer will monitor compliance with this policy and all other Department Heads shall assist the Personnel Officer as needed.

This policy is adopted by the City and shall be effective 4/13/2016.

**EMPLOYEE STATEMENT REGARDING  
THE USE OF CRIMINAL JUSTICE INFORMATION**

As an employee of the (Agency Name), it may be necessary for you to have access to confidential criminal record information in making employment decisions. Access to such criminal record information is controlled by statute. Misuse of such information may adversely affect the civil rights of prospective employees or volunteers, and violates the law. Penal Code Section 502 prescribes the penalties relating to computer crimes. Penal Code 11105 and 13300 identify who is permitted access to criminal history information and under what circumstances information may be released. Penal Code Section 11140-11144 and 13301-13305 prescribe penalties for misuse of criminal history information. Government Code Section 6200 prescribes the felony penalties for misuse of public records and California Law Enforcement Telecommunications Systems (CLETS) information. Labor Code Section 432.7 prescribes penalties for misuse of certain criminal record information in employment decisions.

Penal Code Sections 11142 and 13303 state:

Any person authorized by law to receive a record or information obtained from a record who knowingly furnishes the record or information to a person not authorized by law to receive the record or information is guilty of a misdemeanor.

Any employee who is responsible for such misuse of criminal record information may be subject to discipline up to and including immediate termination. Violations of this law may also result in criminal and/or civil action.

I HAVE READ AND UNDERSTAND THE ABOVE AND “(AGENCY NAME) POLICY FOR CONDUCTING CRIMINAL BACKGROUND CHECKS AND SECURING RECEIVED CRIMINAL HISTORY INFORMATION.” I AM AWARE OF THE STATUTES AND POLICIES PERTAINING TO THE MISUSE OF CRIMINAL RECORD INFORMATION.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed/Printed Name of Employee

\_\_\_\_\_  
Date



**AGENDA NO: C-1**

**MEETING DATE: April 12, 2016**

**TO: Honorable Mayor and City Council**

**DATE: April 1, 2016**

**FROM: David Buckingham, City Manager**

**SUBJECT: Authorization to Add One Full-Time Equivalent City Staff Member**

**RECOMMENDATION**

The City Manager recommends the City Council approve the following motion:

Approval of an increase in the City’s full-time equivalent (FTE) staff by one from 92.5 to 93.5, to immediately convert a 40-hour “full time, partial benefits” position to an FTE position, retain the employee who has been filling that position for 15 months and convert the position to a full-time Assistant Planner.

**FISCAL IMPACT**

Converting the Assistant Planner position from part-time to full-time status will cost a total of ~\$8,600 for FY16/17 in increased health insurance and CalPERS contributions. This number is comparatively low because the law already requires certain benefit payments for part-time employees who work an average of 30 or more hours a week.

**BACKGROUND/DISCUSSION**

1. The purpose of this action is to request Council approval to increase the City’s full-time equivalent (FTE) number of employees by one, from 92.5 to 93.5. This increase is to convert a part-time planner position in the Community Development Department from a 40-hour part-time status (“full-time-partial benefits”), to an FTE position. Staff recommends the Council approve this request by motion, with an immediate effective date. This action will carry forward into the FY 16/17 budget, and this position will be considered an enduring FTE position. That is, this is an enduring decision, not one to be reconsidered in 2-3 months with the upcoming FY 16/17 budget.

**Prepared By: DWB**

**Dept Review: All**

**City Manager Review: DWB**

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

2. **Fiscal Impact.** Converting the Assistant Planner position from part-time to full-time status will cost a total of ~\$8,600 for FY16/17 in increased health insurance and CalPERS contributions. This number is comparatively low because the law already requires certain benefit payments for part-time employees who work an average of 30 or more hours a week.

3. **Background.**

- a. Most California cities are required to provide substantial CalPERS benefits to part-time employees who work more than 1000 hours in continued employment. Morro Bay has an old and odd exemption to this requirement, which allows the City, at least legally, to allow “part-time” employees to work up to 40-hours per week without providing full benefits – primarily health insurance to the employee's dependents and CalPERS retirement. While this may benefit the City financially, it is not sustainable.
- b. Further, changes wrought by the Affordable Health Care Act now require substantial health benefit payments for part-time employees (employee only), and employment law already requires some form of retirement contributions (the City uses PARS - Public Agency Retirement Services) for part-time employees. Therefore, the City must already pay a substantial percentage of what would be “full benefits” for part-time employees who average 1560 or more hours per year.
- c. There are some occasions when this “full-time, partial benefits” system is, in the estimation of the City Manager, reasonable. Following are two examples:
  - 1) The first area is one employee who is, at his/her will, working multiple part-time jobs for the City. For example, an employee who works 10 hours per week in Department A, 10 hours per week in Department B and 20 hours per week in Department C. Those three distinct part-time positions could be filled by three different employees. In the City Manager’s estimation, it is not unreasonable to treat an employee who chooses to work 30 hours per week for the City, but in three distinct jobs, as a part-time employee.
  - 2) The second area is transitory positions, or positions not yet made permanent. There are occasions when the City’s executive leadership may create a part-time position that requires 30-40 hours per week, but the position is known to be short-term (perhaps 18 months), or leadership is not yet sure we will retain the organization exactly as we have it. In other words, we may be testing an organizing / manning concept. In cases where the City Manager has not determined the 30-40 hour position is enduring, it is reasonable to have a single employee filling that 30-40 hour enduring position in a part-time, partially benefitted status.

- d. Generally, however, the City Manager believes it is not appropriate to require an employee to work 40 hours a week for multiple years, without the normal benefits accorded to every other employee, in a position that is reasonably determined to be an enduring position.

**4. Discussion.**

- a. Last year we reorganized the Public Services Department, creating a Public Works Department and a separate Community Development Department. Twelve to eighteen months prior to that organizational change, due to the high workload in Community Development activities, the City hired three part-time planners. The addition of those planners (primarily), and to some extent the organizational change of creating an independent Community Development Department, has markedly improved the efficiency and effectiveness of planning, zoning and building actions in Morro Bay.
- b. The “planning” side of the Community Development Department currently has five employees:
  - 1) Community Development Manager (the manager of the department, who should soon be made the Community Development Director).
  - 2) One Associate Planner, an FTE position.
  - 3) Three part-time planners, referenced in (a) above.
- c. The judgment of the City Manager, Community Development Manager, and Administrative Services Director is that Morro Bay will require at least two full-time planners (the Associate Planner and one additional planner) for many years. That is, one of those contract or part-time planner positions will be required at full-time level of effort for an enduring period of time. Considering the relative ineffectiveness, prior to hiring the three part-time planners, and especially the work load in Community Development, as the City revitalizes in the decade(s) ahead, the requirement to have at least two planners is likely obvious to an informed observer. From the General Plan / Local Coastal Plan rewrite, to redevelopment of the 26-acre wastewater treatment plant site, to significant revitalization on the Embarcadero (Aquarium, Libertine, Off the Hook) and Downtown, and the potential redevelopment of the Morro Bay Power Plant – there will be more than enough work to do for a Director and two planners.
- d. In short, the City requires two enduring planners – at least.

**5. Recommendation.**

- a. The City Manager recommends the Council approve an increase in the City's FTE by one from 92.5 to 93.5.
- b. The City Manager intends to immediately convert the 40-hour "full time, partial benefits" position to an FTE position.
- c. The employee, who has been filling that position for 15 months, working 30-40hours/week, but with partial benefits, will be retained in that position and converted to a full-time Assistant Planner.
- d. The cost of around \$8,600 this year is to move from partial benefits to full benefits.

6. **Motion**. The City Manager recommends the City Council approve the following motion:

Approval of an increase in the City's FTE by one from 92.5 to 93.5, to immediately convert the 40-hour "full time, partial benefits" position to an FTE position, and retain the employee who has been filling that position for 15 months and convert the position to a full-time Assistant Planner.



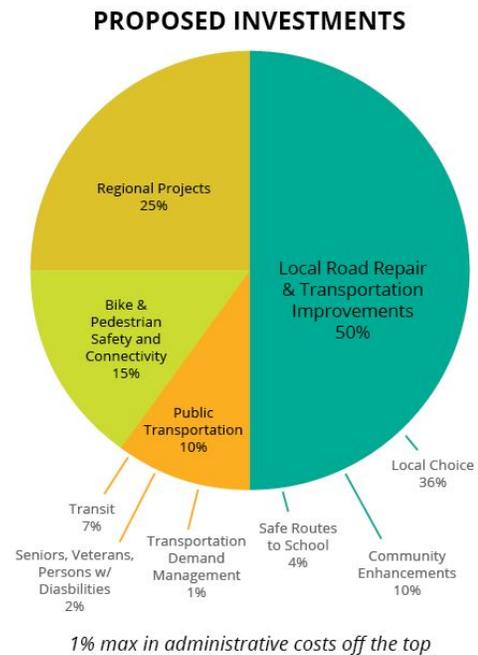
be used by local communities for Local Street Repairs and Transportation projects. That 50 percent includes a 10-percent set-aside for local “community enhancements” and a 4-percent set-aside for local “Safe Routes to Schools” projects. For Morro Bay the formula results the following distribution:

Item	Annual	Total over 9 Years
Local Choice (36%)	\$413,041	\$3,717,369
Community Enhancements (10%)	\$114,174	\$1,032,603
SRTS (4%)	\$46,453	\$413,041
Total (50%)	\$573,668	\$5,163,013

**SUMMARY**

State funds for transportation infrastructure have dropped and continue to decrease. SLOCOG saw this first hand with the loss of State Transportation Improvement Program (STIP) funds (approximately \$15M less in the 15/16 programming cycle). Without new funding for transportation investments, our cities and county may lose job opportunities, experience increased traffic on degraded streets and highways, suffer potential service cuts on buses, and see more costly transportation services for youth, seniors, and people with disabilities.

At the December 2015 SLOCOG Board meeting, SLOCOG staff was directed to investigate Self-Help County status for the region. Throughout California twenty local county transportation agencies, like SLOCOG, have a super-majority, voter-approved, transportation sales tax measure. Through outreach, focus groups, and polling conducted between December 2015 and March 2016, SLOCOG’s staff and consultant reached out and launched an effort to identify the public’s transportation priorities and their level of support for transportation repairs and improvements.



Per the results of the public engagement effort, SLOCOG staff is recommending a ½-cent regional sales tax that will generate \$25M/year solely for transportation purposes (\$225M over the 9-year period), as outlined in a specific voter-approved Transportation Investment Plan (see pie chart to the right), which would also include many voter safeguards. SLOCOG staff presented a summary of outreach, the suggested strategy for moving towards a November 2016 ballot measure, and solicited feedback on the proposed investments at the April 6, 2016 SLOCOG Board meeting. The SLOCOG Board has directed SLOCOG staff to present to all city councils and the Board of Supervisors for conceptual support of the Proposed Investments. A

detailed description of the pie chart and recommendations is outlined in the attached SLOCOG-prepared “Information for Member Jurisdictions” and 2-page overview.

City staff has recommended to SLOCOG staff, other than the repair and reconstruction of local streets, the following projects be included in the investment plan:

1. SR1/SR41/Main Street Intersection Improvements – Regional Projects
2. MB / Cayucos Connector – Bike and Pedestrian Safety and Connectivity
3. MBB/Embarcadero Connection/Enhancements – Community Enhancements
4. San Jacinto/Main/Greenwood Avenue Pedestrian Access Improvements – Safe Routes to Schools

Additionally, Morro Bay staff recommends, prior to providing a list of “Key Projects” for local funding allocation, staff seek additional community input through the City’s Public Works Advisory Board meeting on April 20, 2016.

#### **ATTACHMENTS**

1. SLOCOG’s Self-Help County Efforts, April 2, 2016
2. SLOCOG – Update of Public Engagement Efforts (2015/16)
3. Draft SLO County Transportation Investment Plan 2016 - Fact Sheet

**ATTACHMENT 1**

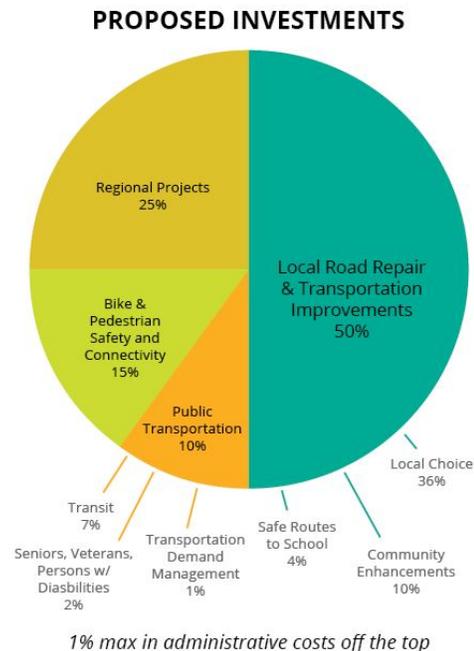
**SLOCOG’s Self-Help County Efforts**  
**April 2, 2016 (rev 4-4-2016)**  
(Information for Member Jurisdictions)

**SUMMARY:**

State funds for transportation infrastructure have dropped and continue to decrease. SLOCOG saw this first hand with the loss of State Transportation Improvement Program (STIP) funds (approximately \$15M less in the 15/16 programming cycle). Without new funding for transportation investments, our cities and county may lose job opportunities, experience increased traffic on degraded streets and highways, suffer potential service cuts on buses, and see more costly transportation services for youth, seniors, and people with disabilities.

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A detailed description of this pie chart and recommendations is outlined below in the Discussion section of this staff report and a 2-page overview is attached.

**RECOMMENDATIONS:**

- A.) Review and Comment on: draft Transportation Investment Plan categories and distributions, including: 9-year duration, formula distribution for Local Road Repairs and Transportation Improvements, and Safeguards.
- B.) Identify *Key Projects* for local funding allocation.

- C.) Direct staff to work with SLOCOG to develop a Final Transportation Investment Plan, Ordinance, and Safeguards for City and County evaluation to place on the November 2016 ballot for voter consideration.

**DISCUSSION:**

**About SLOCOG:** SLOCOG is an association of local governments, which is made up of the seven cities and the county. It has a 12-member Board, including, one member from each City Council and all of the County Board of Supervisors. SLOCOG's prime responsibilities include transportation planning and funding for the region, while serving as a forum for the study and resolution of regional issues. SLOCOG is responsible for coordinating, planning, and programming transportation programs and projects countywide, including: Highways, interchanges, streets, public transit, biking, walking, safe routes to school, and ridesharing. SLOCOG develops the 20+ year Regional Transportation Plan (RTP) to identify fundable, needed transportation projects of every mode.

**Transportation Funding Problem:** State and Federal revenues provided to our local transportation systems have been in decline for over a decade. More critically, since the release of the 2014 Regional Transportation Plan, the State funding estimates have dropped significantly. This drop is attributable to the fact that transportation revenues are based on Gas Taxes, and due to both low fuel prices (which decreases the amount of Gas Tax) and more electric and hybrid vehicles (which decreases overall consumption). In the FY15/16 programming cycle there was ZERO State gas tax dollars for SLOCOG to program. These funds typically cover a significant share of the cost of highway improvements like local interchanges (LOVR, Brisco). Recently, SLOCOG shifted funds that are typically used for local downtown enhancements, bike and pedestrian projects, etc. to keep some of the big highway projects moving forward. This includes project development for congestion relief on 101 South in the Shell Beach/Pismo Beach area.

Over the next 20 years, San Luis Obispo County's population is expected to grow by another 44,000 people. This will result in more demand on our streets, highways, and transit. Also worth consideration, our local economy is bolstered with tourists and visitors (using our transportation systems) from around our State which will grow by another seven million people. With the current inadequate funding, our transportation systems will fall further behind.

**SLOCOG Public Engagement:** In the past 6 months, SLOCOG staff and consultants engaged the public to garner information, feedback, and level of support at over 75 meetings with stakeholders, organizations, and clubs (see Attachment A). Over 700 meeting participants provided immediate feedback on problems and priorities through interactive clicker technology. An additional 143 people responded using a survey on SLOCOG's website. Consultant efforts also included four Focus Group meetings and a 600 likely-voter (landline, cellular, e-mail), statistically valid poll.

**A Self-Help Measure for SLO County:** Based upon public outreach, SLOCOG is considering a ½ cent regional sales tax that will generate \$25M/year solely for transportation purposes, as outlined in a specific voter-approved Transportation Investment Plan requiring a 2/3 majority vote. Over half of the revenue would come from non-residents who visit our county. Self-Help funds improve local chances to leverage State/Federal grant funds. Each city in the county and the unincorporated portions of the county would receive direct annual allocations to use for their transportation priorities – whether for potholes, street maintenance, bicycle improvements, transit, safe routes to school, and other transportation improvements.

**Proposed Transportation Investment Plan Distribution:**

Based on the extensive outreach, SLOCOG is recommending a ½ cent increase in sales tax for a 9-year duration contained within a Transportation Investment Plan for:

9-YEAR PLAN TOTALING \$225 MILLION		Percent of Funds	Fund Allocation (\$ millions)
<b>Local Road Repairs and Transportation Improvements</b>	Funds controlled by local jurisdictions with at least 10% Community Enhancements and 4% Safe Routes to School	<b>50%</b>	<b>\$112.5</b>
<i>Local Road Repairs and Transportation Improvement funds distributed by formula of \$150k base per jurisdiction, plus share of regional population</i>	<i>Arroyo Grande</i>	(6.9%)	(\$7,811,804)
	<i>Atascadero</i>	(10.8%)	(\$12,165,031)
	<i>Grover Beach</i>	(5.5%)	(\$6,223,419)
	<i>Morro Bay</i>	(4.6%)	(\$5,163,013)
	<i>Paso Robles</i>	(11.3%)	(\$12,666,685)
	<i>Pismo Beach</i>	(3.7%)	(\$4,209,018)
	<i>San Luis Obispo</i>	(16.3%)	(\$18,332,072)
	<i>SLO County</i>	(40.8%)	(\$45,928,958)
<b>Regional Projects</b>	Shell Beach/Pismo Beach congestion relief on US 101 South, plus North County 101 congestion relief, North Coast Highway 1 improvements and safety and congestion relief in south SLO City	<b>25%</b>	<b>\$56.2</b>
<b>Bike &amp; Pedestrian Safety and Connectivity</b>	Regional connectors including City-to-the-Sea/Bob Jones, Atascadero/Templeton Connector and Morro Bay/Cayucos Connector, plus local bike/ped improvement program	<b>15%</b>	<b>\$33.8</b>
<b>Public Transportation</b>	Transit (7%); Senior, Veterans, Persons w/ Disabilities (2%); Transportation Demand Management (1%)	<b>10%</b>	<b>\$22.5</b>
<b>TOTAL</b>		<b>100%</b>	<b>\$225</b>

*Note: Dollar amounts shown in millions reflect amount from a ½ cent sales tax generating \$25M/year for 9 years; while percent per category would not change, actual amount generated by a local sales tax per year would fluctuate based on local retail sales.*

- **Local Road Repair & Transportation Improvements (50%)**
  - This money is allocated directly to local jurisdictions under the following formula:
    - Local Choice: 36% (for any transportation purpose)
    - Community Enhancements: 10% spent on things such as downtown enhancements, major roadway improvements, etc.
    - Safe Routes to School: 4% dedicated to capital improvements around county schools
- **Public Transportation (10%)**
  - This money is allocated as follows:
    - Transit: 7% allocated to capital improvements and operational improvements meant to increase frequency of current service (Transit Operators will further define regional and local allocation distribution)
    - Seniors, Veterans, Persons w/ Disabilities: 2% for point-to-point service increases
    - Transportation Demand Management: 1% dedicated to education and outreach meant to get people out of single occupant vehicles, thereby providing congestion relief during peak commute hours.

- **Bike & Pedestrian Safety and Connectivity (15%)**
  - This money is meant to fund three specific regional bikeway improvements, including: City-to-the-Sea/Bob Jones Trail, Atascadero-Templeton Connector and Morro Bay-Cayucos Connector. It will also provide funds for a competitive bike and pedestrian grant program.
- **Regional Projects (25%)**
  - This money will allow the region to implement operational improvements that provide funding to four critical areas: Shell Beach/Pismo Beach congestion relief on US 101; North County US 101 congestion relief; North Coast Highway 1 improvements; and Safety and congestion relief in the south SLO city area.

**Local Road Repairs and Transportation Improvements Allocations – In more depth:**

This category is distributed by formula to the local jurisdictions based upon \$150k/jurisdiction as a base with the remaining funds distributed based upon share of population (Source: Department of Finance Population Estimates 1/1/15, Table E-5), modified by new population percentages in the fifth year.

The following table depicts the recommended distribution of \$12.5M for Local Road Repairs and Transportation Improvements. Each jurisdiction will determine its priority(s) for their local Community Enhancements and Safe Routes to School set asides (identified below).

**Table 2 – Local Road Repairs and Transportation Improvements**

Jurisdiction	\$ Base	% Share	\$ Share	Annual Total	%	9 Year Total	Local Road Repair & Imp.s (36%)	Community Enhancements (10%)	SRTS (4%)
Arroyo Grande	\$ 150,000	6.35%	\$ 717,978	\$ 867,978	6.9%	\$ 7,811,804	\$ 5,624,499	\$ 1,562,361	\$ 624,944
Atascadero	\$ 150,000	10.63%	\$ 1,201,670	\$ 1,351,670	10.8%	\$ 12,165,031	\$ 8,758,822	\$ 2,433,006	\$ 973,202
Grover Beach	\$ 150,000	4.79%	\$ 541,491	\$ 691,491	5.5%	\$ 6,223,419	\$ 4,480,862	\$ 1,244,684	\$ 497,874
Morro Bay	\$ 150,000	3.75%	\$ 423,668	\$ 573,668	4.6%	\$ 5,163,013	\$ 3,717,369	\$ 1,032,603	\$ 413,041
Paso Robles	\$ 150,000	11.13%	\$ 1,257,409	\$ 1,407,409	11.3%	\$ 12,666,685	\$ 9,120,013	\$ 2,533,337	\$ 1,013,335
Pismo Beach	\$ 150,000	2.81%	\$ 317,669	\$ 467,669	3.7%	\$ 4,209,018	\$ 3,030,493	\$ 841,804	\$ 336,721
San Luis Obispo	\$ 150,000	16.70%	\$ 1,886,897	\$ 2,036,897	16.3%	\$ 18,332,072	\$ 13,199,092	\$ 3,666,414	\$ 1,466,566
SLO County	\$ 150,000	43.83%	\$ 4,953,218	\$ 5,103,218	40.8%	\$ 45,928,958	\$ 33,068,850	\$ 9,185,792	\$ 3,674,317
<b>Total</b>	<b>\$ 1,200,000</b>	<b>100%</b>	<b>\$ 11,300,000</b>	<b>\$ 12,500,000</b>	<b>100%</b>	<b>\$ 112,500,000</b>	<b>\$ 81,000,000</b>	<b>\$ 22,500,000</b>	<b>\$ 9,000,000</b>

**Self Help Measure Required Safeguards:**

- a. Independent Taxpayer Oversight Committee will oversee how funds are spent.
- b. Administrative Costs are set at a maximum of 1%.
- c. Maintenance of Effort provision will require that these new funds augment existing transportation funding, not supplant them.
- d. Annual Audits and Annual Reporting of how funds were spent.
- e. Sunset date.
- f. Development must pay its fair share.

**Other Provisions:**

- a. Biennial Strategic Plan development.
  - o Efficient use funds by advancing ready-to-go projects when high-cost project(s) are in project development phase.
- b. Strict Plan amendment process.
- c. Implementation Guidelines.

**Next Steps:**

The SLOCOG Board has approved staff to distribute the draft Transportation Investment Plan breakdown (See Attachment B) to receive comments and feedback from local jurisdictions. The timeline for those meetings is as follows:

*County Board and City Councils review materials and provide feedback/comments:*

- Apr. 12: Morro Bay City Council
- Apr. 18: Grover Beach City Council
- Apr. 19: Board of Supervisors; Designation of SLOCOG as Local Transportation Authority;
- Apr. 19: Paso Robles City Council
- Apr. 19: Pismo Beach City Council
- Apr. 26: Atascadero City Council
- Apr. 26: Arroyo Grande City Council
- May 3: San Luis Obispo City Council
- May 4: Special SLOCOG Board meeting to review / address comments, and staff will finalize Ballot Materials (Ballot Label, Transportation Investment Plan, Ordinance, and Safeguards).

*County Board and City Councils meetings for Approvals*

- June 1: SLOCOG Board: Review comments, Approves Final Investment Plan, Ordinance, and Safeguards; Send for jurisdiction approvals.
- June/July: All City Councils and BOS: Plan Approvals.
- Aug 3: (SLOCOG) Local Transportation Authority Adopts Plan (2/3rds), and calls for election.
- Aug 9: BOS: Place materials on November 2016 Ballot.
- Nov. 8: Election Day

2015				
AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<p><b>Board of Directors</b></p> <p>Support Staff Reco:</p> <ul style="list-style-type: none"> <li>• Provide information and tools to sharpen the message/focus on transportation funding shortfalls.</li> <li>• Partner with non-governmental and civic organizations to educate the region on transportation funding issues.</li> <li>• Partner with non-governmental and civic organizations to educate the region on transportation funding issues.</li> </ul>	<p><b>Staff</b></p> <ul style="list-style-type: none"> <li>• Develops presentations for public</li> <li>• Continues to meet with stakeholders</li> <li>• Responds to media requests for more information</li> </ul>	<p><b>Board of Directors</b></p> <p>Support Staff Reco:</p> <ul style="list-style-type: none"> <li>• Engage the public and stakeholders</li> <li>• Hold focus groups</li> <li>• Garner public feedback and complete a telephone survey to ascertain investment priorities and levels of support.</li> </ul>	<p><b>Staff/Consultant</b></p> <ul style="list-style-type: none"> <li>• Contract signed for public engagement/outreach, focus groups, polling</li> <li>• Materials created for public engagement, including interactive clicker technology presentation</li> <li>• Begin scheduling additional meetings/outreach</li> </ul>	<p><b>Staff/Consultant</b></p> <ul style="list-style-type: none"> <li>• Begin presentations with clicker technology</li> </ul>
<b>Outreach &amp; Meetings</b>				
KCBX Central Coast Voices	Morro Bay Rotary	Santa Margarita Area Council	COLAB Board	CC American Public Works Assoc.
Assembly Member Achadjian	Farm Bureau & East Airport Commerce Park	City Managers	Heal-SLO	Avila Advisory Council
Senator Monning Staff	SLO Noontime Kiwanis	Atascadero Rotary	SLO Land Conservancy staff	
Farm Bureau Staff	Homebuilders Govt Affairs Comm.	EVC Board	Sierra Club Board	
SLO Chamber	Bob Jones Trail Comm. AG/GB Chamber: Legis. Comm. City Managers Atascadero City Council Economic Vitality Comm. staff Atascadero Chamber of Commerce		SLO Democratic Party KCBX: Issues and Ideas SLO Republican Party	

2016					
JANUARY	FEBRUARY	MARCH	APRIL	MAY	
<b>Staff/Consultant</b> • Continue presentations with clicker technology	<b>Staff/Consultant</b> • Continue presentations with clicker technology • <b>Focus Groups:</b> 4 based on geography (North Coast, North County, South County, Central County)	<b>Staff/Consultant</b> • Continue presentations with clicker technology • <b>Polling:</b> 600 person sample, land/cell/internet, "likely" voter profile, 19min	<b>Board of Directors</b> • Polling results presented • Rough Expenditure Plan presented • Approve SLOCOG as region's Local Transportation Authority	<b>Board of Directors</b> • Provide feedback on Expenditure Plan	<b>Board of Directors</b> • Approve ballot
<b>Outreach&amp; Meetings</b>					
North Coast Advisory Traffic Comm	Santa Margarita Advisory Council	SLO Talk Soiree	<b>Review Materials/Provide Feedback:</b> City Managers	<b>Review Materials/Provide Feedback:</b> 5/3: SLO City Council	<b>Approve ballot</b> TBD: Mc
Cayucos Citizens Advisory Council	Shandon Advisory Council	Area Council on Aging	Technical/Citizens TAC	City Managers	TBD: Gr
SLO Chamber: Econ/Dev/Hous. Pismo Realtors Assoc.	Four Focus Group meetings	N. Coast Advisory Committee	4/12: Morro Bay City Council		TBD: Bo
League of Women Voters Board	SLO Downtown Business Assoc.	MB Chamber: Business Forum	4/18: Grover Beach City Council		TBD: Pa
SLO County Health Comm.	Bicycle Advisory Committee	Paso Robles Chamber of Comm	4/19: Board of Supervisors		TBD: Pis
SLO County Trail Comm.	S. Co. Adv. Council: Circ. Comm.	County Clerk/Counsel	4/19: Paso Robles City Council		TBD: Ar
SLO County Democrats	Sierra Club: Conservation Comm	City Managers	4/19: Pismo Beach City Council		TBD: At
Land Conservancy	Technical/Citizens/Social TACs	Technical/Citizens TAC	4/26: Arroyo Grande City Council		TBD: SL
City Managers	Action for Healthy Communities	SLO Rotary	4/26: Atascadero City Council		
RTA/SLO-Transit/Ride-On	Creston Advisory Body				
Morro Bay Rotary	Commission on Aging				
SLO Employer Advisory Council	Oceano Advisory Board				
EVC: Build'g Design Const. Cluster	SLO Association of Realtors				
Action for Healthy Communities	EVC: Board				
Templeton Area Advisory Group	SRTS Working Group				
Bike SLO County Advocacy Team	Paso Robles Rotary				
San Miguel Advisory Council	Atascadero Kiwanis				
Rotary Club of Grover Beach	City Managers				
Atascadero Chamber of Commerce	Technical/Citizens/Social TACs				
Los Osos Comm. Advisory Council					
Parks & Rec. Commission					

# ATTACHMENT 3



**CONNECTING COMMUNITIES**  
ARROYO GRANDE | ATASCADERO | GROVER BEACH  
MORRO BAY | PASO ROBLES | PISMO BEACH  
SAN LUIS OBISPO | SAN LUIS OBISPO COUNTY

## SLO COUNTY TRANSPORTATION INVESTMENT PLAN 2016

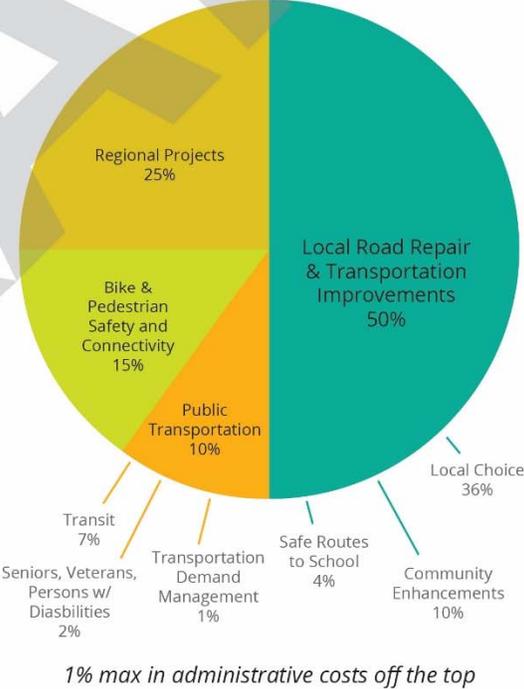
**New transportation investments are needed throughout San Luis Obispo County.** Revenues available to operate, maintain and improve our transportation system have not kept up with the needs of our community. State and federal funding has dropped severely in recent years and those funds are increasingly unreliable. Over the term of this Plan, SLO County's population will grow and the senior population will almost triple. This means more demand on our streets, highways and transit. Without new funding, SLO County will lose job opportunities, experience increased traffic on degraded streets and highways, suffer service cuts on buses and see more costly transportation services for youth, seniors and people with disabilities.

**In November 2016, voters will be asked to approve a ½ cent sales tax to address these needs.** Communities that have local transportation funds are able to do more themselves and are more successful in competing for funding, leveraging a larger share of state and federal dollars.

### This plan will:

- **Preserve existing infrastructure and improve neighborhoods**, including funds to every city and the County to repave streets, fill potholes, and upgrade local transportation infrastructure.
- **Provide transit system preservation and improvements**, by making capital and operational investments.
- **Keep fares affordable for seniors and people with disabilities**, including reliable and inexpensive transportation, as well as affordable senior shuttles, vans and services that help maintain independence.
- **Reduce traffic congestion** by eliminating bottlenecks and improving commute reliability.
- **Improve safety** for motorists, bicyclists and pedestrians.
- **Support driving alternatives** that improve air quality.
- **Create good jobs** that support residents and businesses in SLO County.

### PROPOSED INVESTMENTS



## TRANSPORTATION INVESTMENT PLAN: SUMMARY OF PROPOSED INVESTMENTS

9-YEAR PLAN TOTALING \$225 MILLION		Percent of Funds	Fund Allocation (\$ millions)
<b>Local Road Repairs and Transportation Improvements</b>	Funds controlled by local jurisdictions with at least 10% Community Enhancements and 4% Safe Routes to School	<b>50%</b>	<b>\$112.5</b>
<i>Local Road Repairs and Transportation Improvement funds distributed by formula of \$150k base per jurisdiction, plus share of regional population</i>		<i>Arroyo Grande</i>	(6.9%) (\$7,811,804)
		<i>Atascadero</i>	(10.8%) (\$12,165,031)
		<i>Grover Beach</i>	(5.5%) (\$6,223,419)
		<i>Morro Bay</i>	(4.6%) (\$5,163,013)
		<i>Paso Robles</i>	(11.3%) (\$12,666,685)
		<i>Pismo Beach</i>	(3.7%) (\$4,209,018)
		<i>San Luis Obispo</i>	(16.3%) (\$18,332,072)
<i>SLO County</i>	(40.8%) (\$45,928,958)		
<b>Regional Projects</b>	Shell Beach/Pismo Beach congestion relief on US 101 South, plus North County 101 congestion relief, North Coast Highway 1 improvements and safety and congestion relief in south SLO City	<b>25%</b>	<b>\$56.2</b>
<b>Bike &amp; Pedestrian Safety and Connectivity</b>	Regional connectors including City-to-the-Sea/Bob Jones, Atascadero/Templeton Connector and Morro Bay/Cayucos Connector, plus local bike/ped improvement program	<b>15%</b>	<b>\$33.8</b>
<b>Public Transportation</b>	Transit (7%); Senior, Veterans, Persons w/ Disabilities (2%); Transportation Demand Management (1%)	<b>10%</b>	<b>\$22.5</b>
<b>TOTAL</b>		<b>100%</b>	<b>\$225</b>

*Note: Dollar amounts shown in millions reflect amount from a ½ cent sales tax generating \$25M/year for 9 years; while percent per category would not change, actual amount generated by a local sales tax per year would fluctuate based on local retail sales.*

**Strict accountability and performance measures ensure delivery.** The 9-year Plan will include strict accountability measures to ensure the funds are spent as directed by voters. It requires open and transparent public processes to allocate funds, including:

- Annual independent audits and compliance reports
- Citizen Oversight Committee
- Provisions for Maintenance of Effort
- Administrative costs maximum of 1%
- Sunset date

ADDENDUM TO STAFF REPORT  
ITEM C-3

RECEIVED  
City of Morro Bay

APR 12 2016

Administration

**Memorandum**

**From:** The City of Morro Bay Harbor Advisory Board; Marine Sanctuary Ad Hoc Committee

**Date:** April 9, 2016

**Subject:** A List of Potential Presenters for Public Information Forums Regarding National Marine Sanctuaries and their relations with Citizens, Agencies, Business and Industry.

The following is a list of potential presenters identified by the Ad Hoc Committee for participation in a public information forum or forums focused on the potential presenter's experience conducting their affairs within a National Marine Sanctuary's sphere of influence. Potential presenter experiences would include, but not be limited to: local control, regulation, and/or economics. Additionally, the list includes potential presenters who have engaged in significant study of the relationship between National Marine Sanctuaries and the citizens, agencies, business interests, and/or industry interests that are located in and/or operate within the sphere of a National Marine Sanctuary.

*Notes: The potential presenter criteria being pursued by the Ad Hoc Committee are as follows:*

- *Direct experience relative to relations between a National Marine Sanctuary and the administration and/or business conducted by private citizens, government agencies, business entities, and/or industry.*
- *The ability and willingness of the presenter to share their relevant experience in an objective manner, without advocacy either for or against National Marine Sanctuaries.*
- *None of the parties identified below have been vetted relative to the above criteria. Further, none have as yet been asked to participate in a National Marine Sanctuaries public information forum or forums, and none have as yet agreed to do so.*

**Monterey Bay National Marine Sanctuary**

**Harbormaster**, Monterey Harbor, City of Monterey, CA

**Port Director**, Santa Cruz Harbor; Santa Cruz Port District; Santa Cruz, CA

**Kathy Fosmark**; MBNMS SAC member

**Dan Wolford**; recreational fisherman

**Scott Jarrett**, big wave jet-ski surfer, recreational fisherman and yachtsman

**Monterey County Cattleman's Association**; Soledad, CA 93960

**Grower-Shipper Association of Central California**; Salinas, CA 93902

ADDENDUM TO STAFF REPORT  
ITEM C-3

**California Certified Organic Farmers; Santa Cruz, CA**

**United Fresh Fruit and Vegetable Association -Western Regional Office; Salinas, CA**

**Monterey County Association of Realtors; Del Rey Oaks, CA**

**Monterey Peninsula Chamber of Commerce; Monterey, CA**

**Greater Farallones National Marine Sanctuary**

**Mark Gorelnik; National Marine Sanctuary (GNMS) SAC member**

**Bodega Bay Area Chamber of Commerce; Bodega Bay, CA**

**Sonoma County Farm Bureau; Santa Rosa, CA**

**Spud Point Marina; Bodega Bay, CA**

**Channel Islands National Marine Sanctuary**

**Chris Voss; Commercial Fisherman**

**Ventura County Agricultural Association; Camarillo, CA**

**Oxnard Harbor District/Port of Huemene; Port Hueneme, CA**

**Farm Bureau of Ventura County; Ventura, CA**

**County of Ventura Harbor Department; Ventura, CA**

**Ventura Chamber of Commerce; Ventura, CA**

**Santa Barbara Waterfront Department; Santa Barbara, CA**

**California Coastal - General**

**California Farm Bureau, District 8; Salinas, CA**

**Port San Luis Commercial Fishermen Association; Avila Beach, CA**

**Monica Galligan; California State University, Monterey, CA**

**Central Coast Wine Growers Association; Santa Maria, CA**

**Pacific Coast Federation of Fisherman's Associations; San Francisco, CA**

ADDENDUM TO STAFF REPORT  
ITEM C-3

**California Association of Harbor Masters and Port Captains; Monterey, CA**

**Alliance of Communities for Sustainable Fisheries; Monterey, CA**

**National – General**

**Recreational Fishing Alliance; New Gretna, NJ**



AGENDA NO: C-3

MEETING DATE: April 12, 2016

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** April 4, 2016

**FROM:** Eric Endersby, Harbor Director

**SUBJECT:** Consideration of Harbor Advisory Board Recommendation for the City of Morro Bay to Sponsor or Promote Additional National Marine Sanctuary Public Information Forums

### **RECOMMENDATION**

Staff recommends the City Council consider the recommendation of the Harbor Advisory Board (HAB) to sponsor or promote additional public information forums relative to the proposed National Marine Sanctuary off the coast of Morro Bay, and to direct staff accordingly.

### **ALTERNATIVES**

1. The City of Morro Bay does not actively seek out additional National Marine Sanctuary public information forums, but remains open to facilitating educational events offered / organized by governmental entities.
2. The City of Morro Bay aids and participates in broader County-wide informational forums sponsored or promoted by County and/or other governmental organizations.

### **FISCAL IMPACT**

Some fiscal impact is anticipated if a forum or forums are sponsored and the City bears the cost of hosting and moderation. The cost of facilitating a forum in Morro Bay is likely around \$2,500. That does not include paying travel costs, if required, for presenters.

### **BACKGROUND/DISCUSSION**

The Northern Chumash Tribal Council has submitted a nomination to NOAA for a Chumash Heritage National Marine Sanctuary that would incorporate local waters and extend from the southern border of the Monterey Bay National Marine Sanctuary off Cambria south to below Point Conception. The nomination was accepted by NOAA as complete and put on an "inventory" list for possible future sanctuary establishment.

Prepared By: EE

Dept Review: EE

City Manager Review: DWB

City Attorney Review: JWP

At the September 22, 2015, City Council meeting, the Council directed the staff to invite NOAA to come to Morro Bay to provide a public informational forum on the proposed sanctuary. The City facilitated that event, providing a venue, a facilitator, and using City communications tools to advertise the event. That well-attended forum was held on January 6, 2016, at the Vet's Hall.

On February 4, 2016, the HAB voted unanimously to recommend the City Council consider sponsoring or promoting additional public information forums to better inform the community on the pros and cons of a National Marine Sanctuary off the coast of Morro Bay. The HAB recommended such a forum or forums "be intended to provide objective, fact-based information to the City of Morro Bay and its citizens – information provided by the City and County governments, port and harbor authorities, regional agencies, business interests and other non-governmental organizations which have lived for a period of time with a marine sanctuary on the California coast." A copy of the letter from HAB Chairman Bill Luffee relative to this recommendation is included as an attachment to this staff report.

At the February 9, 2016, City Council meeting during declaration of future agenda items, Councilmember Makowetski brought forward the HAB recommendation for this discussion.

Staff believes a crucial element of any forum is to provide information, not advocacy. Thus, staff would appreciate some Council guidance on entities that might provide an effective information session.

To date, no organizations have requested any City support for additional outreaches in Morro Bay.

One organization that might be well-placed to organize such an outreach is the California Marine Affairs and Navigation Conference (CMANC), an association of California port and harbor cities of which Morro Bay is a member. There are active CMANC participants from areas already under NMS regulation, including Monterey and Channel Islands, who may be willing to share their experiences.

Should the Council direct staff to organize a CMANC-led outreach focused on NMS education, there would likely be some additional cost to pay for travel of some members.

### **CONCLUSION**

The Council should consider the HAB recommendation the City sponsor or facilitate additional public information forums relative to National Marine Sanctuary designation in area waters and provide direction to staff. If that is supported by the Council and staff directed accordingly, then staff envision a forum or forums similar to the NOAA forum. If joint or co-sponsoring/hosting of a forum or forums is chosen by Council, then staff will work to identify potential partners and manage the forum(s) accordingly.

### **ATTACHMENT**

Letter from Harbor Advisory Board Chairman Bill Luffee to the City Council relative to additional marine sanctuary public information forums.

## **Request for a City Council Agenda item re. Marine Sanctuary Public Information Forums**

**To:** Morro Bay City Council

**From:** Morro Bay Harbor Advisory Board

**Date:** February 5, 2016

During its February 4, 2016 Board meeting, the Morro Bay Harbor Advisory Board unanimously passed a motion relative to the need for additional public information forums concerning a hypothetical National Marine Sanctuary off the coast of Morro Bay.

The Harbor Advisory Board feels strongly that City and County governments, port and harbor authorities; regional agencies; business interests such as fishing, agriculture, real estate and commerce; and other non-government organizations (NGO's) which have lived with a marine sanctuary along the California coast be given an opportunity to share their experience with the City of Morro Bay and its citizens. For purposes of these public information forums it makes no difference whether such experiences were positive, negative or neutral, as long as they are based upon facts, and do not stray into advocacy or bias. The January 6, 2016 NOAA presentation in Morro Bay provided information and perspective from the viewpoint of the Office of National Marine Sanctuaries. This was important and valuable information. What are needed additionally are further public information forums featuring representatives from entities and groups on the California coast which have lived with a sanctuary for a period of time.

Per Section 1.2.3 of the Morro Bay City Council Policies and Procedures, the Harbor Advisory Board formally requests the City Council place on the earliest possible City Council agenda, the matter of the City of Morro Bay sponsoring and promoting additional public information forums relative to a hypothetical National marine sanctuary off the coast of Morro Bay. Further, that those forums be intended to provide objective, fact based information to the City and its citizens – information provided by City and County governments; port and harbor authorities; regional agencies; business interests such as fishing, agriculture, real estate and commerce; and other non-government organizations (NGO's) which have lived for a period of time with a marine sanctuary on the California coast

Respectfully,



Bill Luffee, Chairman

Morro Bay Harbor Advisory Board



AGENDA NO: C-4

MEETING DATE: April 12, 2016

## Addendum to Staff Report

**TO:** Honorable Mayor and City Council                      **DATE:** April 11, 2016

**FROM:** Whitney McIlvaine, Contract Planner

**SUBJECT:** Second Reading and Adoption of Ordinance 601: Local Coastal Program and Zoning Text Amendment (#A00-029) amending Title 17 provisions related to Secondary Dwelling Units and Guesthouses/quarters and accessory living areas

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### RECOMMENDATION

Staff recommends the Council review and approve the minor non-substantive change to Exhibit A for Ordinance 601 suggested by Coastal Commission staff as outlined in the attached email and shown in a revised red-lined Exhibit A.

### ATTACHMENTS

A – Email from Kevin Kahn, District Supervisor, California Coastal Commission  
B – Red-lined Exhibit A to Ordinance 601

Prepared By:   WM  

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

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

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

## Whitney McIlvaine

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**From:** Kahn, Kevin@Coastal <Kevin.Kahn@coastal.ca.gov>  
**Sent:** Monday, April 11, 2016 3:26 PM  
**To:** Whitney McIlvaine  
**Subject:** Second Unit Ordinance LCPA

**Importance:** High

Hi Whitney, I have a few edits for you that clarify a few details that we recommend for insertion (additions in underline).

- 17.48.315(D): "...and lot coverage, cumulatively with the primary residence."
- 17.48.320(B): "...and lot coverage, cumulatively with the primary residence."

Let me know if you have any questions on this, and I'd be happy to walk you through them.

Thanks!

Kevin Kahn  
District Supervisor  
Central Coast District Office  
California Coastal Commission  
725 Front Street, Suite 300  
Santa Cruz, CA 95060  
(831) 427-4863

## EXHIBIT A

*The changes to the City's Zoning Ordinance (Title 17), and Local Coastal Program are shown in underline for additions, while ~~strikethrough~~ indicates deletions. Plain text indicates existing zoning ordinance language to be retained. **Bold italics** indicate recommended general changes.*

### CHAPTER 17.12 DEFINITIONS

**Delete Section 17.12.295, definition for "Granny Unit," and replace with new definition for "Secondary Dwelling Unit" as follows:**

#### ~~17.12.295~~ ~~GRANNY UNIT~~

~~"Granny Unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons (accessory to a single family residence in specific zones permitting such use). It shall include permanent provisions for living, sleeping, eating, cooking and sanitation on the same parcel as the single family dwelling.~~

#### 17.12.295 Secondary dwelling unit.

"Secondary dwelling unit" means a dwelling unit that (i) is detached from or attached to the primary residential dwelling unit, which provides complete independent living facilities for one or more persons, (ii) includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same lot as the primary residential dwelling unit and (iii) "second unit," as set forth in Sections 65852.150 and 65852.2 of the California Government Code.

**Delete Section 17.12.300, definition for "Guesthouse," and replace with new definition for "Guesthouse / Accessory living area" as follows:**

#### ~~17.12.300~~ ~~Guesthouse.~~

~~"Guesthouse" means any attached or detached accessory building which does not have enclosed access directly to the interior of the principle residence, which has any bathroom facility and which does not contain a kitchen, cooking facilities, or food preparation or storage facilities, and where no compensation in any form is received or paid for use thereof.~~

#### 17.12.300 Guesthouse / Accessory living area.

"Guesthouse / Accessory living area" means an attached or detached habitable area that is used in conjunction with a primary single-family dwelling on the same lot and may have bathroom facilities, but does not have enclosed access to the interior of that primary single-family dwelling and does not contain a kitchen or any cooking or food preparation facilities, nor more than one bedroom.

***In general, replace all references in the Zoning Ordinance to “granny unit” with “secondary dwelling unit”. This includes references in Chapter 17.44, Parking and Chapter 17.24, Primary Districts (discussed below).***

#### CHAPTER 17.24 PRIMARY DISTRICTS

***The following changes shall be made to the tables in the Chapter 17.24 in designated areas zoned for single-family and multi-family use:***

- In the AG, RA, R-1, R-2, R-3, and R-4 districts, delete the requirement for a minor use permit for secondary dwelling units that meet the applicable standards in Section 17.48.320 “Secondary Dwelling Units.”***
- In the AG, RA, R-1, R-2, R-3, and R-4 districts, delete the requirement for a minor use permit for guesthouses that meet the applicable standards in Section 17.48.315 “Guesthouse / Accessory living area.”***
- Delete references to “granny unit”.***

#### CHAPTER 17.48 GENERAL REGULATIONS, CONDITIONS AND EXCEPTIONS

##### 17.48.315 ~~GUESTHOUSES/QUARTERS AND ACCESSORY LIVING AREAS~~ Guesthouse / Accessory living area.

Where provided by this Title, guesthouses and habitable structures for accessory living areas may be permitted in conjunction with a ~~dwelling unit~~ primary single-family dwelling, subject to the below requirements:

##### A. ~~Guesthouse Restrictions.~~ Size.

A guesthouse / accessory living area shall not contain more than six hundred forty (640) square feet of habitable floor area ~~containing not more than one bedroom and bathroom~~ nor shall it exceed thirty (30) percent of the floor area of the primary single-family dwelling, ~~and no cooking or food preparation or food storage facilities shall be provided.~~

##### B. ~~Use-Permit Requirements.~~

~~A guesthouse may be permitted only after obtaining a Minor Use Permit pursuant to Chapter 17.60. In all cases, the Director shall require the recordation of a deed restriction limiting the use to guest purposes only and prohibiting its rental or occupation as a second unit. Such deed restriction shall be subject to the approval of the City Attorney. (Ord. 288 Exh. B (part), 1986; Ord. 263 § 1 (part), 1984)~~

1. Outside the Coastal Commission appeal jurisdiction, guesthouses and accessory living areas may be permitted only after obtaining an administrative coastal development permit pursuant to Chapter 17.58 “Coastal Development Permits and Procedures.”

2. In the CRR zone, a conditional use permit is required pursuant to Chapter 17.60.

3. Inside the Coastal Commission appeal jurisdiction, guesthouses and accessory living may be permitted only after obtaining a regular coastal development permit pursuant to Chapter 17.58 “Coastal Development Permits and Procedures.”

C. Location.

Guesthouses and accessory living areas may be established on any lot zoned R-A, R-1, R-2, R-3, R-4, AG and CRR, with the required permit, in accordance with District Tables in Chapter 17.24, where a primary single-family dwelling has been constructed or is proposed to be constructed in conjunction with the guesthouse or living area. Only one guesthouse / accessory living area or secondary dwelling unit is permitted on the same lot; provided, that both may be permitted on any lot which is a minimum of 7,500 square feet in size, subject to approval of a conditional use permit. Guesthouses and accessory living areas are prohibited in the S2.B Overlay.

D. Development Standards.

Guesthouses and accessory living areas shall comply with all development standards applicable to the zoning of the site on which they are located, including, but not limited to, building height, separation, setbacks, and lot coverage, **cumulatively with the primary residence.**

E. Parking.

As part of the permit process, additional parking may be required for guesthouses and accessory living areas.

F. Design.

Guesthouses and accessory living areas shall be consistent and compatible with the architectural style of the primary single-family dwelling and the neighborhood, and shall be located on the same lot as the primary residence.

G. Covenant Agreement.

Prior to the issuance of any building or grading permit, a covenant agreement shall be recorded which discloses the structure’s approved floor plan and status as a “guesthouse / accessory living area.” That agreement shall be recorded in the Office of the County Recorder for San Luis Obispo County to provide constructive notice to future property owners. The covenant agreement also may contain authorization for inspections, and to allow the city, upon reasonable time and notice, to inspect the premises for compliance with the agreement and to verify continued compliance with requirements of this section and State and local health and safety codes.

H. No Separate Rental.

A guesthouse / accessory living area may not be rented separately from the primary single-family dwelling. Public notice of each application for a proposed guesthouse or an accessory living area shall clearly state within the project

description it may not be rented separately from the primary single-family dwelling on site.

I. Consistency with the Coastal Act.

Establishment of a guesthouse / accessory living area shall not adversely impact coastal resources such as public access and recreation, public views, and sensitive habitat areas.

17.48.320 ~~Granny Units~~ Secondary dwelling units.

The purpose of this Section is to provide affordable low- and moderate-income housing. ~~Pursuant to Government Code Section 65852.2, in zones where designated, a permit may be granted allowing a granny second unit on lots where there is one single family residence, subject to the following provisions: The following supplemental regulations~~ are intended to comply with Government Code sections 65852.150 and 65852.2 on second units and implement the General Plan, by allowing secondary dwelling units subject to the following requirements. Nothing in Government Code sections 65852.2 or 65852.150 shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act, except that the City shall not be required to hold public hearings for coastal development permit applications for second units. (Government Code subsection 65852.2(j).) Noticing for interested parties and surrounding properties shall be the same as required for coastal development permits. An approval of any secondary dwelling unit in the California Coastal Commission appeal jurisdiction will continue to be appealable to the Coastal Commission.

~~A. Minor Use Permit and Deed Restriction Required~~

~~A granny second unit may be permitted only after obtaining a Minor Use Permit pursuant to Chapter 17.60. A deed restriction in a form approved by the City Attorney shall be recorded limiting the use of said real property to residential purposes only.~~

~~A.B. Location.~~

~~Said A secondary dwelling unit may be located, as an accessory use, on any lot zoned for single family or multi family uses zoned R-A, R-1, R-2, R-3, R-4, and AG, in accordance with District Tables in Chapter 17.24, where a primary single-family residential use has been established or is proposed to be constructed in conjunction with that unit. Only one guesthouse / accessory living area or secondary dwelling unit is permitted on the same lot; provided, that both may be permitted on any lot which is a minimum of 7,500 square feet in size, subject to approval of a conditional use permit. A secondary dwelling unit may be allowed on any lot zoned AG only if the unit is expressly designated and used for farm laborer quarters.~~

~~B.C. Lot Coverage Development Standards.~~

~~Maximum lot coverage allowed for the District that they are located in. Secondary dwelling units shall comply with all development standards applicable to the~~

zoning of the site on which they are located, including, but not limited to, building height, separation, setbacks, and lot coverage, ~~cumulatively with the primary residence.~~

C.D. Design.

~~Said~~—A secondary dwelling unit shall be consistent and compatible with the architectural style of the ~~main residence~~ primary single-family dwelling and the neighborhood, and shall be located on the same lot as the primary single-family dwelling. All secondary dwelling units shall have a separate outdoor entrance in addition to any enclosed access to the interior of the primary single-family dwelling.

D.E. Size.

~~The total floor area, not including a garage, for a granny second unit shall not exceed 1,200 square feet.~~ The total floor area, including a garage, for a detached secondary dwelling unit shall not exceed the lesser of 900 square feet, as per State guidelines or fifty percent of the living area of the primary single-family dwelling on the same lot; provided, that up to 1,200 square feet, including a garage, may be allowed for a detached secondary dwelling unit with a Conditional Use Permit pursuant to Chapter 17.60 “Use Permits, Procedures, Notices and Variances.” The floor area of an attached secondary dwelling unit shall not exceed thirty percent of the living area of the primary single-family dwelling.

E.F. Parking.

A minimum of one additional parking space per bedroom, not to exceed two spaces, shall be provided. The parking spaces may be open and uncovered and may be located in setback areas; however they may not be in tandem with the required parking of the primary single-family dwelling. When more than one space is required for a secondary dwelling unit, tandem spaces shall only be allowed for those two spaces with a Conditional Use Permit pursuant to Chapter 17.60. The primary single-dwelling unit must conform to the parking requirements of Chapter 17.44 “Parking, Driveway and Loading Facilities.” Off-street parking shall be permitted in setback areas or through tandem parking, unless the following specific findings are made:

- ~~—1. That parking in setback areas or tandem parking is not feasible based upon specific site topography constraints or adverse fire and life safety conditions, or~~
- ~~—2. That it is not permitted anywhere else in the City.~~

G. Water Equivalencies and Other Public Facilities.

~~The developer shall obtain and/or pay for all applicable water equivalency and other public facility improvements at the standard set for an apartment unit prior to issuance of a building permit, but will not be subject to a residential unit allocation under the provisions of Measure F.~~

H. Compliance with Title 14.

A granny secondary dwelling unit shall be in conformance with all applicable provisions of Title 14 of the Morro Bay Municipal Code in addition to the applicable requirements for height, setback, lot coverage, etc. pursuant to the provisions of Chapter 17.24.

F. Water Service and Meter Requirements.

A separate water service and meter is required for detached secondary dwelling units pursuant to Title 13 of the Morro Bay Municipal Code. An attached secondary dwelling unit may be served by a separate water service and meter or may share the water service and meter with the primary single-family dwelling.

G. Permit Requirements.

1. No use permit shall be required for secondary dwelling units except as noted in this section and where a secondary dwelling unit is proposed as an addition to a nonconforming structure pursuant to Chapter 17.56 "Nonconforming Uses and Structures."

2. Outside the Coastal Commission appeal jurisdiction, an administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.

3. Inside the Coastal Commission appeal jurisdiction, a regular coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.

H. Consistency with the Coastal Act.

Establishment of a secondary dwelling unit shall not adversely impact coastal resources such as public access and recreation, public views, and sensitive habitat areas.

I. Density.

A secondary dwelling unit, which conforms to the requirements of this section, shall not be considered to exceed the allowable density for the lot upon which it is located.

J. No Subdivision of Property.

The secondary dwelling unit shall not be sold separately and no subdivision of property shall be allowed where a secondary dwelling unit has been constructed, unless the subdivision meets all requirements of zoning and subdivision regulations. Nothing in this section shall prohibit joint ownership of the property where a secondary dwelling unit has been constructed.

K. Covenant Agreement.

Prior to the issuance of any building or grading permit, a covenant agreement shall be recorded which discloses the structure's approved floor plan and status as a "secondary dwelling unit." This agreement shall be recorded in the Office of the County Recorder for San Luis Obispo County to provide constructive notice to all future owners of the property. The covenant agreement also may contain authorization for inspections, and to allow the city, upon reasonable time and notice, to inspect the premises for compliance with the agreement and to verify continued compliance with requirements of this section and State and local health and safety codes.

L. Acceptance of Existing Secondary Dwelling Units.

1. Exemption. Each secondary dwelling unit that existed on or before March 1, 2016, ("Existing Secondary Dwelling Unit") and that meets the requirements of the Uniform Housing Code, as determined by the Building Inspector, on a lot that includes the required number of parking spaces for both the primary single-family dwelling and the secondary dwelling unit, is exempt from the unit size and design requirements of this section; provided that to be able to benefit from this exemption an Existing Secondary Dwelling Unit must be issued a timely Acceptance Certificate, as provided in subsection 2., below.

2. Acceptance Certificate Required. To obtain an Acceptance Certificate, an owner of an Existing Secondary Dwelling Unit must file an application with the Community Development Department for acceptance of the unit on or before March 31, 2018.

3. Application and Procedure. An application for a certificate timely filed must include a site and floor plan, documentation of ownership, additional materials as required to establish the approximate date the secondary dwelling unit was built, and a fee, as established by City Council resolution. Upon receipt of the application, the Building Inspector will schedule an inspection.

4. If the secondary dwelling unit meets basic health and safety standards as identified in the then current Uniform Housing Code, then an Acceptance Certificate will be issued and the secondary dwelling unit address will be entered into the City's database indicating the secondary dwelling unit is legal.

5. If the required inspection determines the secondary dwelling unit does not meet health and safety standards identified in the then current Uniform Housing Code, and it is brought into compliance within a period of not more than 12 months after the date of inspection, then an Acceptance Certificate will be issued and the secondary dwelling unit address will be entered into the City's database indicating the secondary dwelling unit is legal.

6. If the required inspection determines the secondary dwelling unit does not meet health and safety standards identified in the then current Uniform Housing Code, and it is not brought into compliance within a period of not more than 12 months after the date of inspection, then that unit shall be deemed an illegal non-conforming use and demolished within 6 months after notice from the City.
7. Notwithstanding the foregoing application, inspection and certification process, no person shall rent or occupy a secondary dwelling unit that fails to meet the standards required by the Uniform Housing Code.
8. A secondary dwelling unit, which receives an Acceptance Certificate, but does not meet site development standards, will be considered a legal nonconforming unit.

## Chapter 17.58 COASTAL DEVELOPMENT PERMITS AND PROCEDURES

### 17.58.020(G) Additions to Single-Family Homes.

- 2.b. Regular coastal permit required for additions greater than ten percent of gross floor area, fences, garages, and other ancillary structures, ~~including secondary units~~ (secondary dwelling units) and guesthouses and accessory living areas.

### 17.58.020(I) Secondary Dwelling Units.

1. Outside the Coastal Commission appeal jurisdiction, an administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.
2. Inside the Coastal Commission appeal jurisdiction, a regular coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.



AGENDA NO: C-4

MEETING DATE: April 12, 2016

## Staff Report

**TO:** Honorable Mayor and City Council                      **DATE:** April 1, 2016

**FROM:** Whitney McIlvaine, Contract Planner

**SUBJECT:** **Second Reading and Adoption of Ordinance 601: Local Coastal Program and Zoning Text Amendment (#A00-029) amending Title 17 provisions related to Secondary Dwelling Units and Guesthouses/quarters and accessory living areas**

### RECOMMENDATION

Staff recommends the City Council adopt Ordinance 601 (Local Coastal Program and Zoning Text Amendment #A00-029), amending provisions of Title 17 of the Morro Bay Municipal Code related to Secondary Dwelling Units and Guesthouses/quarters and accessory living areas, and direct staff to submit a Local Coastal Program (LCP) Amendment to Coastal Commission.

### ALTERNATIVE

- 1) Defer adoption of Ordinance 601 and direct staff to return to Planning Commission for reconsideration.

### FISCAL IMPACT

The proposed amendments will have negligible effect on City finances.

### DISCUSSION

Ordinance 601 was brought before the City Council for introduction and first reading on March 22, 2016. In keeping with the memorandum to the City Council from Community Development Manager Scot Graham, dated March 21, 2016, and posted on the City website for this hearing item, the original staff recommendation was changed to strike the provision prohibiting secondary dwelling units from being used as vacation rentals along with two findings supporting that prohibition. That changed recommendation was the result of the City Manager's review of the staff report after its publication on-line and his return from Washington D.C. The City Manager directed that change be made for consistency with other administrative decisions he has made when asked by the hotelier community to regulate

Prepared By: WM

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

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

City Attorney Review: JWP

vacation rentals. Since he is unaware of any negative issues caused by vacation rentals, he sees no reason to prohibit secondary residential units from being so used. In addition, the State law governing secondary residential units does not require that prohibition.

In response to an email from Coastal Commission staff received March 22, 2016, provisions related to permitting requirements for both secondary dwelling units and guesthouses / accessory living areas were changed for consistency with Coastal Act regulations (14 CCR 13250(a)(2)), which explicitly states “guesthouses or self-contained residential units” require a regular coastal development permit inside the appeal jurisdiction and are not considered “additions” to a single-family dwelling. Specifically, an administrative coastal development permit was originally recommended for secondary dwelling units both inside and outside the Coastal Commission appeal jurisdiction. That requirement was changed to require a regular coastal development permit, with no requirement for a Planning Commission public hearing, inside the appeal jurisdiction. For guesthouses and accessory living areas, the original recommendation for a minor use permit outside the appeal jurisdiction was changed to an administrative coastal development permit. Inside the appeal jurisdiction, the original recommendation for treating guesthouses and accessory living areas the same as additions to single-family homes was changed to require a regular coastal development permit.

A copy of the memorandum from Scot Graham was posted on the City’s website and made available in writing to City Council Members and the members of the public at the March 22, 2016 hearing. Written copies of proposed changes to Ordinance 601 as presented in the staff report, dated March 11, 2016, were provided to City Council members and members of the public at the March 22, 2016 hearing.

**ATTACHMENTS**

- A - Ordinance No. 601
- B – Memorandum from Scot Graham, dated March 21, 2016
- C – March 22, 2016, email from Kevin Kahn, Coastal Commission staff
- D – Revised Attachment A and Revised Exhibit A distributed at the 3/22/16 meeting

**ORDINANCE NO. 601**

**AN ORDINANCE OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ANNOUNCING FINDINGS AND ADOPTING AMENDMENTS TO TITLE 17  
OF THE MORRO BAY MUNICIPAL CODE TO ESTABLISH PROVISIONS FOR  
REVIEW OF SECONDARY DWELLING UNITS AND GUESTHOUSES**

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

Case No. A00-029 (Local Coastal Plan/Zoning Ordinance Amendment)

**WHEREAS**, it is the purpose of Title 17 of the Morro Bay Municipal Code (“MBMC”) (the “Zoning Ordinance”) to establish a precise and detailed plan for the use of land in the City based on the General Plan; and

**WHEREAS**, it is important to have clear, consistent, and easy to use and interpret regulations within the Zoning Ordinance; and

**WHEREAS**, California State Law §65852.2 requires cities to establish standards to allow for secondary dwelling units so as to increase the supply of smaller, affordable housing compatible with the surrounding neighborhood; and

**WHEREAS**, the proposed amendments are intended to meet the intent of State Law by providing an option to build a secondary dwelling unit in certain zones that permit single-family dwellings and have no more than one existing single-family home on the property; and

**WHEREAS**, after duly noticed Public Hearings on January 5, 2016, and February 16, 2016, the Planning Commission of the City of Morro Bay did forward a recommendation, by adoption of Planning Commission Resolution No. 01-16, the City Council amend the Zoning Ordinance to comply with the State legislation (AB 1866) and also clarify review standards for guesthouses; and

**WHEREAS**, a Negative Declaration was prepared to evaluate the environmental impacts as a result of amendments to Title 17 of the MBMC regarding secondary dwelling units and guesthouses, and determined no significant impacts would result.

**NOW, THEREFORE**, the City Council of the City of Morro Bay does ordain, as follows:

SECTION 1: The City Council finds:

1. The above recitations are true and correct and constitute the findings of the Council in this matter.
2. The Zoning Ordinance Amendment proposal is consistent with the State Statute AB 1866 and includes similar language, which was previously in effect.
3. The previous amendments to the Zoning Ordinance, adopted by Ordinance No. 576, did not reflect the values of the community.
4. The proposed Zoning Ordinance Amendments will not be injurious or detrimental to the health, safety, comfort, general welfare or well-being of the persons residing or working in the neighborhood.
5. The proposed amendment is in general conformance with the City's General Plan and Local Coastal Plan because they forward the objective of creating a variety of affordable housing types and ensure protection of coastal resources.
6. The Local Coastal Program Implementation Program (Zoning Ordinance) Amendments are in compliance with the intent, objectives, and applicable policies and provisions of the California Coastal Act because a finding of no adverse impact on coastal resources is required in order to approve any application for a secondary dwelling unit or guesthouse, and because neither are allowed in the Commercial Visitor Serving zoning district.
7. The proposed amendment is consistent with and implements Housing Element Policy H-10 (Secondary Units) which states, "Allow for the development of secondary housing units as an affordable housing option throughout the city."
8. For purposes of the California Environmental Quality Act, on November, 29, 2011, a Negative Declaration (State Clearing House number 2011101073) was prepared for the then proposed amendments to Title 17 regarding secondary dwelling units and guesthouses. The Negative Declaration concluded those proposed text changes to the Local Coastal Program and Zoning Ordinance would not result in any significant adverse impacts to the built or natural environment. Nothing in the revisions established by this Ordinance materially alters that conclusion.
9. Pursuant to Morro Bay Municipal Code Section 17.64.080, no amendment to Title 17 shall be legally effective in the coastal zone until the amendment is certified by the Coastal Commission. If the Coastal Commission certifies this Ordinance conditioned on substantive changes being made, then the Council will introduce and adopt another ordinance to incorporate those substantive changes. If the Coastal Commission certifies this Ordinance conditioned on non-substantive changes being made to this Ordinance, then the City Clerk is authorized to amend this Ordinance to reflect those non-substantive changes.

SECTION 2: The City Council hereby repeals Ordinance No. 507, Ordinance No. 576, and Ordinance No. 585.

SECTION 3: Based upon all the foregoing, Title 17 of MBMC is amended set forth in Exhibit "A," attached hereto and made a part of this Ordinance.

SECTION 4: This Ordinance shall become effective on the 31<sup>st</sup> day after its adoption but shall not become operative until it is certified by the Coastal Commission.

**INTRODUCED** at the regular meeting of the City Council held on the 22nd day of March 2016, by motion of \_\_\_\_\_ and seconded by \_\_\_\_\_.

**PASSED, APPROVED, AND ADOPTED**, by the City Council of the City of Morro Bay, on the \_\_\_\_ day of \_\_\_\_\_, 2016, on the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

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

ATTEST:

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

APPROVED AS TO FORM:

\_\_\_\_\_  
JOSEPH W. PANNONE, City Attorney

I, Dana Swanson, City Clerk for the City of Morro Bay, hereby certify that the foregoing ordinance was duly and regularly introduced at a meeting of the City Council on the 22<sup>nd</sup> day of March, 2016, and hereafter the said ordinance was duly and regularly adopted at a meeting of the City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2016, by the following vote, to wit:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of the City of Morro Bay, California, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
City Clerk of the City of Morro Bay

## EXHIBIT A

*The changes to the City's Zoning Ordinance (Title 17), and Local Coastal Program are shown in underline for additions, while ~~strikethrough~~ indicates deletions. Plain text indicates existing zoning ordinance language to be retained. **Bold italics** indicate recommended general changes.*

### CHAPTER 17.12 DEFINITIONS

**Delete Section 17.12.295, definition for "Granny Unit," and replace with new definition for "Secondary Dwelling Unit" as follows:**

#### ~~17.12.295~~ ~~GRANNY UNIT~~

~~"Granny Unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons (accessory to a single family residence in specific zones permitting such use). It shall include permanent provisions for living, sleeping, eating, cooking and sanitation on the same parcel as the single family dwelling.~~

#### 17.12.295 Secondary dwelling unit.

"Secondary dwelling unit" means a dwelling unit that (i) is detached from or attached to the primary residential dwelling unit, which provides complete independent living facilities for one or more persons, (ii) includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same lot as the primary residential dwelling unit and (iii) "second unit," as set forth in Sections 65852.150 and 65852.2 of the California Government Code.

**Delete Section 17.12.300, definition for "Guesthouse," and replace with new definition for "Guesthouse / Accessory living area" as follows:**

#### ~~17.12.300~~ ~~Guesthouse.~~

~~"Guesthouse" means any attached or detached accessory building which does not have enclosed access directly to the interior of the principle residence, which has any bathroom facility and which does not contain a kitchen, cooking facilities, or food preparation or storage facilities, and where no compensation in any form is received or paid for use thereof.~~

#### 17.12.300 Guesthouse / Accessory living area.

"Guesthouse / Accessory living area" means an attached or detached habitable area that is used in conjunction with a primary single-family dwelling on the same lot and may have bathroom facilities, but does not have enclosed access to the interior of that primary single-family dwelling and does not contain a kitchen or any cooking or food preparation facilities, nor more than one bedroom.

*In general, replace all references in the Zoning Ordinance to “granny unit” with “secondary dwelling unit”. This includes references in Chapter 17.44, Parking and Chapter 17.24, Primary Districts (discussed below).*

#### CHAPTER 17.24 PRIMARY DISTRICTS

*The following changes shall be made to the tables in the Chapter 17.24 in designated areas zoned for single-family and multi-family use:*

- *In the AG, RA, R-1, R-2, R-3, and R-4 districts, delete the requirement for a minor use permit for secondary dwelling units that meet the applicable standards in Section 17.48.320 “Secondary Dwelling Units.”*
- *In the AG, RA, R-1, R-2, R-3, and R-4 districts, delete the requirement for a minor use permit for guesthouses that meet the applicable standards in Section 17.48.315 “Guesthouse / Accessory living area.”*
- *Delete references to “granny unit”.*

#### CHAPTER 17.48 GENERAL REGULATIONS, CONDITIONS AND EXCEPTIONS

##### 17.48.315 ~~GUESTHOUSES/QUARTERS AND ACCESSORY LIVING AREAS~~ Guesthouse / Accessory living area.

Where provided by this Title, guesthouses and habitable structures for accessory living areas may be permitted in conjunction with a ~~dwelling unit~~ primary single-family dwelling, subject to the below requirements:

##### A. ~~Guesthouse Restrictions.~~ Size.

A guesthouse / accessory living area shall not contain more than six hundred forty (640) square feet of habitable floor area ~~containing not more than one bedroom and bathroom~~ nor shall it exceed thirty (30) percent of the floor area of the primary single-family dwelling, ~~and no cooking or food preparation or food storage facilities shall be provided.~~

##### B. ~~Use-Permit Requirements.~~

~~A guesthouse may be permitted only after obtaining a Minor Use Permit pursuant to Chapter 17.60. In all cases, the Director shall require the recordation of a deed restriction limiting the use to guest purposes only and prohibiting its rental or occupation as a second unit. Such deed restriction shall be subject to the approval of the City Attorney. (Ord. 288 Exh. B (part), 1986; Ord. 263 § 1 (part), 1984)~~

1. Outside the Coastal Commission appeal jurisdiction, guesthouses and accessory living areas may be permitted only after obtaining an administrative coastal development permit pursuant to Chapter 17.58 “Coastal Development Permits and Procedures.”

2. In the CRR zone, a conditional use permit is required pursuant to Chapter 17.60.

3. Inside the Coastal Commission appeal jurisdiction, guesthouses and accessory living may be permitted only after obtaining a regular coastal development permit pursuant to Chapter 17.58 “Coastal Development Permits and Procedures.”

C. Location.

Guesthouses and accessory living areas may be established on any lot zoned R-A, R-1, R-2, R-3, R-4, AG and CRR, with the required permit, in accordance with District Tables in Chapter 17.24, where a primary single-family dwelling has been constructed or is proposed to be constructed in conjunction with the guesthouse or living area. Only one guesthouse / accessory living area or secondary dwelling unit is permitted on the same lot; provided, that both may be permitted on any lot which is a minimum of 7,500 square feet in size, subject to approval of a conditional use permit. Guesthouses and accessory living areas are prohibited in the S2.B Overlay.

D. Development Standards.

Guesthouses and accessory living areas shall comply with all development standards applicable to the zoning of the site on which they are located, including, but not limited to, building height, separation, setbacks, and lot coverage.

E. Parking.

As part of the permit process, additional parking may be required for guesthouses and accessory living areas.

F. Design.

Guesthouses and accessory living areas shall be consistent and compatible with the architectural style of the primary single-family dwelling and the neighborhood, and shall be located on the same lot as the primary residence.

G. Covenant Agreement.

Prior to the issuance of any building or grading permit, a covenant agreement shall be recorded which discloses the structure’s approved floor plan and status as a “guesthouse / accessory living area.” That agreement shall be recorded in the Office of the County Recorder for San Luis Obispo County to provide constructive notice to future property owners. The covenant agreement also may contain authorization for inspections, and to allow the city, upon reasonable time and notice, to inspect the premises for compliance with the agreement and to verify continued compliance with requirements of this section and State and local health and safety codes.

H. No Separate Rental.

A guesthouse / accessory living area may not be rented separately from the primary single-family dwelling. Public notice of each application for a proposed guesthouse or an accessory living area shall clearly state within the project

description it may not be rented separately from the primary single-family dwelling on site.

I. Consistency with the Coastal Act.

Establishment of a guesthouse / accessory living area shall not adversely impact coastal resources such as public access and recreation, public views, and sensitive habitat areas.

17.48.320 ~~Granny Units~~ Secondary dwelling units.

The purpose of this Section is to provide affordable low- and moderate-income housing. ~~Pursuant to Government Code Section 65852.2, in zones where designated, a permit may be granted allowing a granny second unit on lots where there is one single family residence, subject to the following provisions: The following supplemental regulations~~ are intended to comply with Government Code sections 65852.150 and 65852.2 on second units and implement the General Plan, by allowing secondary dwelling units subject to the following requirements. Nothing in Government Code sections 65852.2 or 65852.150 shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act, except that the City shall not be required to hold public hearings for coastal development permit applications for second units. (Government Code subsection 65852.2(j).) Noticing for interested parties and surrounding properties shall be the same as required for coastal development permits. An approval of any secondary dwelling unit in the California Coastal Commission appeal jurisdiction will continue to be appealable to the Coastal Commission.

~~A. Minor Use Permit and Deed Restriction Required~~

~~A granny second unit may be permitted only after obtaining a Minor Use Permit pursuant to Chapter 17.60. A deed restriction in a form approved by the City Attorney shall be recorded limiting the use of said real property to residential purposes only.~~

~~A.B. Location.~~

~~Said A secondary dwelling unit may be located, as an accessory use, on any lot zoned for single family or multi family uses zoned R-A, R-1, R-2, R-3, R-4, and AG, in accordance with District Tables in Chapter 17.24, where a primary single-family residential use has been established or is proposed to be constructed in conjunction with that unit. Only one guesthouse / accessory living area or secondary dwelling unit is permitted on the same lot; provided, that both may be permitted on any lot which is a minimum of 7,500 square feet in size, subject to approval of a conditional use permit. A secondary dwelling unit may be allowed on any lot zoned AG only if the unit is expressly designated and used for farm laborer quarters.~~

~~B.C. Lot Coverage Development Standards.~~

~~Maximum lot coverage allowed for the District that they are located in. Secondary dwelling units shall comply with all development standards applicable to the~~

zoning of the site on which they are located, including, but not limited to, building height, separation, setbacks, and lot coverage.

C.D. Design.

~~Said~~ A secondary dwelling unit shall be consistent and compatible with the architectural style of the main residence primary single-family dwelling and the neighborhood, and shall be located on the same lot as the primary single-family dwelling. All secondary dwelling units shall have a separate outdoor entrance in addition to any enclosed access to the interior of the primary single-family dwelling.

D.E. Size.

~~The total floor area, not including a garage, for a granny second unit shall not exceed 1,200 square feet. The total floor area, including a garage, for a detached secondary dwelling unit shall not exceed the lesser of 900 square feet, as per State guidelines or fifty percent of the living area of the primary single-family dwelling on the same lot; provided, that up to 1,200 square feet, including a garage, may be allowed for a detached secondary dwelling unit with a Conditional Use Permit pursuant to Chapter 17.60 "Use Permits, Procedures, Notices and Variances." The floor area of an attached secondary dwelling unit shall not exceed thirty percent of the living area of the primary single-family dwelling.~~

E.F. Parking.

A minimum of one additional parking space per bedroom, not to exceed two spaces, shall be provided. The parking spaces may be open and uncovered and may be located in setback areas; however they may not be in tandem with the required parking of the primary single-family dwelling. When more than one space is required for a secondary dwelling unit, tandem spaces shall only be allowed for those two spaces with a Conditional Use Permit pursuant to Chapter 17.60. The primary single-dwelling unit must conform to the parking requirements of Chapter 17.44 "Parking, Driveway and Loading Facilities." Off-street parking shall be permitted in setback areas or through tandem parking, unless the following specific findings are made:

- ~~1. That parking in setback areas or tandem parking is not feasible based upon specific site topography constraints or adverse fire and life safety conditions, or~~
- ~~2. That it is not permitted anywhere else in the City.~~

G. Water Equivalencies and Other Public Facilities.

~~The developer shall obtain and/or pay for all applicable water equivalency and other public facility improvements at the standard set for an apartment unit prior to issuance of a building permit, but will not be subject to a residential unit allocation under the provisions of Measure F.~~

H. Compliance with Title 14.

A granny secondary dwelling unit shall be in conformance with all applicable provisions of Title 14 of the Morro Bay Municipal Code in addition to the applicable requirements for height, setback, lot coverage, etc. pursuant to the provisions of Chapter 17.24.

F. Water Service and Meter Requirements.

A separate water service and meter is required for detached secondary dwelling units pursuant to Title 13 of the Morro Bay Municipal Code. An attached secondary dwelling unit may be served by a separate water service and meter or may share the water service and meter with the primary single-family dwelling.

G. Permit Requirements.

1. No use permit shall be required for secondary dwelling units except as noted in this section and where a secondary dwelling unit is proposed as an addition to a nonconforming structure pursuant to Chapter 17.56 "Nonconforming Uses and Structures."

2. Outside the Coastal Commission appeal jurisdiction, an administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.

3. Inside the Coastal Commission appeal jurisdiction, a regular coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.

H. Consistency with the Coastal Act.

Establishment of a secondary dwelling unit shall not adversely impact coastal resources such as public access and recreation, public views, and sensitive habitat areas.

I. Density.

A secondary dwelling unit, which conforms to the requirements of this section, shall not be considered to exceed the allowable density for the lot upon which it is located.

J. No Subdivision of Property.

The secondary dwelling unit shall not be sold separately and no subdivision of property shall be allowed where a secondary dwelling unit has been constructed, unless the subdivision meets all requirements of zoning and subdivision regulations. Nothing in this section shall prohibit joint ownership of the property where a secondary dwelling unit has been constructed.

K. Covenant Agreement.

Prior to the issuance of any building or grading permit, a covenant agreement shall be recorded which discloses the structure's approved floor plan and status as a "secondary dwelling unit." This agreement shall be recorded in the Office of the County Recorder for San Luis Obispo County to provide constructive notice to all future owners of the property. The covenant agreement also may contain authorization for inspections, and to allow the city, upon reasonable time and notice, to inspect the premises for compliance with the agreement and to verify continued compliance with requirements of this section and State and local health and safety codes.

L. Acceptance of Existing Secondary Dwelling Units.

1. Exemption. Each secondary dwelling unit that existed on or before March 1, 2016, ("Existing Secondary Dwelling Unit") and that meets the requirements of the Uniform Housing Code, as determined by the Building Inspector, on a lot that includes the required number of parking spaces for both the primary single-family dwelling and the secondary dwelling unit, is exempt from the unit size and design requirements of this section; provided that to be able to benefit from this exemption an Existing Secondary Dwelling Unit must be issued a timely Acceptance Certificate, as provided in subsection 2., below.

2. Acceptance Certificate Required. To obtain an Acceptance Certificate, an owner of an Existing Secondary Dwelling Unit must file an application with the Community Development Department for acceptance of the unit on or before March 31, 2018.

3. Application and Procedure. An application for a certificate timely filed must include a site and floor plan, documentation of ownership, additional materials as required to establish the approximate date the secondary dwelling unit was built, and a fee, as established by City Council resolution. Upon receipt of the application, the Building Inspector will schedule an inspection.

4. If the secondary dwelling unit meets basic health and safety standards as identified in the then current Uniform Housing Code, then an Acceptance Certificate will be issued and the secondary dwelling unit address will be entered into the City's database indicating the secondary dwelling unit is legal.

5. If the required inspection determines the secondary dwelling unit does not meet health and safety standards identified in the then current Uniform Housing Code, and it is brought into compliance within a period of not more than 12 months after the date of inspection, then an Acceptance Certificate will be issued and the secondary dwelling unit address will be entered into the City's database indicating the secondary dwelling unit is legal.

6. If the required inspection determines the secondary dwelling unit does not meet health and safety standards identified in the then current Uniform Housing Code, and it is not brought into compliance within a period of not more than 12 months after the date of inspection, then that unit shall be deemed an illegal non-conforming use and demolished within 6 months after notice from the City.
7. Notwithstanding the foregoing application, inspection and certification process, no person shall rent or occupy a secondary dwelling unit that fails to meet the standards required by the Uniform Housing Code.
8. A secondary dwelling unit, which receives an Acceptance Certificate, but does not meet site development standards, will be considered a legal nonconforming unit.

## Chapter 17.58 COASTAL DEVELOPMENT PERMITS AND PROCEDURES

### 17.58.020(G) Additions to Single-Family Homes.

- 2.b. Regular coastal permit required for additions greater than ten percent of gross floor area, fences, garages, and other ancillary structures, ~~including secondary units~~ (secondary dwelling units) and guesthouses and accessory living areas.

### 17.58.020(I) Secondary Dwelling Units.

1. Outside the Coastal Commission appeal jurisdiction, an administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.
2. Inside the Coastal Commission appeal jurisdiction, a regular coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.



# City of Morro Bay

City Hall  
595 Harbor Street  
Morro Bay, CA 93442  
805-772-6201

## MEMORANDUM

To: Honorable Mayor and City Council  
From: Scot Graham, Community Development Manager  
Date: March 21, 2016  
Subject: Secondary Unit Ordinance Recommendation Change for Item B-1

Meeting Date: March 22, 2016

---

This memo is written to address a change in staff recommendation for item B-1 (Secondary Dwelling Unit Ordinance) of the City Council Agenda for the Meeting of March 22, 2016. The current staff report recommendation is to accept the Planning Commission recommendation to adopt text amendments to Title 17 as outlined in Exhibit A attached to Ordinance No. 601. The aforementioned recommendation includes exclusion of secondary units for use as vacation rentals.

Staff's revised recommendation is to strike the vacation rental prohibition and to allow secondary dwelling units to be utilized as residential units and/or vacation rentals depending on the desire of the owner. This change in recommendation is derived from the fact that the Coastal Commission was not in favor of an outright ban on the use of secondary dwelling units as vacation rentals and the fact that the Planning Commission was not a staunch supporter of the prohibition, but instead was more ambivalent toward the issue.

Allowing secondary dwelling units to be utilized as either permanent housing or vacation rentals allows the owner flexibility in how they manage the unit. Secondary units may provide housing for a family member or they may be rented to the public or they may serve multiple rolls; providing a place for family and friends to stay when they visit, but then serving as an income source in the form of vacation rental when not being utilized for visitation by family or friends.

The change in recommendation effects findings Section 1 of Ordinance No. 601, in so far as findings 8 and 9 will need to be stricken. The deletion of findings will also require renumbering. See findings 8 and 9 below:

~~8. Utilizing secondary dwellings as vacation rentals is inconsistent with Housing Element Policy H-10 (Secondary Units) because that would undermine their use as long-term affordable rental housing.~~

~~9. Prohibiting the use of secondary dwelling units for vacation rentals will not have any significant adverse effect on available visitor serving facilities. Vacation rentals are allowed in all zones throughout the City. As of March, 2016, within Morro Bay there are~~

Memo to City Council  
March 21, 2016

Page 2 of 2

~~approximately 160 licensed vacation rentals and 900 motel rooms, in addition to two State parks with camping facilities and numerous second homes used for vacationing by families living outside the City.~~

Also, Exhibit A of Ordinance 601 would require alteration to remove Section 17.48.320(H) as identified below:

~~H. Prohibited Use as Vacation Rental.~~

~~A secondary dwelling unit shall not be rented as a vacation rental. Public notice of each application for a secondary dwelling unit shall clearly state within the description of the project it may not be used as a vacation rental.~~

The remainder of Section 17.48.320(H) would have to be sequentially re-lettered.

**From:** "Kahn, Kevin@Coastal" <Kevin.Kahn@coastal.ca.gov>  
**To:** "Whitney Mcilvaine (WMcilvaine@morro-bay.ca.us)" <WMcilvaine@morro-bay.ca.us>  
**CC:** "Chaver, Yair@Coastal" <Yair.Chaver@coastal.ca.gov>  
**Date:** 3/22/2016 1:48 PM  
**Subject:** Regulations

Thanks, Whitney, for the discussion just now. The specific reg section is 14 CCR 13250(a)(2). This section describes the components of an existing residential structure that are ordinarily part of that structure and therefore ordinarily exempt from CDP requirements (e.g., adding a garage to a house is normally exempt from CDP requirements because it's an improvement to an existing residence). However, this section explicitly says that "guest houses or self-contained residential units" are not included in the exempt improvement list, and always require a CDP.

Hope that helps you tonight!

Kevin

Kevin Kahn  
District Supervisor  
Central Coast District Office  
California Coastal Commission  
725 Front Street, Suite 300  
Santa Cruz, CA 95060  
(831) 427-4863

ATTACHMENT A

ORDINANCE NO. 601

**AN ORDINANCE OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ANNOUNCING FINDINGS AND ADOPTING AMENDMENTS TO TITLE 17  
OF THE MORRO BAY MUNICIPAL CODE TO ESTABLISH PROVISIONS FOR  
REVIEW OF SECONDARY DWELLING UNITS AND GUESTHOUSES**

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

Case No. A00-029 (Local Coastal Plan/Zoning Ordinance Amendment)

**WHEREAS**, it is the purpose of Title 17 of the Morro Bay Municipal Code (“MBMC”) (the “Zoning Ordinance”) to establish a precise and detailed plan for the use of land in the City based on the General Plan; and

**WHEREAS**, it is important to have clear, consistent, and easy to use and interpret regulations within the Zoning Ordinance; and

**WHEREAS**, California State Law §65852.2 requires cities to establish standards to allow for secondary dwelling units so as to increase the supply of smaller, affordable housing compatible with the surrounding neighborhood; and

**WHEREAS**, the proposed amendments are intended to meet the intent of State Law by providing an option to build a secondary dwelling unit in certain zones that permit single-family dwellings and have no more than one existing single-family home on the property; and

**WHEREAS**, after duly noticed Public Hearings on January 5, 2016, and February 16, 2016, the Planning Commission of the City of Morro Bay did forward a recommendation, by adoption of Planning Commission Resolution No. 01-16, the City Council amend the Zoning Ordinance to comply with the State legislation (AB 1866) and also clarify review standards for guesthouses; and

**WHEREAS**, a Negative Declaration was prepared to evaluate the environmental impacts as a result of amendments to Title 17 of the MBMC regarding secondary dwelling units and guesthouses, and determined no significant impacts would result.

**NOW, THEREFORE**, the City Council of the City of Morro Bay does ordain, as follows:

SECTION 1: The City Council finds:

1. The above recitations are true and correct and constitute the findings of the Council in this matter.
2. The Zoning Ordinance Amendment proposal is consistent with the State Statute AB 1866 and includes similar language, which was previously in effect.
3. The previous amendments to the Zoning Ordinance, adopted by Ordinance No. 576, did not reflect the values of the community.
4. The proposed Zoning Ordinance Amendments will not be injurious or detrimental to the health, safety, comfort, general welfare or well-being of the persons residing or working in the neighborhood.
5. The proposed amendment is in general conformance with the City's General Plan and Local Coastal Plan because they forward the objective of creating a variety of affordable housing types and ensure protection of coastal resources.
6. The Local Coastal Program Implementation Program (Zoning Ordinance) Amendments are in compliance with the intent, objectives, and applicable policies and provisions of the California Coastal Act because a finding of no adverse impact on coastal resources is required in order to approve any application for a secondary dwelling unit or guesthouse, and because neither are allowed in the Commercial Visitor Serving zoning district.
7. The proposed amendment is consistent with and implements Housing Element Policy H-10 (Secondary Units) which states, "Allow for the development of secondary housing units as an affordable housing option throughout the city."
- ~~8. Utilizing secondary dwellings as vacation rentals is inconsistent with Housing Element Policy H-10 (Secondary Units) because that would undermine their use as long-term affordable rental housing.~~
- ~~9. Prohibiting the use of secondary dwelling units for vacation rentals will not have any significant adverse effect on available visitor serving facilities. Vacation rentals are allowed in all zones throughout the City. As of March, 2016, within Morro Bay there are approximately 160 licensed vacation rentals and 900 motel rooms, in addition to two State parks with camping facilities and numerous second homes used for vacationing by families living outside the City.~~
8. For purposes of the California Environmental Quality Act, on November, 29, 2011, a Negative Declaration (State Clearing House number 2011101073) was prepared for the then proposed amendments to Title 17 regarding secondary dwelling units and guesthouses. The Negative Declaration concluded those proposed text changes to the Local Coastal Program and Zoning Ordinance would not result in any significant adverse impacts to the built or natural environment. Nothing in the revisions

established by this Ordinance materially alters that conclusion.

- 9. Pursuant to Morro Bay Municipal Code Section 17.64.080, no amendment to Title 17 shall be legally effective in the coastal zone until the amendment is certified by the Coastal Commission. If the Coastal Commission certifies this Ordinance conditioned on substantive changes being made, then the Council will introduce and adopt another ordinance to incorporate those substantive changes. If the Coastal Commission certifies this Ordinance conditioned on non-substantive changes being made to this Ordinance, then the City Clerk is authorized to amend this Ordinance to reflect those non-substantive changes.

SECTION 2: The City Council hereby repeals Ordinance No. 507, Ordinance No. 576, and Ordinance No. 585.

SECTION 3: Based upon all the foregoing, Title 17 of MBMC is amended set forth in Exhibit "A," attached hereto and made a part of this Ordinance.

SECTION 4: This Ordinance shall become effective on the 31<sup>st</sup> day after its adoption but shall not become operative until it is certified by the Coastal Commission.

**INTRODUCED** at the regular meeting of the City Council held on the 22nd day of March 2016, by motion of \_\_\_\_\_ and seconded by \_\_\_\_\_.

**PASSED, APPROVED, AND ADOPTED,** by the City Council of the City of Morro Bay, on the \_\_\_\_ day of \_\_\_\_\_, 2016, on the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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

ATTEST:

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

APPROVED AS TO FORM:

\_\_\_\_\_  
JOSEPH W. PANNONE, City Attorney

I, Dana Swanson, City Clerk for the City of Morro Bay, hereby certify that the foregoing ordinance was duly and regularly introduced at a meeting of the City Council on the 22<sup>nd</sup> day of March, 2016, and hereafter the said ordinance was duly and regularly adopted at a meeting of the City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2016, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of the City of Morro Bay, California, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
City Clerk of the City of Morro Bay

## **REVISED**

### **EXHIBIT A**

The changes to the City's Zoning Ordinance (Title 17), and Local Coastal Program are shown in underline for additions, while ~~strikethrough~~ indicates deletions. Plain text indicates existing zoning ordinance language to be retained. ***Bold italics*** indicate recommended general changes.

Staff recommended revisions

Coastal Staff recommended deletions

Coastal staff recommended additions

#### CHAPTER 17.12 DEFINITIONS

***Delete Section 17.12.295, definition for "Granny Unit," and replace with new definition for "Secondary Dwelling Unit" as follows:***

~~17.12.295~~ ~~GRANNY UNIT~~

~~"Granny Unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons (accessory to a single family residence in specific zones permitting such use). It shall include permanent provisions for living, sleeping, eating, cooking and sanitation on the same parcel as the single family dwelling.~~

17.12.295 Secondary dwelling unit.

"Secondary dwelling unit" means a dwelling unit that (i) is detached from or attached to the primary residential dwelling unit, which provides complete independent living facilities for one or more persons, (ii) includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same lot as the primary residential dwelling unit and (iii) "second unit," as set forth in Sections 65852.150 and 65852.2 of the California Government Code.

***Delete Section 17.12.300, definition for "Guesthouse," and replace with new definition for "Guesthouse / Accessory living area" as follows:***

~~17.12.300~~ ~~Guesthouse.~~

~~"Guesthouse" means any attached or detached accessory building which does not have enclosed access directly to the interior of the principle residence, which has any bathroom facility and which does not contain a kitchen, cooking facilities, or food preparation or storage facilities, and where no compensation in any form is received or paid for use thereof.~~

17.12.300 Guesthouse / Accessory living area.

"Guesthouse / Accessory living area" means an attached or detached habitable area that is used in conjunction with a primary single-family dwelling on the same lot and may have bathroom facilities, but does not have enclosed access to the interior of that primary

single-family dwelling and does not contain a kitchen or any cooking or food preparation facilities, nor more than one bedroom.

*In general, replace all references in the Zoning Ordinance to “granny unit” with “secondary dwelling unit”. This includes references in Chapter 17.44, Parking and Chapter 17.24, Primary Districts (discussed below).*

#### CHAPTER 17.24 PRIMARY DISTRICTS

*The following changes shall be made to the tables in the Chapter 17.24 in designated areas zoned for single-family and multi-family use:*

- *In the AG, RA, R-1, R-2, R-3, and R-4 districts, delete the requirement for a minor use permit for secondary dwelling units that meet the applicable standards in Section 17.48.320 “Secondary Dwelling Units.”*
- *Delete references to “granny unit”.*

#### CHAPTER 17.48 GENERAL REGULATIONS, CONDITIONS AND EXCEPTIONS

##### 17.48.315 ~~GUESTHOUSES/QUARTERS AND ACCESSORY LIVING AREAS~~ Guesthouse / Accessory living area.

Where provided by this Title, guesthouses and habitable structures for accessory living areas may be permitted in conjunction with a ~~dwelling unit~~ primary single-family dwelling, subject to the below requirements:

##### A. ~~Guesthouse Restrictions.~~ Size.

A guesthouse / accessory living area shall not contain more than six hundred forty (640) square feet of habitable floor area ~~containing not more than one bedroom and bathroom~~ nor shall it exceed thirty (30) percent of the floor area of the primary single-family dwelling, ~~and no cooking or food preparation or food storage facilities shall be provided.~~

##### B. ~~Use-Permit Requirements.~~

A guesthouse may be permitted only after obtaining a Minor Use Permit pursuant to Chapter 17.60. In all cases, the Director shall require the recordation of a deed restriction limiting the use to guest purposes only and prohibiting its rental or occupation as a second unit. Such deed restriction shall be subject to the approval of the City Attorney. (Ord. 288 Exh. B (part), 1986; Ord. 263 § 1 (part), 1984)

1. Outside the Coastal Commission appeal jurisdiction, guesthouses and accessory living areas may be permitted only after obtaining a minor use permit pursuant to Chapter 17.60 “Use Permit, Procedures, Notices, and Variances” and administrative coastal development permit pursuant to Chapter 17.58 “Coastal Development Permits and Procedures.”

2. In the CRR zone, a conditional use permit is required pursuant to Chapter 17.60.

3. Inside the Coastal Commission appeal jurisdiction, guesthouses and accessory living areas are subject to the same requirements as “additions to single-family dwellings,” may be permitted only after obtaining a regular coastal development permit pursuant to Chapter 17.58 “Coastal Development Permits and Procedures.”

C. Location.

Guesthouses and accessory living areas may be established on any lot zoned R-A, R-1, R-2, R-3, R-4, AG and CRR, with the required permit, in accordance with District Tables in Chapter 17.24, where a primary single-family dwelling has been constructed or is proposed to be constructed in conjunction with the guesthouse or living area. Only one guesthouse / accessory living area or secondary dwelling unit is permitted on the same lot; provided, that both may be permitted on any lot which is a minimum of 7,500 square feet in size, subject to approval of a conditional use permit. Guesthouses and accessory living areas are prohibited in the S2.B Overlay.

D. Development Standards.

Guesthouses and accessory living areas shall comply with all development standards applicable to the zoning of the site on which they are located, including, but not limited to, building height, separation, setbacks, and lot coverage.

E. Parking.

As part of the permit process, additional parking may be required for guesthouses and accessory living areas.

F. Design.

Guesthouses and accessory living areas shall be consistent and compatible with the architectural style of the primary single-family dwelling and the neighborhood, and shall be located on the same lot as the primary residence.

G. Covenant Agreement.

Prior to the issuance of any building or grading permit, a covenant agreement shall be recorded which discloses the structure’s approved floor plan and status as a “guesthouse / accessory living area.” That agreement shall be recorded in the Office of the County Recorder for San Luis Obispo County to provide constructive notice to future property owners. The covenant agreement also may contain authorization for inspections, and to allow the city, upon reasonable time and notice, to inspect the premises for compliance with the agreement and to verify continued compliance with requirements of this section and State and local health and safety codes.

H. No Separate Rental.

A guesthouse / accessory living area may not be rented separately from the primary single-family dwelling. Public notice of each application for a proposed guesthouse or an accessory living area shall clearly state within the project description it may not be rented separately from the primary single-family dwelling on site.

I. Consistency with the Coastal Act.

Establishment of a guesthouse / accessory living area shall not adversely impact coastal resources such as public access and recreation, public views, and sensitive habitat areas.

17.48.320 ~~Granny Units~~—Secondary dwelling units.

The purpose of this Section is to provide affordable low- and moderate-income housing. Pursuant to ~~Government Code Section 65852.2, in zones where designated, a permit may be granted allowing a granny second unit on lots where there is one single family residence, subject to the following provisions:~~ The following supplemental regulations are intended to comply with Government Code sections 65852.150 and 65852.2 on second units and implement the General Plan, by allowing secondary dwelling units subject to the following requirements. Nothing in Government Code sections 65852.2 or 65852.150 shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act, except that the City shall not be required to hold public hearings for coastal development permit applications for second units. (Government Code subsection 65852.2(j).) Noticing for interested parties and surrounding properties shall be the same as required for coastal development permits. An approval of any secondary dwelling unit in the California Coastal Commission appeal jurisdiction will continue to be appealable to the Coastal Commission.

~~A. Minor Use Permit and Deed Restriction Required~~

~~A granny second unit may be permitted only after obtaining a Minor Use Permit pursuant to Chapter 17.60. A deed restriction in a form approved by the City Attorney shall be recorded limiting the use of said real property to residential purposes only.~~

~~A.B. Location.~~

~~Said A secondary dwelling unit may be located, as an accessory use, on any lot zoned for single family or multi family uses zoned R-A, R-1, R-2, R-3, R-4, and AG, in accordance with District Tables in Chapter 17.24, where a primary single-family residential use has been constructed established or is proposed to be constructed in conjunction with that unit. ( Only one secondary dwelling unit or one guesthouse / accessory living area is permitted per one primary single-family dwelling on the same lot.)~~ Only one guesthouse / accessory living area or secondary dwelling unit is permitted on the same lot; provided, that both may be permitted on any lot which is a minimum of 7,500 square feet in size, subject to approval of a conditional use permit. A secondary dwelling unit may be allowed

on any lot zoned AG only if the unit is expressly designated and used for farm laborer quarters.

B.C. Lot Coverage Development Standards.

Maximum lot coverage allowed for the District that they are located in. Secondary dwelling units shall comply with all development standards applicable to the zoning of the site on which they are located, including, but not limited to, building height, separation, setbacks, and lot coverage.

C.D. Design.

Said A secondary dwelling unit shall be consistent and compatible with the architectural style of the main residence primary single-family dwelling and the neighborhood, and shall be located on the same lot as the primary single-family dwelling. All secondary dwelling units shall have a separate outdoor entrance in addition to any enclosed access to the interior of the primary single-family dwelling.

D.E. Size.

The total floor area, not including a garage, for a granny second unit shall not exceed 1,200 square feet. The total floor area, including a garage, for a detached secondary dwelling unit shall not exceed the lesser of 900 square feet, as per State guidelines or fifty percent of the living area of the primary single-family dwelling on the same lot; provided, that up to 1,200 square feet, including a garage, may be allowed for a detached secondary dwelling unit with a Conditional Use Permit pursuant to Chapter 17.60 "Use Permits, Procedures, Notices and Variances." The floor area of an attached secondary dwelling unit shall not exceed thirty percent of the living area of the primary single-family dwelling.

E.F. Parking.

A minimum of one additional parking space per bedroom, not to exceed two spaces, shall be provided. The parking spaces may be open and uncovered and may be located in setback areas; however they may not be in tandem with the required parking of the primary single-family dwelling. When more than one space is required for a secondary dwelling unit, tandem spaces shall only be allowed for those two spaces with a Conditional Use Permit pursuant to Chapter 17.60. The primary single-dwelling unit must conform to the parking requirements of Chapter 17.44 "Parking, Driveway and Loading Facilities." Off-street parking shall be permitted in setback areas or through tandem parking, unless the following specific findings are made:

1. That parking in setback areas or tandem parking is not feasible based upon specific site topography constraints or adverse fire and life safety conditions, or
2. That it is not permitted anywhere else in the City.

~~G. Water Equivalencies and Other Public Facilities.~~

~~The developer shall obtain and/or pay for all applicable water equivalency and other public facility improvements at the standard set for an apartment unit prior to issuance of a building permit, but will not be subject to a residential unit allocation under the provisions of Measure F.~~

~~H. Compliance with Title 14.~~

~~A granny secondary dwelling unit shall be in conformance with all applicable provisions of Title 14 of the Morro Bay Municipal Code in addition to the applicable requirements for height, setback, lot coverage, etc. pursuant to the provisions of Chapter 17.24.~~

F. Water Service and Meter Requirements.

A separate water service and meter is required for detached secondary dwelling units pursuant to Title 13 of the Morro Bay Municipal Code. An attached secondary dwelling unit may be served by a separate water service and meter or may share the water service and meter with the primary single-family dwelling.

G. Permit Requirements.

No use permit shall be required for secondary dwelling units except as noted in this section and where a secondary dwelling unit is proposed as an addition to a nonconforming structure pursuant to Chapter 17.56 "Nonconforming Uses and Structures." An administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units in or outside the Coastal Commission appeal jurisdiction.

1. No use permit shall be required for secondary dwelling units except as noted in this section and where a secondary dwelling unit is proposed as an addition to a nonconforming structure pursuant to Chapter 17.56 "Nonconforming Uses and Structures."

2. Outside the Coastal Commission appeal jurisdiction, an administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.

3. Inside the Coastal Commission appeal jurisdiction, a regular coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.

H. Prohibited Use as Vacation Rental

A secondary dwelling unit shall not be rented as a vacation rental. Public notice of each application for a secondary dwelling unit shall clearly state within the description of the project it may not be used as a vacation rental.

H. Consistency with the Coastal Act.

Establishment of a secondary dwelling unit shall not adversely impact coastal resources such as public access and recreation, public views, and sensitive habitat areas.

I. Density.

A secondary dwelling unit, which conforms to the requirements of this section, shall not be considered to exceed the allowable density for the lot upon which it is located.

J. No Subdivision of Property.

The secondary dwelling unit shall not be sold separately and no subdivision of property shall be allowed where a secondary dwelling unit has been constructed, unless the subdivision meets all requirements of zoning and subdivision regulations. Nothing in this section shall prohibit joint ownership of the property where a secondary dwelling unit has been constructed.

K. Covenant Agreement.

Prior to the issuance of any building or grading permit, a covenant agreement shall be recorded which discloses the structure's approved floor plan and status as a "secondary dwelling unit." This agreement shall be recorded in the Office of the County Recorder for San Luis Obispo County to provide constructive notice to all future owners of the property. The covenant agreement also may contain authorization for inspections, and to allow the city, upon reasonable time and notice, to inspect the premises for compliance with the agreement and to verify continued compliance with requirements of this section and State and local health and safety codes.

L. Acceptance of Existing Secondary Dwelling Units.

1. Exemption. Each secondary dwelling unit that existed on or before March 1, 2016, ("Existing Secondary Dwelling Unit") and that meets the requirements of the Uniform Housing Code, as determined by the Building Inspector, on a lot that includes the required number of parking spaces for both the primary single-family dwelling and the secondary dwelling unit, is exempt from the unit size and design requirements of this section; provided that to be able to benefit from this exemption an Existing Secondary Dwelling Unit must be issued a timely Acceptance Certificate, as provided in subsection 2., below.

2. Acceptance Certificate Required. To obtain an Acceptance Certificate, an owner of an Existing Secondary Dwelling Unit must file an application with the Community Development Department for acceptance of the unit on or before March 31, 2018.

3. Application and Procedure. An application for a certificate timely filed must include a site and floor plan, documentation of ownership, additional materials as

required to establish the approximate date the secondary dwelling unit was built, and a fee, as established by City Council resolution. Upon receipt of the application, the Building Inspector will schedule an inspection.

4. If the secondary dwelling unit meets basic health and safety standards as identified in the then current Uniform Housing Code, then an Acceptance Certificate will be issued and the secondary dwelling unit address will be entered into the City's database indicating the secondary dwelling unit is legal.

5. If the required inspection determines the secondary dwelling unit does not meet health and safety standards identified in the then current Uniform Housing Code, and it is brought into compliance within a period of not more than 12 months after the date of inspection, then an Acceptance Certificate will be issued and the secondary dwelling unit address will be entered into the City's database indicating the secondary dwelling unit is legal.

6. If the required inspection determines the secondary dwelling unit does not meet health and safety standards identified in the then current Uniform Housing Code, and it is not brought into compliance within a period of not more than 12 months after the date of inspection, then that unit shall be deemed an illegal non-conforming use and demolished within 6 months after notice from the City.

7. Notwithstanding the foregoing application, inspection and certification process, no person shall rent or occupy a secondary dwelling unit that fails to meet the standards required by the Uniform Housing Code.

8. A secondary dwelling unit, which receives an Acceptance Certificate, but does not meet site development standards, will be considered a legal nonconforming unit.

## Chapter 17.58 COASTAL DEVELOPMENT PERMITS AND PROCEDURES

### 17.58.020(G) Additions to Single-Family Homes.

2.b. Regular coastal permit required for additions greater than ten percent of gross floor area, fences, garages, and other ancillary structures, including ~~secondary units~~ (secondary dwelling units) **including and for** and guesthouses and accessory living areas.

### 17.58.020(I) Secondary Dwelling Units.

**Administrative coastal permits will be required for the establishment of secondary dwelling units within the coastal zone both inside and outside the California Coastal Commission appeal jurisdiction.**

1. Outside the Coastal Commission appeal jurisdiction, an administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.

2. Inside the Coastal Commission appeal jurisdiction, a regular coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, shall be required for secondary dwelling units.



AGENDA NO: C-5

MEETING DATE: April 12, 2016

## Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** April 5, 2016

**FROM:** Joseph W. Pannone, City Attorney

**SUBJECT:** Authorization of Response to Alleged Violation of the Ralph M. Brown Act (the “Brown Act”) Regarding Staff Presenting Written Revised Conditions of Approval to the Planning Commission during its October 6, 2015, Public Meeting, and Not Having Made Copies of Those Conditions Available to the Public before or during that Meeting .

---

### **RECOMMENDATION**

The City Attorney recommends the City Council:

- 1) Authorize the Mayor to sign the letter to Ms. Linda Stedjee prepared by the City Attorney and included with this staff report, as Attachment No. 1, and direct staff to mail that signed letter, or
- 2) Provide other direction.

### **FISCAL IMPACT**

If the Council decides not to authorize the Mayor to sign the proposed letter to Ms. Stedjee or Ms. Stedjee is not satisfied with that proposed letter, then she may file an action in court alleging the City violated the Brown Act. The City Attorney estimates it could cost the City \$10,000 to \$15,000 to defend that litigation in the trial court. If Ms. Stedjee is successful in that possible litigation, then the City may be required to pay her attorney’s fees. It is also possible Ms. Stedjee’s attorney’s fees could be two or three times the amount charged by the City Attorney. If the matter is taken to the Court of Appeal, then those above amounts could double.

### **SUMMARY**

The Council can attempt to avoid the currently threatened litigation, pursuant to Government Code Section 54960.2. That Section provides the Council the option of reviewing, in public, a letter that would be signed by the Mayor and sent to Ms. Stedjee committing the City not to

violate the Brown Act, in the future, by not having City staff provide documents to any of the City's legislative bodies for a public meeting without also making those documents available to the public, pursuant to the Brown Act.

### **BACKGROUND**

On October 6, 2015, the Planning Commission reviewed and conditionally approved the construction of the single-family dwelling at 3420 Toro Lane. As often happens during Commission and Council meetings, City staff provided the Commission with some written revised conditions of approval. Those conditions were also orally explained to the Commission and public attending that meeting and fully discussed by the Planning Commission in public. However, copies of those written conditions were not also made available to the public prior to or during that meeting.

On March 14, 2016, Ms. Linda Stedjee sent the City a cease and desist letter alleging the City had violated the Brown Act by not making those written revised conditions of approval available for public review (Attachment No. 2). Pursuant to Government Code section 54960.2, that letter is a required precursor if someone wants to file a lawsuit alleging a Brown Act violation.

### **DISCUSSION**

The Council can attempt to avoid the currently threatened litigation, pursuant to Section 54960.2. That Section provides the Council the option of reviewing, in public, a letter that would be sent to Ms. Stedjee committing the City not to violate the Brown Act, as alleged by Ms. Stedjee.

Based on the foregoing facts and to try to avoid litigation, the City Attorney recommends the Council authorize the Mayor to sign Attachment No. 1 in response to Ms. Stedjee to take benefit of Section 54960.2. That Section only requires the Council to commit not to take actions alleged to have violated the Brown Act. The action Ms. Stedjee alleges violated the Brown Act was City staff distributing written revised conditions of approval without also making copies of those conditions available to the public pursuant to the Brown Act.

### **CONCLUSION**

The City Attorney recommends, after the Council considers the foregoing, the Attachments to this memo and any comments or other information received during the public discussion of this matter, the Council authorize the Mayor to sign Attachment No. 1.

Respectfully submitted,

---

Joseph W. Pannone, City Attorney

Attachments: 1) Recommended proposed letter from the Mayor to Ms. Linda Stedjee  
2) Letter from Ms. Stedjee, dated March 14, 2016

April \_\_, 2016

Linda Stedjee  
2848 Birch Avenue  
Morro Bay, CA 93442

Re: Alleged Brown Act Violation

Dear Ms. Stedjee:

The City Council of the City of Morro Bay (the "City") received your cease and desist letter, dated March 14, 2016, alleging the following described past action of the City's Planning Commission violated the Ralph M. Brown Act (the "Brown Act"):

Written revised conditions of approval were presented by City staff to the Planning Commission during the October 6, 2015, public meeting, and copies of those written conditions were not made available for public inspection prior to or during that meeting.

Pursuant to the process authorized by the Brown Act (Section 54960.2), which was followed by the City Council at its public meeting of April 12, 2016, in order to avoid unnecessary litigation and without admitting any violation of the Ralph M. Brown Act, the City Council hereby unconditionally commits the City will cease, desist from, and not repeat the challenged past action, as described above. In addition and with the same non-admission, the City Council commits the City will follow the requirements of Government Code subdivision (b) of section 54957.5 when written materials are provided to a City legislative body at a public meeting less than 72 hours prior to that meeting.

The City Council may rescind the above commitment only by a majority vote of its membership taken in open session at a regular meeting and noticed on its posted agenda as "Rescission of Brown Act Commitment." You will be provided with written notice, sent by any means or media you provide in response to this message, to whatever address or addresses you specify, of any intention to consider rescinding that commitment at least 30 days before any such regular meeting. In the event that commitment is rescinded, you will have the right to commence legal action pursuant to subdivision (a) of Section 54960 of the Government Code. That notice will be delivered to you by the same means as this commitment, or may be mailed to an address that you have designated in writing.

Very truly yours,

Jamie Irons  
Mayor

c: Honorable Council Members  
Dave Buckingham, City Manager  
Scot Graham, Community Development Manager  
Joseph W. Pannone, City Attorney

March 14, 2016

Ms. Dana Swanson  
City Clerk, City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442

RECEIVED  
City of Morro Bay

MAR 21 2016

Administration

Dear Ms. Swanson,

In accordance with California State Government Code section 54960.2, I am submitting this cease and desist letter regarding a Brown Act violation that some Morro Bay residents believe occurred in regard to a permit hearing for the 3420 Toro Lane project. This hearing was held at the October 6, 2015 City of Morro Bay Planning Commission meeting. This letter is being submitted to you as "clerk or secretary of the legislative body being accused of the violation", as required by law. As indicated by the cited code, the City has 60 days to respond in order to avoid a lawsuit. I have quoted below the applicable code:

*"2) The legislative body has 60 days to respond with "an unconditional commitment to cease, desist from, and not repeat the past action." Gov Code sec 54960.2(a)(4). (If it makes such a commitment within 30 days, the government body will immunize itself against any claim, in the course of litigation, for payment of the complainant's attorney's fees or costs, Gov Code Sec. 54960.2(b))"*

The Brown Act violation residents believe occurred consists of:

1. Modification of Coastal Development Permit (CDP) conditions for the 3420 Toro Lane project after the conditions were published in the October 6, 2015 meeting agenda packet AND,
2. Subsequent failure to continue the 3420 Toro Lane project CDP hearing scheduled for October 6, 2015 to a later date, to allow members of the public to review the modified CDP conditions before the hearing and decide if they wanted to contest them.

Details of this alleged Brown Act violation are as follows:

In the published October 6, 2015 Planning Commission agenda packet are the following 3420 Toro Lane project CDP conditions of specific concern. The first condition regards fencing, and the remaining three are in regard to the public beach access path on the 3420 Toro Lane property.

*"16. ESH Fencing: Prior to final occupancy clearance, low open fencing shall be provided at the ESH buffer boundary to ensure residential activities do not occur within the buffer area to the satisfaction of the Community Development Manager."*

*"19. Public Access Offer to Dedicate: Prior to issuance of a building permit, the Applicant shall submit an offer to dedicate a public access trail through the project site to the satisfaction of the City Engineer and the Community Development Manager."*

*20. Public Access Design: Prior to issuance of a building permit, the Applicant shall submit design for the construction of a public access trail through the project site and the adjacent Toro Lane right-of-way to the satisfaction of the City Engineer and the Community Development Manager."*

*21. Construction of the Public Access: Prior to issuance of final occupancy for the project, the Applicant shall construct all improvements necessary for the provision of public access through*

*the site in and the adjacent Toro Lane right-of-way accordance with the approved public access design."*

Conditions 16 and 19 were discussed at the hearing.

During the hearing, the permit applicant's representative gave a slide presentation. This is the version of Condition 19 that appeared on the slide (see attached image captured from meeting video ):

*"19. Public Access Offer to Dedicate: In recognition of the likelihood of an implied dedication of a trail on the Property for public use over the decades, the Applicant has volunteered to offer to dedicate an area for an unimproved public access trail through the project site to the satisfaction of the City engineer and the Community Development Manager (the "Public Access Trail"). Prior to the issuance of a building permit, the dedication and the City's or another public entity's acceptance of the Public Access Trail shall be recorded. Upon that recordation, the City will not make nor support any effort to preserve that implied dedication. That dedication and acceptance shall not require the City or other public entity to maintain the Public Access Trail."*

This clearly demonstrates that condition 19 was heavily modified AFTER the agenda for the October 6, 2015 Planning Commission meeting was published and before the meeting took place.

The fact that changes to the published permit conditions for the 3420 Toro Lane project were made after their original publication in the October 6, 2015 meeting agenda packet is further confirmed by statements that staff made during the project hearing. I have transcribed, directly from the hearing video imbedded in the October 6, 2015 Planning Commission meeting minutes published by the City, two pertinent staff comments regarding modification of materials that appeared in the meeting agenda packet. Please note, in particular, the second comment.

1. Planner Whitney McIlvaine stated that she had: "...put up there in front of you some revised language for the resolution".
2. Community Development Director Scot Graham said, "We gave you proposed conditions and we would like you to use them versus the ones that are in your packet"

The Commissioners' packets obviously included the agenda materials and thus, the published CDP conditions. In fact, at one point during the project hearing, the Chair of the Planning Commission stated that he was still looking at the "old version" of one of the conditions.

The permit applicant's representative also showed a slide containing the text of permit condition 16, and indicated that she would like this condition removed. She further noted that she believed that City of Morro Bay planner Whitney had taken care of this, and said, "So, it's my understanding that that condition has been scrapped in its entirety."

This appears to indicate that condition 16 was actually deleted before the hearing – another change made after the agenda packet was published.

The next time the public saw the permit conditions was when the agenda for the December 8, 2015 appeal hearing for the 3420 Toro Lane project was published. In that agenda packet, the conditions regarding the beach access path are stated as follows:

*"18. Public Access Offer to Dedicate: The Applicant has volunteered to offer to dedicate an area for an unimproved public access trail through the project site to the satisfaction of the City*

*Engineer and the Community Development Manager (the "Public Access Trail"). Prior to issuance of a building permit, the offer of dedication of the Public Access Trail shall be recorded. Upon that recordation, the City will not make nor support any effort to preserve that implied dedication. The Applicant's offer of dedication and any acceptance thereof shall not require the City, the Applicant or other public entity to maintain the Public Access Trail."*

*"19. Public Access Design: To effectuate Condition No. 18 above, prior to issuance of a building permit, the Applicant shall submit a design for the creation of the Public Access Trail through the project site and the adjacent Toro Lane right-of-way to the satisfaction of the City Engineer and the Community Development Manager (the "Design")."*

*"20. Preparation of the Public Access: Prior to issuance of final occupancy for the project, the Applicant shall create the Public Access Trail in accordance with the Design."*

Note that the numbering change occurred due to deletion of original permit condition 16.

Concerned residents believe that the changes to original conditions 19, 20, and 21, made after the October 6, 2015 agenda packet was published, and before the October 6, 2015 hearing, significantly benefitted the permit applicant to the detriment of users of the public beach access path on the permit applicant's 3420 Toro Lane property. We further believe that these changes are illegal under the Brown Act because the hearing was not continued to a later date to allow the public to review and protest the changes to the Planning Commission at the hearing.

Had the public known of the changes, I, along with other concerned residents, would most definitely have attended the October 6, 2015 hearing and protested those changes. However, we were denied the opportunity to do so because the changes were made after the agenda was published.

**We demand that the City cease and desist the practice of modifying project permit conditions after their publication in a project permit hearing agenda packet, and subsequently failing to continue the project hearing to a later date, thus denying the public access to the actual permit conditions to be considered at the hearing before that hearing is held. We believe this is a clear violation of the Brown Act and must not be repeated.**

I would further like to state that, although this apparent Brown Act violation was not discovered until several months after it occurred, we believe that the approval of the project permit by the Planning Commission was made illegally for the reasons stated above. While the law may not compel the City to rescind the permit and require re-application, I believe it is clear that ethics and honesty do. To allow to stand a permit approved in a manner that violates the Brown Act would improperly benefit one property owner to the detriment of hundreds of users of the beach access path.

Sincerely,



Linda Stedjee  
Morro Bay resident



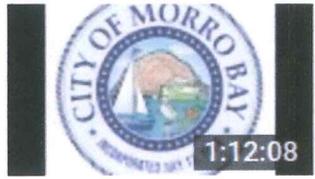
Upload

Sign in

### Planning Condition 19

44 Public Access Offer to Dedicate. In recognition of the likelihood of an implied dedication of a trail on the Property for public use over the decades, the Applicant has volunteered to offer to dedicate an area for an unimproved public access trail through the project site to the satisfaction of the City Engineer and the Community Development Manager (the "Public Access Trail"). Prior to issuance of a building permit, the dedication and the City's or another public entity's acceptance of the Public Access Trail shall be recorded. Upon that recordation, the City will not make nor support any effort to preserve that implied dedication. That dedication and acceptance shall not require the City or that other public entity to maintain the Public Access Trail.

**This condition leaves the applicants unable to pull a building permit for an approved CDP unless and until some (as now unidentified) public agency accepts the Offer of Dedication for the trail. This condition creates an untenable position for the applicants, who have no control over compliance.**





**AGENDA NO: C-6**

**MEETING DATE: April 12, 2016**

## Addendum to Staff Report

**TO: Honorable Mayor and City Council**

**DATE: April 7, 2016**

**SUBJECT: Water Reclamation Facility 60-day Pause Update**

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The Mayor's letter to the Cayucos Sanitary District board referred to in the April 5, 2016 staff report is now available and included with this Addendum.



## CITY OF MORRO BAY

CITY HALL

595 Harbor Street  
Morro Bay, CA 93442

April 7, 2016

President and Board Members  
Cayucos Sanitary District  
200 Ash Avenue  
Cayucos, CA 93430

Honorable President and Board Members,

As you know, over the past several months the City of Morro Bay has been focused on selecting a Water Reclamation Facility (WRF) site in the Morro Valley, relatively near the City's most promising water reuse opportunities. Recent technical studies and property acquisition issues have shifted the City's focus within the Morro Valley from the Rancho Colina site to the adjacent Righetti property.

At our March 8, 2016, City Council meeting, neighbors closest to the Righetti property expressed concerns over that site location and requested the City Council reach out to the Cayucos Sanitary District (CSD) to reconcile and reconsider the pros and cons of building a joint facility. On behalf of the Morro Bay City Council, I was asked to commence that outreach. Since reconciliation and teamwork will be essential as we determine the future of the existing wastewater treatment plant land, facilities and supporting infrastructure (WWTP), it seems appropriate and wise to begin that process now, even if a joint future facility is not of interest. To that end, we believe it would be helpful to engage the services of professional "mediator" to assist both governing bodies to resolve any existing roadblocks that prevent us from providing the best possible representation of, and service to, our communities.

I believe CSD made its position clear in April 2015 when it adopted a resolution to withdraw from a future joint partnership with the City of Morro Bay to construct a new WRF. However, the resolution appeared to leave a door open if conditions between the two agencies changed, since it included the phrase "at this time." The City of Morro Bay has consistently made it clear—both before and since the CSD's adoption of that resolution—its path forward would still preferably include CSD as a potential partner in the pursuit of a joint facility. Our continued efforts regarding a WRF consistently considers and the Facility Master Plan will account for the possibility of including a regional facility as a project alternative, in order to accommodate the potential the two agencies once again work together to pursue a joint facility. That being said, the time will come when one of those paths must be chosen so the City can timely meet its obligations to construct a replacement facility.

April 7, 2016

Because that time is not yet upon us and to uphold the request of community members, this letter asks the CSD Board to consider a mediated discussion with the Morro Bay City Council with the goal of returning to an effective working relationship, even if only with regard to our existing shared WWTP, but perhaps also an open discussion of a joint project. We are aware it may be decentralized, separate, smaller facilities, sited closest to our respective water reuse opportunities, actually represent the smartest approach for both communities. A joint examination of that question would certainly be worthwhile.

The City Council intends to take the City's next step forward on a WRF project on May 10, when it will consider selecting a site for the new facility. Ideally, that decision would have the benefit of feedback from the CSD Board regarding whether or not it desires to rekindle a working relationship with the City Council to pursue a single joint facility. Many in our City believe that approach could result in cost savings for residents and businesses and property owners in both communities.

The City Council has followed CSD's Sustainable Water Project with great interest. We respect the CSD's desire to independently pursue its own facility, and support your efforts in that regard. The City Council does not wish to interfere in those efforts, and believes you and your consultants have done a fine job. Nevertheless, the City Council also respects the desires of those in our community who believe our two agencies can develop better and more cost-effective solutions constructively working together. We too believe that is a useful effort and owe it to our community to find out if that is indeed a possibility.

Regardless of whether the CSD is once again open to pursuing a new facility with the City, we will still need to work together on the common cause of decommissioning the jointly-owned and operated WWTP. We recognize there is some level of mistrust between the two agencies, which presents a challenge to moving forward on a common framework for that necessary and important effort. We want you to know the City Council is open to any reasonable approach for creating a mutually beneficial path to completing that vital work. We know we both remain committed to our communities realizing the water quality and reclamation benefits of our new separate facilities or a joint one, as well as repurposing the existing WWTP site.

We look forward to your response, and wish you the best.

Sincerely,



Mayor Jamie Irons

c: Honorable Mayor Pro Tem and Council Members



AGENDA NO: C-6

MEETING DATE: April 12, 2016

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** April 5, 2016

**FROM:** David Buckingham, City Manager

**SUBJECT:** Water Reclamation Facility 60-day Pause Update

### RECOMMENDATION

Staff recommends Council receive and file this update.

### ALTERNATIVES

No alternatives are recommended.

### FISCAL IMPACT

There are no fiscal impacts to receiving this report. The project itself is clearly a significant financial endeavor, and lengthy pauses in the process will add cost to the project over time and require an extension of the 5-year project completion deadline past March 2021.

### DISCUSSION

At the March 8<sup>th</sup> Council meeting, the Council directed a 60-day pause before further considering a site preference change for the location of the new WRF. In addition to a number of additional outreach and research actions, the Council directed a 30-day update to the Council. This report is that 30-day update.

### **Status of Council Directed Actions:**

- The City prepared and mailed a WRF “Newsletter” informing residents and property owners of the status of the WRF Project, and of community outreach sessions planned in April. The flyer was delivered to all Morro Bay mail recipients, all Morro Bay post office boxes, and was mailed to all out-of-town property owners on record.
- The City Conducted Community Open House meetings on April 7 and April 10.
- The City set up and manned a WRF Facility Information booth at the MB Farmer’s Market downtown on Saturday, April 9. A second farmers market outreach is scheduled for Thursday, April 14<sup>th</sup> at Spencer’s Fresh Markets
- Staff reexamined the Chevron and Tri-W sites in comparison to the Morro Valley sites. As analyzed in the 2014 Options Report, locating a new WRF at either site will increase project

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

Dept Review: \_\_\_\_

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

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

capital costs over the Morro Valley sites due to the cost for pipelines among the site(s), Morro Valley reuse opportunities, and the City wastewater collection system. An increase of 10 to 15% across the overall construction project cost is expected depending on the final location within the Morro Valley. A relative cost comparison will be provided at the May 10 Council meeting.

- Staff conducted a fresh search for other Morro Valley sites that may be work for the new WRF. The staff examined three sites that could be available. One is may be very promising and staff is evaluating it further as this report is published. Staff may have more info on this particular site at the April 12<sup>th</sup> Council meeting.
- Staff, and available Council / WRFCAC members, intend to visit four new-technology WRFs on April 18<sup>th</sup> and 19<sup>th</sup>. These include Santa Paula, Fillmore, Clovis and Fresno.
- Following Council direction to take the lead in working to reestablish a better working relationship with the Cayucos Sanitary District board, Mayor Irons has communicated with Supervisor Bruce Gibson, and is drafting a letter to be sent to the CSD Board. That letter will be provided when it is complete, likely after this report is published but before the April 12<sup>th</sup> Council meeting.

**Next Steps:**

- Staff intends to complete the actions noted above.
- Staff intends to complete as much research as possible on the prospective new Morro Valley site and hopes to present that site to the Council as a viable, cost-effective option, equal or better in terms of consistence with our project goals, than Righetti or Rancho Colina.
- Staff intends to present the results of all this effort to the Council on May 10<sup>th</sup> at the conclusion of the current 60-day pause.

**ATTACHMENT**

1. WRF Program Update Newsletter

# CITY OF MORRO BAY WATER RECLAMATION FACILITY PROJECT



## PROJECT GOALS

### ADVANCED WATER TREATMENT

#### PRODUCE TERTIARY DISINFECTED WATER

This is one of the highest levels of treatment defined by the state of California and includes filtration and disinfection steps far beyond our existing WWTP. The safe, clean water produced by this process is used across the state to irrigate landscaping and food crops. It can be further treated to directly recharge the groundwater aquifers from which we draw our drinking water.

### COST EFFECTIVE REUSE

#### PRODUCE RECLAIMED WASTEWATER IN A COST EFFECTIVE MANNER

This is actually two goals in one. The first is to control costs to keep our water and sewer rates as low as possible. The second is to reclaim the nearly million gallons of water a day the facility will produce and reuse it to make our city water supply sustainable.

### ONSITE COMPOSTING

#### ALLOW FOR ONSITE COMPOSTING

Composting is a process that decomposes the organic portion of the residual solids after water is removed from wastewater, resulting in a harmless biosolid that can be used for mulch and fertilizer.

### ENERGY RECOVERY

#### DESIGN FOR ENERGY RECOVERY

This goal envisions a renewable energy component of the project that produces much of the electricity required to operate the WRF.



SPRING 2016  
© aldryn estacio

## IMPROVE. ENHANCE. RECLAIM.

### A MESSAGE FROM YOUR CITY MANAGER



Among other important objectives, the community-developed goals for the project are to build a cost-effective facility that reclaims those million gallons of wasted water to help supplement our city water supply.

From planning done to date we know that the new WRF will use very new technology such as a membrane bioreactor process. As with many WRFs around California that use this technology, ours will be completely enclosed – indoors – in a way that makes the facility virtually odor and noise free and will be designed to be compatible with the area around it.

Over the past three years the city evaluated 17 different possible sites. Those were narrowed down to four top alternatives. Further studies narrowed the four down to two sites, both in the Morro Valley. Many members of the community and a very active citizens advisory body have been very involved in this process. The City was leaning toward

the Rancho Colina Site but recently placed renewed focus on the Right-ti site, both of which have been our top two alternatives for over a year.

The City council recently directed staff to take a 60-day pause to conduct additional community outreach, and to review our two primary sites, re-examine two sites previously rejected, and identify if any new sites in the Morro Valley may be available.

We look forward to further public input and education. **Join us at one of two community-wide Q&As on April 7th and 10th, and visit our booth at the farmer's market on April 9th and 14th.** Staff will provide the Council an update at the April 12th council meeting, and again on May 10th. Whether your top priority is neighborhood compatibility, controlling costs, water reuse or another goal – your input is important.

Thank you,

**David Buckingham**

City Manager CITY OF MORRO BAY

The City has been working to replace our aging wastewater treatment facility (WWTP) for 10 years. We are now at a critical point and need your input.

Our existing WWTP is 62-years old, relies on open-air sludge beds and processors, sits on 26 prime ocean-front acres between our High School and park, and dumps 1 million gallons of treated water into the ocean every day.

Since January 2013 when the California Coastal Commission denied a permit to rebuild the plant on the current site, the City – residents, Council and staff - have worked long and hard to determine the best location for a new Water Reclamation Facility.(WRF)

*See inside to learn more...*

# PROJECT GOALS

## EMERGING CONTAMINANTS

### TREAT FOR CONTAMINANTS OF EMERGING CONCERN IN THE FUTURE

This goal is to design and build a WRF that is positioned to remove contaminants that have previously not been a concern in wastewater treatment. For example, many new pharmaceuticals are not removed in traditional wastewater treatment processes, may contaminate our groundwater, and may be regulated in the future.

## OTHER MUNICIPAL USES

### ALLOW FOR OTHER MUNICIPAL USES

The City's corporation yard, the fairly small facility where our 15 City maintenance workers start their day before heading out to work on projects around the city is co-located with the existing WWTP. To redevelop the 26-acre site on the oceanfront, the City will need to relocate the Corp Yard and it would be beneficial to co-locate the Corp Yard with the new WRF.

## NEIGHBORHOOD COMPATIBILITY

### COMPATIBILITY WITH NEIGHBORING USES

This critical goal requires that the Morro Bay WRF is compatible with its neighbors. Since the WRF will be completely contained inside a few buildings, many of the traditional compatibility concerns such as odor and noise are significantly mitigated. Another facet of this goal is that the WRF buildings be designed, perhaps in a ranch theme, to fit into the neighborhood.

## 5 - YEAR DEADLINE

### OPERATIONAL WITHIN FIVE YEARS

Our initial goal was to have the new facility treating wastewater by February 2021. The recent pause will likely delay that date to summer 2021. Our permit to discharge treated water from our existing WWTP will likely expire in 2021 so keeping the project moving forward is very important.

## SITE DEVELOPMENT

- Q:**
1. Why are we focusing on sites in the Morro Valley and not elsewhere?
  2. Where on any site would a WRF likely be located?
  3. How much area would a WRF require?
  4. How much grading is required? Would required grading create slope stability issues?
  5. What would happen to the remainder of any site not developed for a WRF?
  6. Is a new corporation yard a project requirement? What are the impacts of a corporation yard, if it were built?

- A:**
1. The Morro Valley is least costly since it presents the best opportunities for water reuse and is close to the City wastewater system.
  2. On a flat, low area that minimizes off-site visibility
  3. A new WRF would likely require 8 to 10 acres.
  4. A flat, less visible site would require very little earthwork, and any grading will be performed to eliminate slope stability issues.
  5. Any development other than a WRF and related landscaping/screening would require a separate public review process.
  6. A corporation yard is not part of the WRF project, but is a City need identified since 2008 and must be constructed somewhere. A corp yard is the base for ~ 15 City employees working around the city from 7:30 AM to 4:30 PM and has minimal impacts related to traffic or noise.

## COSTS & PROPERTY VALUES

- Q:**
1. How important are project costs to the community? How does that relate to developing a WRF in the Morro Valley?
  2. How much will the WRF cost? How will this affect the rates I pay?
  3. How much will it cost to acquire the property?
  4. Why has the City already put money down on a site in advance of a purchase?
  5. How will the project affect my property values?

- A:**
1. Project cost has consistently been identified in workshops since 2013 as a critical community-wide concern. Morro Valley is the least expensive area for a WRF due to proximity to water reuse opportunities and the wastewater system.
  2. WRF cost is being determined through the Facility Master Plan. Cost for water reuse is being determined through the Master Reclamation Plan. The City passed a rate increase last year for the first phase of the WRF.
  3. Property cost will be determined by an appraiser. Public agencies cannot pay more than the appraised cost for the property.
  4. Purchasing an option to buy a property is a common way for public agencies to take property off the market while they study it.
  5. If the WRF does not cause visual, odor, or traffic impacts to residences, it is not likely to affect property values. Project design that addresses these issues will be crucial to successfully address this key concern for those who live closest to any given site.

## VISUAL

- Q:**
1. How close are the nearest homes to where the WRF would be built?
  2. How many homes can see the likely location of the new facility?
  3. How visible is the WRF site from public roadways?
  4. How tall will the buildings on the WRF site be? How will they be screened?
  5. Will the WRF be lighted at night?

- A:**
1. This varies, depending on the site. For example, the Rancho Colina site is within 500 feet of 46 dwellings and 1,000 feet of 29 additional homes. At the Righetti site, no homes are within 500 feet. 35 homes are within 1,000 feet.
  2. This varies. Fewer than 10 homes can see the develop-able portion of either the Righetti or Rancho Colina site. A portion of a nearby trailer park can see the Rancho Colina site.
  3. A potential WRF location is visible along 1,000 feet of Highway 41 at the Righetti site and 3,800 feet at the Rancho Colina site. Topography and landscaping partially block views along the highway at both sites.
  4. The building heights will be similar to barns or ranch facilities (single story up to 15 or 18 feet).
  5. WRF lighting at night will be minimal and will be directed downward for safe access between buildings. All plant operation will take place inside buildings.

## ODORS

- Q:**
1. How will odors be controlled on the site?
  2. Will odor control measures be eliminated if they are too costly?

- A:**
1. All facilities will be contained. Gases will be collected and treated to remove odors.
  2. Odor control is a City goal, is a minor cost to the project, and is necessary to be a good neighbor at any site.

## TRAFFIC

- Q:**
1. How much traffic will the WRF generate? How does this compare to current traffic levels?
  2. How will the WRF site be accessed?

- A:**
1. The WRF will generate approximately 50 to 60 vehicle trips, less than 1% of the average daily traffic at Highway 41 (7,000 to 8,000 trips/day).
  2. The WRF site will be accessed from Highway 41, not from adjacent neighborhoods.

## NOISE

- Q:**
1. How noisy is a WRF?
  2. How does this compare to existing noise sources in the area?

- A:**
1. A WRF will include soundproof enclosures around equipment and will generate less noise at property lines than a residence.
  2. Noise generated from the WRF will not be noticeable to any nearby residences, especially in the context of existing highway noise.

Previously Studied Sites 2011-2013

Primary Morro Valley Sites Selected in 2014

## SITES CURRENTLY CONSIDERED FOR FURTHER ANALYSIS

### 1 RANCHO COLINA SITE

- 8 acres near Highway 41
- Rolling topography; visually prominent from the highway
- Likely slightly more expensive than the Righetti
- 75 homes within 1,000 feet
- Close to water reclamation opportunities

### 2 RIGHETTI PROPERTY

- 10-15 acres of low ground near Highway 41
- 3,000 feet closer to the City's existing wastewater infrastructure than Rancho Colina
- Primary alternative to Rancho Colina since 2014
- Likely slightly less expensive than Rancho Colina
- 35 homes within 1,000 feet
- Close to water reclamation and wastewater infrastructure

### 3 TRI-W SITE

- Two properties totaling 556 acres; partly in City, partly in County
- Most suitable location is 10-15 acres in the County
- One of the top four sites in 2014 study
- Likely 10-15% more expensive than the sites in the Morro Valley
- No homes are located within 1,000 feet of the best part of site
- Other parts of Tri-W are near homes and/or planned commercial
- Property not previously available; portions may be constrained by a voter initiative

### 4 CHEVRON / TORO CREEK SITE

- In Toro Creek valley; site to be determined, about 3 miles north of Morro Bay
- One of the top seven sites in 2013 Options Report
- Likely 10-15% more expensive than the Morro Valley sites
- Far from Morro Bay homes and businesses
- Located 3+ miles from water reclamation opportunities would benefit City water supply

### 5 ADDITIONAL MORRO VALLEY SITES

- Investigating other sites in Morro Valley
- Close to water reclamation opportunities

## PROJECT TIMELINE

2007-2013 WWTP UPGRADE AT EXISTING SITE

2013-2017 PHASE 1 WRF PLANNING\*

2017-2019 PHASE 1 WRF DESIGN

2019-2021 PHASE 1 WRF CONSTRUCTION

MID 2016-MID 2025

PHASE 2 RECYCLED WATER SYSTEM

PLANNING, DESIGN & CONSTRUCTION

2025  
PROJECT COMPLETE  
MID-2025



CITY OF MORRO BAY  
**WATER FACILITY**  MORRO BAY  
**RECLAMATION PROJECT**

**GET INVOLVED** **UPCOMING EVENTS**



**MORRO BAY FARMERS' & COMMUNITY MARKET**  
 800 Block of Main Street  
**Saturday, April 9th**  
 2:00pm-5:00pm

**MORRO BAY FARMERS' MARKET**  
 Spencer's Fresh Market Parking Lot  
**Thursday, April 14th**  
 2:30pm - 5:00pm



**VETERAN'S MEMORIAL HALL**  
 209 Surf Street, Morro Bay

**Thursday, April 7th**  
 6:00 pm - 8:00 pm

**Sunday, April 10th**  
 4:00pm - 6:00 pm

**PHASE 1 TASKS ACCOMPLISHED**

- Siting Studies, 17 locations
- Narrowed potential sites to 7 locations
- Regional WRF at CMC Evaluation
- Initial groundwater evaluation of Morro Valley and Chorro Valley
- Further analyses at Righetti and Rancho Colina sites
- Selection of Morro Valley Site
- Facility Master Plan & Program Management teams hired
- CEQA team hired
- Treatment processes selected
- Recycled Water Planning Grant awarded
- MOU signed with Righetti property owner
- 25 WRFCAC Meetings
- 6 Community Workshops
- Wastewater collection system salinity study
- Flow monitoring and water quality analyses
- CA State Revolving Fund (SRF) Loan application submitted

PROGRAM MANAGER: **Mike Nunley**  
 phone: **(805) 904-6530 ext. 102**  
 email: **mnunley@morrobayca.gov**

DEPUTY PROGRAM MANAGER - OUTREACH: **John Rickenbach**  
 phone: **(805) 610-1109**  
 email: **jrickenbach@morrobayca.gov**



AGENDA NO: C-7

MEETING DATE: April 12, 2016

## Staff Report

**TO:** Honorable Mayor and City Council                      **DATE:** April 5, 2016

**FROM:** Brooke Austin, Legal Assistant/Deputy City Clerk

**SUBJECT:** Adoption of Ordinance No. 602 Amending Section 3.22.120 of the Morro Bay Municipal Code to Increase the Number of Members on the Citizens Oversight Committee

### SUMMARY

Ordinance No. 602 was introduced at the regular City Council meeting held on March 22, 2016. This is the legally required second reading for non-urgency ordinances. Section 3.22.120 (B) has been amended to increase the numbers of members on the Citizens Oversight Committee from five to seven. After the second reading, by title only with further reading waived, it is recommended the Council adopt the ordinance, which will then become effective on the 31<sup>st</sup> day after its adoption.

Prepared By: BRA

Dept Review: DS

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

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

**ORDINANCE NO. 602**

**AN ORDINANCE OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
AMENDING SECTION 3.22.120 OF THE MORRO BAY  
MUNICIPAL CODE TO INCREASE THE NUMBER OF  
MEMBERS ON THE CITIZENS OVERSIGHT COMMITTEE**

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

**WHEREAS**, the City Council adopted Ordinance No. 519 in 2006 adding Section 3.22 of the Morro Bay Municipal Code (MBMC) establishing, among other things, the Citizens Oversight Committee;

**WHEREAS**, Committee Membership is defined in Subsection 3.22.120 (B) as a Committee of 5 citizens-members; and

**WHEREAS**, the Committee has requested to increase its membership from five to seven members to assist with the additional duties it has been assigned when acting in the capacity of the Citizens Finance Committee.

**NOW, THEREFORE, the City Council of the City of Morro Bay does ordain as follows:**

**SECTION 1:** Subsection 3.22.120 B. of the MBMC is hereby amended to read as follows:

B. Committee Membership. The Committee shall have seven citizen-members appointed by the City Council for six year terms with initially three members serving three years, and four members serving six years. Appointees shall be residents of the City; however, no member of the Committee shall be an elected official.

**SECTION 2:** This Ordinance shall take effect 30 days after its adoption. The City Clerk, or her duly appointed deputy, shall attest to the adoption of this Ordinance and shall cause this Ordinance to be published and posted in the manner required by law.

**INTRODUCED** at a regular meeting of the City Council of Morro Bay, held on the 22<sup>nd</sup> day of March, 2016 by motion of Councilmember Heading and seconded by Councilmember Smukler.

**PASSED AND ADOPTED** on the 12th day of April, 2016.

AYES:  
NOES:  
ABSENT:

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

ATTEST:

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

APPROVED AS TO FORM:

\_\_\_\_\_  
JOSEPH W. PANNONE, City Attorney

I, Dana Swanson, City Clerk for the City of Morro Bay, hereby certify that the foregoing ordinance was duly and regularly introduced at a meeting of the City Council on the 22<sup>nd</sup> day of March, 2016, and hereafter the said ordinance was duly and regularly adopted at a meeting of the City Council on the 12<sup>th</sup> day of April, 2016, by the following vote, to wit:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of the City of Morro Bay, California, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
City Clerk of the City of Morro Bay