



CITY OF MORRO BAY PUBLIC WORKS ADVISORY BOARD MEETING AGENDA

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.

Wednesday, October 19, 2016
Veterans Memorial Building - 5:30 P.M.
209 Surf Street, Morro Bay, CA

Steven Shively, Vice-Chair Janith Goldman	Marlys McPherson, Chair Ric Deschler David Sozinho	Christopher Parker Stewart Skiff
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ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE
ANNOUNCEMENTS
PRESENTATIONS – None

PUBLIC COMMENT PERIOD

Members of the audience wishing to address the Board on City business matters other than scheduled items may do so at this time. To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Chair, please come forward to the podium and state your name and address for the record. Board meetings are audio and video recorded and this information is voluntary and desired for the preparation of minutes.
- Comments are to be limited to three minutes.
- All remarks shall be addressed to the Board, as a whole, and not to any individual member thereof.
- The Board 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 Board to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in Board meetings is welcome and your courtesy will be appreciated.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Public Works Department at (805) 772-6263. Notification 24 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT CALENDAR

- A-1 **Approval of Minutes of September 21, 2016 Meeting**
Recommendation: Approve minutes.

B. BUSINESS ITEMS

- B-1 **Directors Report – Informational summary of current Public Works Activities**
Recommendation: Information item, no action needed.

B-2 Morro Bay Garbage Service Base Year Rate Adjustment Application

Recommendation: Recommend the City Council hold a public hearing on November 15, 2016, consider all evidence and testimony presented, and adopt a Resolution increasing solid waste rates as outlined in the Fiscal Impact section of this Staff Report; provided that there is not a majority protest against such increase.

C. FUTURE AGENDA ITEMS

- Work Program Update
- Memorial Bench, Tree, and Bike Rack Program
- Adopt a Street/Park
- Council Directed Work Program Items

D. ADJOURNMENT

Adjourn to the Public Works Advisory Board meeting at the Veteran's Memorial Building, 209 Surf Street, on Wednesday, November 16, 2016 at 5:30 p.m.

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 the Public Works Department, 955 Shasta Avenue, for any revisions or call the department at 772-6263 for further information.

Materials related to an item on this Agenda are available for public inspection during normal business hours in the Public Works Department at 955 Shasta, City Hall at 595 Harbor, Mill's/ASAP at 495 Morro Bay Boulevard, or the Morro Bay Library at 695 Harbor, Morro Bay, CA 93442.

This agenda may be found on the Internet at: www.morrobayca.gov/pwab or you can subscribe to Notify Me for email notification when the Agenda is posted on the City's website. To subscribe, go to www.morrobayca.gov/notifyme and follow the instructions.

Materials related to an item on this agenda submitted to the Board after publication of the agenda packet are available for inspection at the Public Works Department during normal business hours or at the scheduled meeting.

MINUTES - PUBLIC WORKS ADVISORY BOARD (PWAB)
REGULAR MEETING – SEPTEMBER 21, 2016
VETERAN’S MEMORIAL HALL – 5:30P.M.

PRESENT:	Marlys McPherson	Chair
	Steve Shively	Vice-Chair
	Janith Goldman	Board Member
	Chris Parker	Board Member
	Stu Skiff	Board Member
	David Sozinho	Board Member
ABSENT:	Ric Deschler	Board Member
STAFF:	Rob Livick	Public Works Director
	Rick Sauerwein	Capital Projects Manager
	Janeen Burlingame	Management Analyst
	Gina Gregory	Office Assistant IV

ESTABLISH QUORUM, CALL TO ORDER AND MOMENT OF SILENCE

The meeting was called to order at 5:30 p.m., a quorum was present and there was a moment of silence.

ANNOUNCEMENTS

<https://youtu.be/T2TzTaLFwaU?t=1m16s>

David Sozinho announced the 3rd Annual Morro Bay Surfboard Art Festival. This year's Surfboard art will make their debut on Saturday September 24 at 5:00 pm at Forever Stoked Art Gallery. The pieces will then be exhibited at local sponsoring businesses throughout Morro Bay beginning Saturday, October 1st.

PRESENTATIONS - None

PUBLIC COMMENT

The public comment period was opened, seeing none the public comment period was closed.

A. CONSENT AGENDA

<https://youtu.be/T2TzTaLFwaU?t=2m11s>

A-1 Approval of Minutes from the PWAB Meeting of August 17, 2016

MOTION:

Steve Shively moved to approve Items A-1. The motion was seconded by Chris Parker and carried, 6-0.

B. BUSINESS ITEMS

B-1 Directors Report – Informational summary of current Public Works Activities

<https://youtu.be/T2TzTaLFwaU?t=2m38s>

The Board asked questions of staff and commented on the current Public Works Activities Directors Report.

Steve Shively asked if the WRF draft Facilities Master Plan would be available for review before the meeting or if it would be presented at the meeting. Rob Livick updated the Board on the schedule of the draft plan, noting timing has changed to November when the draft would become available for review and a community workshop is being planned for mid-November.

B-2 Streets Summit Recap

<https://youtu.be/T2TzTaLFwaU?t=15m34s>

Rob Livick and Rick Sauerwein presented the staff report.

Discussion, comments and questions continued amongst committee members and staff.

MOTION:

Marlys McPherson moved The PWAB recommends that City Council do the following:

1. Consider establishment of a dedicated funding mechanism to increase annual street improvement budgets to a level that will sustain a PCI of 70.
2. Direct Staff to develop a matrix of possible funding options indicating how much could be raised, including strengths, challenges, and implementation issues. Options to be considered should include but not be limited to:
 - a. Allocating excess (>10%) Emergency Reserve Funds to pay for immediate street improvements,
 - b. Dedicating excess Measure Q funding after the Fire Station 53 debt is paid off,
 - c. Allocating excess year end budget surpluses to a dedicated Street Improvement Fund,
 - d. Obtaining voter approval for a dedicated citywide street tax if Measure J fails,
 - e. Establishing Parking Fees on the Embarcadero, Downtown and at Morro Rock for dedicated Street Improvement Fund,
 - f. Establishing a Citywide Parcel Tax dedicated to Street Improvement Fund,
 - g. Establishing Neighborhood Street Improvement Districts, and
 - h. Allocating a portion of Transit Occupancy Taxes to a dedicated Street Improvement Fund.

The motion was seconded by Steve Shively and carried 6-0.

C. FUTURE AGENDA ITEMS

- Adopt a Street/Park

ADJOURNMENT

The meeting adjourned at 7:19 p.m. to a regular PWAB meeting to be held on Wednesday, October 19, 2016 at 5:30pm at the Veteran's Memorial Hall, 209 Surf Street, Morro Bay, California.



AGENDA NO: B-1

MEETING DATE: October 19, 2016

Staff Report

TO: Public Works Advisory Board **DATE: October 13, 2016**
FROM: Rob Livick, PE/PLS – Public Works Director/City Engineer
SUBJECT: Director’s Report / Information Items

Please contact the individual staff members prior to the meeting, if possible, for more detailed information.

Notify Me: Sign up for Notify Me on the City’s Website www.morrobayca.gov/notifyme for notification of Council, Board’s and Commission’s agendas and minutes.

Service Requests: The City has a feature to the City’s website, Service Requests www.morrobayca.gov/905/Service-Requests, or the mobile App “My Morro Bay” (Available on both Android and IOS operating systems) where citizens can report a concern to the City for predetermined issues without the need to phone the City during business hours (for example: reporting a pothole).

Staff can also add Service Requests for someone over the phone or in the office if they do not have access to a computer. Each category in Service Requests is assigned to the appropriate staff member to handle so citizens don't have to figure out what department to contact for an issue they need to report on.

BICYCLE/ALTERNATIVE TRANSPORTATION

Staff Contact: Rob Livick

Morro Bay Citizen Bike Committee Minutes attached.

CONSOLIDATED MAINTENANCE

Staff Contact: Mike Wilcox

Every city owned building originally equipped with roof top heaters and air conditioning, now has brand new equipment with the highest efficiency available. These 15 package unit went through final commissioning on 10/12/16 including staff training on the proper care and maintenance. The photovoltaic installations on these same roofs plus two others are well underway. The 16 module system on the old Transit Building are operational and the 150 module system on the Community Center is about 90% complete. All of solar project areas are scheduled to be complete by the 1st of December.

Staff has been fully engaged with pothole and berm repairs, installing 10-12 tons of hot asphalt per week. Most of the efforts are being directed at the streets scheduled for surface treatment by an outside contractor. This preliminary work is saving the City tens of thousands of dollars by excluding it from the contract.

The long anticipated upgrades to the Tidelands play area will begin in late October and conclude in early November. Changes include the installation of a large Octopus/Kraken where the old wooden Crows nest once stood, a cluster of floating barrels to replace the wooden balance structure, and small pod (2-3) of Dolphin spring riders where the current spring rider resides. Future upgrades will include safety railing and deck repairs on the Pirate ship.

If you have maintenance requests, please call 772-6261, use the smart phone app, myMorroBay, available for android and iPhone, or use the City's Service Requests online system on our website www.morrobayca.gov/905/Service-Requests. Upon receipt, the electronic requests will be reviewed and assigned to the appropriate staff for action. In the future, the City will be upgrading to a fully integrated maintenance work order system that will allow you to view the progress of your requests.

SIDEWALK REPAIR AND INSTALLATION

Staff Contact: Rick Sauerwein

2016 CDBG ADA Accessibility project: The County Board of Supervisors approved reallocation of prior year funding to provide up to \$236,418 in additional funding to fill gaps in our existing sidewalk network to improve ADA Accessibility. Staff has completed the new sub-recipient agreement and forwarded to the County for final signature so that new delivery orders can be issued for both the new 2016CDBG funding as well as this reallocation. This will exhaust our remaining contract capacity so a new IDIQ contract Sidewalk contract is being prepared for bid.

In association with the sidewalk gap closure project, the Council provided an additional \$60,000 to address repairs of existing sidewalk. The City's contractor has been awarded a new delivery order and work began in August.

STORM WATER

Staff Contact: Damaris Hanson

The Annual report for stormwater compliance is currently being completed. The report must be certified by October 15th and staff is on track to meet this deadline. The annual report is submitted online and consists of several summaries of our compliance with the General Permit.

STREETS

Staff contact: Rick Sauerwein
Jarrod Whelan

Staff continues to work toward award of a new Street Preservation Indefinite Quantity, Indefinite Delivery Contract ("IDIQ") which will have an initial 2-year duration with the option to extend the contract for two more 2-year terms. This will provide staff the ability to award new work as soon as additional funding becomes available. Staff met with five prospective bidders on September 15 & 16 and bids are due October 11. Staff will provide a summary of the bid results at the Oct 11 City Council meeting and bring a contract award recommendation to Council at the October 25 meeting. PWAB will receive an update on the bid results at the October 19 meeting.

The City Council considered PWAB's recommendation to establish a dedicated funding mechanism to increase the annual street improvement budgets to a level that will sustain a PCI of 70 at their October 11 meeting. Staff was directed to develop possible funding options indicating how much could be raised, strengths, challenges and implementation issues. This will return to the new Council after the first of the year and will be addressed in next year's budget discussions. Options that may be considered include:

- Allocating Excess (>10%) Emergency Reserve Funds to pay for immediate street improvements
- Dedicating excess Measure Q funding after the Fire Station 53 debt is paid off
- Allocating excess yearend budget surpluses to a dedicated Street Improvement Fund
- Obtaining voter approval for a dedicated citywide street tax if Measure J fails
- Establishing Parking Fees on Embarcadero, Downtown & at Morro Rock for dedicated Street Improvement Fund
- Establish a citywide Parcel Tax dedicated to Street Improvement Fund
- Establishing Neighborhood Street Improvement Districts, and/or
- Allocating a portion of Transient Occupancy Taxes to a dedicated Street Improvement Fund

TREES – Urban Forest Management

Staff contact: Damaris Hanson
Mike Wilcox

Staff is pleased to announce that Morro Bay won Best Heritage Tree Program at the American in Bloom Symposium! Morro Bay competed alongside several other cities and Morro Bay was among the finalist along with another City in California and Ohio.

The City also won for the second consecutive year as the “most civic-minded, environmental-conscious, tree friendly, heritage-cherishing and welcoming city in the 10,000-14,000 population category”. A HUGE thanks goes to Morro Bay in Bloom and Walter Heath for this award!

WATER – Chorro Stream Gauge

Staff Contact: Rick Sauerwein
Pamela Newman

No change this month. Staff is still working with the Assistant City attorney to address Appropriated Right issues identified during our meeting with State Water Resources Control Board. The City’s consultant, WSC, has responded to National Marine Fisheries Service (NMFS) concerns and is awaiting a response. Mitigated Negative Declaration has been completed, but the City’s Planning Commission and County Permitting cannot proceed further until we can respond to NMFS concerns regarding fish passage and obtain property owner permission to install gage on San Luis Coastal Resource Conservation District property. This requires the approval from the USDA/NRCS who hold a conservation easement.

WATER – Nutmeg Tank Replacement

Staff Contact: Rick Sauerwein
Jarrod Whelan

No change in status: Mitigated Negative Declaration has been revised but County Permitting is on hold until a new RFP is drafted.

WATER – Operations

Staff Contact: Rob Livick
Jamie James
Damaris Hanson

During the month of September, the City’s four-person field crew in water performed 623 work requests. These include but not limited to water samples, USA requests, exercising valves, resetting meter boxes, water turn on, meter re-reads and turn off notices.

The City hosted a two-day review class for Water Treatment. The class is used to help operators brush up on the many aspects of water treatment and assist in certification contact hours and test-taking skills.

Staff is anticipating our Coastal Development Permit going to a Coastal Commission hearing in early November. The Coastal Development Permit is for the Desalination plant outfall, sea water wells and associated piping.

WATER – Water Conservation

Staff Contact: Damaris Hanson

Water conservation has been holding strong in Morro Bay!! Great job everyone! In September water consumption was down 15% compared to water usage in August on 2013. Keep up the good work!

Water conservation rebates available; Cash for grass, rain barrel, irrigation retrofit, SMART irrigation controller, toilet retrofit and Energy star washing machine. State rebates now available for removing grass (up to \$2 per sq. ft.) and replacing a toilet that flushed more than 1.6 gallons per flush (\$100). Go to www.saveourwaterrebates.com.

WASTEWATER – Collections

Staff Contact: Bruce Keogh
Dave Zevely
Jarrod Whelan

The City's five-person field crew in wastewater collections cleaned 13,973 feet of sewer main, collected flowmeter data, inspected newly-installed lateral connections to City mains, performed lift station maintenance, conducted 2 industrial pretreatment and 4 source control inspections, and attended CalOSHA 10-hour and Traffic Control and Flagging safety courses.

In September there were no sanitary sewer overflows from the collection system, and staff responded to one (1) private sewer lateral discharge.

WASTEWATER – Operations and Maintenance

Staff Contact: Bruce Keogh
Jarrod Whelan

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. 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 was rolled over and included in the FY16/17 budget.

During the month of September plant the following projects were completed:

- The chlorine contact tank was drained for cleaning and inspection. Staff is still noting an increase in solids accumulation on the floor of the tank.
- Staff from Carson Porter Diving performed a visual inspection of the outfall diffuser structure. They also replaced the two spar buoys marking the location of the outfall.
- Staff installed a new Return Activated Sludge (RAS) blower, to replace an existing unit that was no longer cost effective to repair.
- Staff repaired a pinhole leak in the primary sludge piping leading from the sludge pumps to the digesters.
- Staff installed new LED lights on the driveways within the plant.

WASTEWATER – NEW WRF

Staff Contact: Rob Livick

The draft of the Facility Master Plan will be published on November 10, 2016. This will be followed by a presentation and public workshop from 1800-2000 (6-8 p.m.) on November 14, 2016 in the Multipurpose Room in the Morro Bay Community Center. The Facility Master Plan is expected to be complete in January 2017 with the Certification of the EIR to be complete by the December 2017. That will give the City 2-1/2 years to complete the design build phase of the project.

Additional and updated information on the WRF project is available on the City's website (<http://morrobaywrf.com/>).

Schedule

Still on track for May 2021 delivery.



**Morro Bay Citizens Bicycle Committee
Meeting Minutes October 5, 2016**

Dedicated to the advocacy and creation of an efficient interconnected network of safe, scenic bikeways and community paths in the Morro Bay area.

“You can’t ride your bike and not smile.”

Attendees: Chris Crescioli, Gail Davis, Andrew Esau and Robert Davis.

Meeting convened at 5:00 pm.

1. Committee thanked Mr Livick for clearing brush along South Bay Blvd..
2. “*Share the Road*” signs have been placed on Lower State Park Road. Mr Livick has ordered a *Sharrow* template and will paint *sharrows* on the road.
3. City wants to provide a safe way for westbound bicyclists on San Jacinto to approach Main Street from Alder and to cross Highway 1 without riding illegally against traffic or on the sidewalk. Mr Livick has requested bids to paint green bike lanes on both sides of San Jacinto from Cedar to Main and to convert the right turn pocket between Alder and Main to a protected bike lane with a bike box in the crosswalk. The project is funded.
4. Mr Livick will place a Bike Route wayfinding sign that directs southbound cyclists on Hwy 1 onto the City bike route that begins on Yerba Buena and proceeds south on Beachcomber and Sandalwood. By placing the sign on the City-owned sign between Toro Lane and Hwy 1, we will not have to deal with Caltrans and can place the sign forthwith.
5. SLOCOG has included in their Active Transportation Program grant requests a gap closure project on Atascadero Road from Morro Creek to the high school to widen and resurface the road, paint bike lanes and place signs. We should hear a response in October. Request is for \$300,000.
6. Mr Livick has placed *Bike Friendly Community* signs at City entrances.
7. Mr John DiNunzio emailed a report from SLOCOG - SLOCOG is presently preparing a prioritization and programming list for Active Transportation projects and programs to present at the December 2016 SLOCOG Board meeting for funding recommendations (2018/20). There is approximately \$1.5m available for Active Transportations projects across the region. The

- funding level will also depend on the number of ATP grants that are awarded by the state ATP Program (and therefore requiring a promised match) announced later in October 2016. SLOCOG/SLO County and Supervisor Bruce Gibson met with Cal Poly Department of Agriculture to discuss Chorro Valley Trail alignment opportunities heading west from Stenner Creek Road in conjunction with a new Solar farm which Calpoly is designing. SLO County is finalizing ROW arrangement with Camp San Luis on the north side of SR1 from Kern Ave to El Chorro Regional Park. SLOCOG will be discussing with Caltrans options for a cantilever safety bridge solution over Kern Ave (on Camp San Luis property) to further develop Chorro Valley alignment developments toward Morro Bay. No update available on Measure J at this time other than information packets have been circulated to the general public across SLO County.
8. Committee reviewed the 2016 Unmet Bike/Pedestrian list and made adjustments. Chair Esau will distribute the list to the CBC mail list and solicit input to provide to the City at next goal-setting session.
 9. Secretary Davis briefed the Committee on Measure J, attached.
 10. Chair Esau has set next years' meeting schedule. Beginning December 7, 2016, Committee will meet on the first Wednesday of each even numbered month at 5 pm. Chair Esau will request use of the conference room on those dates.
 11. There being no further business, the meeting adjourned at 5:55 pm.

Respectfully submitted,
Robert Fuller Davis, Secretary

Self Help Sales Tax

Our transportation system is in distress. We're not going to get any money from the state or federal government to help us. They do not have the will to help us

We need to be pragmatic. We can rail against a legislature that won't repay money that it borrowed from the Highway Trust fund. We can blame Congress for not coming to grips with our huge infrastructure needs.

But the fact is that we are not getting money for transportation improvements. Sacramento and Washington are dysfunctional.

A healthy transportation system is essential to economic development. Our only source of money for projects that will deal with our transportation problems is ourselves.

This is an opportunity to declare our independence from state and federal impotence.

A nine-year plan to collect ½ cent sales tax will provide a stable financing platform. This will make it possible to make long range plans for transportation improvements.

Morro Bay has budgeted \$587,000 this year for street repairs. That is Measure Q money, our City's ½ cent sales tax. The County-wide Self Help Sales Tax initiative will double that amount, an additional \$620,000 per year for nine years. Morro Bay has

committed to spend the entire \$620,000 plus the \$587,000 Measure Q money for “Local street reconstruction, rehabilitation and repair.”

In addition to street repairs, SLOCOG will allocate additional sales tax revenue to pay for the Morro Bay-Cayucos bike and pedestrian path and will fund a project to improve the traffic flow at the Main Street and Highway 41 intersection. These are promises that are part of the initiative language and cannot be changed.

The average household in Morro Bay earns \$55,393 per year and pays \$875 per year in sales tax. Proposition 30, a one-quarter cent statewide sales tax approved in 2012, sunsets at the end of this year. That means that Measure J adds only 1/4 cent to what we pay today, and half of that is paid by visitors. In Morro Bay, that means each household would pay **\$28 more per year** in sales tax than at present.

In return, we get \$620,000 per year in street repairs, a new intersection at Hwy 41/Main Street and a new walking and biking path from Morro Bay to Cayucos.

So the question that Morro Bay voters have to ask themselves is whether they are willing to pay \$28 more per year **per household** for nine years to double our street repair budget, build a new paved bike/ped path from here to Cayucos and fix the Main Street/Highway 41 intersection.

I am going to vote for the initiative and I hope that you will too.

Measure J Facts

1. Will generate \$5.6 million for Morro Bay, about \$620,000 per year, dedicated to “Local street reconstruction, rehabilitation and repair.”
2. Will fund construction of Hwy 1/41/Main Street intersection improvement in Morro Bay
3. Will fund the Morro Bay-Cayucos Connector for pedestrians and bicyclists.
4. Adds one-quarter cent sales tax to what we pay now.
5. Generates \$25 million new dollars per year to fix SLO County streets, roads and highway improvements, half of which would be paid for by visitors to our county.
6. Can only be used for local projects and transportation priorities.
7. Must be added to current City transportation budgets – may not be used to supplant funds to be diverted back to the General Fund.
8. Prohibits Sacramento from taking possession of these locally generated funds
9. Allows SLO County to compete for State and Federal grants and leverage funds, thereby increasing revenues.
10. Delivers a Transportation Investment Plan with a list of projects and programs that have the force of law.
11. Includes an Independent Taxpayer Oversight Committee to ensure projects and programs in the Plan are actually funded and/or completed.
12. Measure will sunset in nine years.
13. 10 percent of the funds go to regional bicycle and pedestrian projects.
14. Bike SLO County and Robert “Red” Davis endorse Measure J.

The Yes on Measure J Campaign's website is up and accepting donations: <http://yesonj-slo.org/facts/>



AGENDA NO: B-2

MEETING DATE: October 19, 2016

Staff Report

TO: Public Works Advisory Board **DATE: October 12, 2016**
FROM: Janeen Burlingame – Management Analyst
SUBJECT: Morro Bay Garbage Service Base Year Rate Adjustment Application

RECOMMENDATION

Staff recommends the Public Works Advisory Board (PWAB) recommend the City Council hold a public hearing on November 15, 2016, consider all evidence and testimony presented, and adopt a Resolution increasing solid waste rates as outlined in the Fiscal Impact section of this report; provided, that there is not a majority protest against such increase.

ALTERNATIVES

The Rate Setting Manual provides a process and schedule for rate application review and binds the contractor and the City to a method of determining revenue adequacy for the contractor while ensuring the community is receiving quality service at reasonable rates. The Council could choose to not to approve the requested rate increase if it is believed any of the factors identified in the Rate Adjustment Application are inaccurate or inflated. Based on staff's evaluation of the Rate Adjustment Application, the information provided is accurate and reasonable.

FISCAL IMPACT

Adoption of a Resolution (Attachment 1) will result in the following increases to residential and commercial collection rates:

1. Effective January 1, 2017, a 3.96% increase; and
2. Effective January 1, 2018, and January 1, 2019, an increase based on the following:
 - a. Increase, if any, in the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers U.S. City Average published by the U.S. Department of Labor, Bureau of Labor Statistics for the month of June 2017, for January 1, 2018, and June 2018, for January 1, 2019;
 - b. Increase of 0.67% effective January 1, 2018, and 0.66% effective January 1, 2019, for increases in landfill disposal cost; and
 - c. Increase, if any, in the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers U.S. City Average published by the U.S. Department of Labor, Bureau of Labor Statistics for increases in AB939 fee cost.

The increases in rates will be borne by individual customers, and there will be a negligible increase to franchise fee revenue.

Prepared By: JB Dept Review: RL

City Manager Review: DWB

City Attorney Review: JWP

DISCUSSION

The City Council adopted Resolution 48-01 approving the Garbage, Recycling and Greenwaste Franchise Agreement (the Agreement) for collection service effective January 1, 2002 and setting the initial rates for collection for residential and commercial customers.

Pursuant to Article 8.4 of the Agreement, the City uses the guidelines and approach outlined in the City of San Luis Obispo's "*Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates*" regarding adjustments for base year rate reviews and cost of living increases to the collection rates that occur throughout the contract term. The rate setting manual and Agreement are on file at the Management Analyst's office for review as necessary.

On August 29, 2016, the City received from Morro Bay Garbage Service a Base Year Rate Adjustment Application with a request for an increase to the solid waste rates (Attachment 2). The request is for a 3.96% increase to the solid waste rates, effective January 1, 2017.

The 3.96% proposed rate increase is comprised of the following:

1. 2.77% is based on the purchase of a new 2016 automated side loader CNG truck;
2. 0.85% is based on the increased costs for labor, organics disposal at 3rd party disposal site, and ongoing maintenance; and
3. 0.34% is based on the increased costs of landfill disposal.

The Administrative Services Director reviewed the Rate Adjustment Application and supplemental financial reports. Based on staff's evaluation, the information provided is accurate and reasonable.

California Constitution Article XIII (Proposition 218)

Proposition 218 noticing and hearing requirements are being followed for review and consideration of the proposed solid waste rate increases to ensure the legal validity of those rates.

Per the Proposition 218 notification requirements, notices were mailed at least 45 days in advance of the public hearing to both property owners and customers (Attachment 3). The protest must be submitted in writing and received by the City Clerk before the close of the public hearing on November 15, 2016. The person signing the protest must either be the property owner or the customer of record. In the event that a protest is submitted by the owner and also by the tenant responsible for payment of the bill, one valid protest is counted for the parcel.

If valid written protests are filed by a majority of customers/property owners, then the applicable proposed rate may not be imposed. Based on the customer count of 5,166 accounts, 2,583 valid protest votes would need to be filed for this to occur. As of October 12, 2016, a total of zero (0) written protests were received by the Office of the City Clerk. At the conclusion of the City Council November 15, 2016 public hearing, the City Clerk will be asked by the Mayor to make a statement indicating the number of valid protests received and indicate whether that amount is a majority of the customers/property owners.

To address the Interim Base Year CPI, landfill disposal cost and AB939 cost adjustments outlined above and in #2 of the Fiscal Impact section of this report, staff included them in the current Proposition 218 vote in order to save on staff time and resources rather than conduct separate 218 votes in each of the next two years.

CONCLUSION

Recommending the Council adopt the solid waste rates as recommended will ensure the garbage company receives the necessary operating revenues, including allowable profit, within the prescribed levels set by the City's solid waste rate setting policies. Staff has reviewed the Rate Adjustment Application and supplemental financial reports and based on staff's evaluation, the information provided is accurate and reasonable. Therefore, it is staff's recommendation the PWAB recommend the City Council hold a public hearing on November 15, 2016, consider all evidence and testimony presented, and adopt a Resolution increasing solid waste rates as outlined in the Fiscal Impact section of this report; provided, that there is not a majority protest against such increase.

ATTACHMENTS

1. Resolution No. XX-16
2. Base Year Rate Adjustment Application
3. Proposition 218 Notice

RESOLUTION NO. XX-16

A RESOLUTION APPROVING MORRO BAY GARBAGE SERVICE
BASE-YEAR RATE ADJUSTMENT APPLICATION
AND ADJUSTING SOLID WASTE COLLECTION RATES

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City Council adopted Resolution 48-01 approving the Garbage, Recycling and Greenwaste Franchise Agreement with Morro Bay Garbage Service (MBGS) for collection services effective January 1, 2002, and setting the initial rates for collection for residential and commercial customers; and

WHEREAS, pursuant to Article 8.4, the City will use the guidelines and approach outlined in the City of San Luis Obispo's "*Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates*," and

WHEREAS, on August 29, 2016, MBGS District Manager, Patrick Fenton, submitted a base year rate adjustment application in conformance with the franchise agreement and rate setting manual requesting a 3.96% increase to solid waste collection rates effective January 1, 2017; and

WHEREAS, notices regarding the requested rate increase and interim rate increases for January 1, 2018, and 2019, were sent on September 30, 2016, to all property owners and customers and a public hearing regarding that matter was held on November 15, 2016; and

WHEREAS, sufficient protests were not received to prevent the rate increase; and

WHEREAS, a review of the Base Year Solid Waste Rate Adjustment Application has been completed in accordance with the adopted solid waste rate setting policies.

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

Section 1. The City Council approves the Morro Bay Garbage Service's Base Year Rate Adjustment Application to increase the solid waste collection rates by 3.96% as outlined in Exhibit A, effective January 1, 2017.

Section 2. The City Council approves the increase in solid waste collection rates effective January 1, 2018 and January 1, 2019 as follows:

- a. Increase, if any, in the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers U.S. City Average published by the U.S. Department of Labor, Bureau of Labor Statistics for the month of June 2017 for January 1, 2018 and June 2018 for January 1, 2019;
- b. Increase of 0.67% effective January 1, 2018 and 0.66% effective January 1, 2019 for increases in landfill disposal cost; and
- c. Increase, if any, in the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers U.S. City Average published by the U.S. Department of Labor, Bureau of Labor Statistics for increases in AB939 fee cost.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 15th day of November 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

Exhibit A

Morro Bay Garbage				
Solid Waste Service Rates - Effective 1/1/2017				
City of Morro Bay				
Service Description	Service Frequency	Currently Monthly Rate Effective 1/1/2016	Proposed Rate Adjustment %	Proposed Monthly Rate Effective 01/01/2017
MONTHLY SINGLE-FAMILY AND MULTI-UNIT RESIDENTIAL SERVICE (4 UNITS OR LESS)				
Price per month for specified waste wheeler collected each week. One green waste and one recycling service is included at no additional charge once each week.				
MINI-CAN SERVICE				
One 19 gallon waste wheeler container	1	\$10.30	3.96%	\$10.71
ECONOMY RATE				
One 32 gallon waste wheeler container	1	\$16.49	3.96%	\$17.14
STANDARD RATE				
One 64 gallon waste wheeler container	1	\$32.98	3.96%	\$34.29
PREMIUM RATE				
One 96 gallon waste wheeler container	1	\$49.47	3.96%	\$51.43
SERVICE AWAY FROM THE STREET CURB (IN YARD)				
Additional per month per can or container charge		\$8.98	3.96%	\$9.34
MONTHLY COMMERCIAL WASTE WHEELERS SERVICE				
One 32 Gallon Waste Wheeler	1	\$34.04	3.96%	\$35.39
One 32 Gallon Waste Wheeler	2	\$66.46	3.96%	\$69.09
One 32 Gallon Waste Wheeler	3	\$86.93	3.96%	\$90.37
One 32 Gallon Waste Wheeler	4	\$107.41	3.96%	\$111.66
One 32 Gallon Waste Wheeler	5	\$139.83	3.96%	\$145.37

One 32 Gallon Waste Wheeler	6	\$172.25	3.96%	\$179.07
One 32 Gallon Waste Wheeler	7	\$205.30	3.96%	\$213.43
One 64 Gallon Waste Wheeler	1	\$49.41	3.96%	\$51.37
One 64 Gallon Waste Wheeler	2	\$86.93	3.96%	\$90.37
One 64 Gallon Waste Wheeler	3	\$126.18	3.96%	\$131.18
One 64 Gallon Waste Wheeler	4	\$170.51	3.96%	\$177.26
One 64 Gallon Waste Wheeler	5	\$213.19	3.96%	\$221.63
One 64 Gallon Waste Wheeler	6	\$249.01	3.96%	\$258.87
One 64 Gallon Waste Wheeler	7	\$293.27	3.96%	\$304.88
One 96 Gallon Waste Wheeler	1	\$66.46	3.96%	\$69.09
One 96 Gallon Waste Wheeler	2	\$115.91	3.96%	\$120.50
One 96 Gallon Waste Wheeler	3	\$170.51	3.96%	\$177.26
One 96 Gallon Waste Wheeler	4	\$226.83	3.96%	\$235.81
One 96 Gallon Waste Wheeler	5	\$276.31	3.96%	\$287.25
One 96 Gallon Waste Wheeler	6	\$337.70	3.96%	\$351.07
One 96 Gallon Waste Wheeler	7	\$407.48	3.96%	\$423.62
MONTHLY COMMERCIAL CONTAINER SERVICE - (CUBIC YARDS)				
1 Yd Container	1	\$83.85	3.96%	\$87.17
1 Yd Container	2	\$129.90	3.96%	\$135.04
1 Yd Container	3	\$167.43	3.96%	\$174.06
1 Yd Container	4	\$210.07	3.96%	\$218.39
1 Yd Container	5	\$242.52	3.96%	\$252.12
1 Yd Container	6	\$302.20	3.96%	\$314.17
1 Yd Container	7	\$456.56	3.96%	\$474.64
1.5 Yd Container	1	\$102.61	3.96%	\$106.67
1.5 Yd Container	2	\$169.17	3.96%	\$175.87

1.5 Yd Container	3	\$227.18	3.96%	\$236.18
1.5 Yd Container	4	\$288.58	3.96%	\$300.01
1.5 Yd Container	5	\$346.59	3.96%	\$360.31
1.5 Yd Container	6	\$413.12	3.96%	\$429.48
1.5 Yd Container	7	\$606.07	3.96%	\$630.07
2 Yd Container	1	\$123.10	3.96%	\$127.97
2 Yd Container	2	\$215.20	3.96%	\$223.72
2 Yd Container	3	\$288.58	3.96%	\$300.01
2 Yd Container	4	\$367.06	3.96%	\$381.60
2 Yd Container	5	\$448.96	3.96%	\$466.74
2 Yd Container	6	\$530.84	3.96%	\$551.86
2 Yd Container	7	\$762.34	3.96%	\$792.53
3 Yd Container	1	\$158.95	3.96%	\$165.24
3 Yd Container	2	\$288.58	3.96%	\$300.01
3 Yd Container	3	\$406.32	3.96%	\$422.41
3 Yd Container	4	\$515.48	3.96%	\$535.89
3 Yd Container	5	\$667.33	3.96%	\$693.76
3 Yd Container	6	\$769.67	3.96%	\$800.15
3 Yd Container	7	\$1,039.81	3.96%	\$1,080.99
4 Yd Container	1	\$210.07	3.96%	\$218.39
4 Yd Container	2	\$390.94	3.96%	\$406.42
4 Yd Container	3	\$542.76	3.96%	\$564.25
4 Yd Container	4	\$725.34	3.96%	\$754.06
4 Yd Container	5	\$907.87	3.96%	\$943.82
4 Yd Container	6	\$1,027.29	3.96%	\$1,067.97
4 Yd Container	7	\$1,336.00	3.96%	\$1,388.91

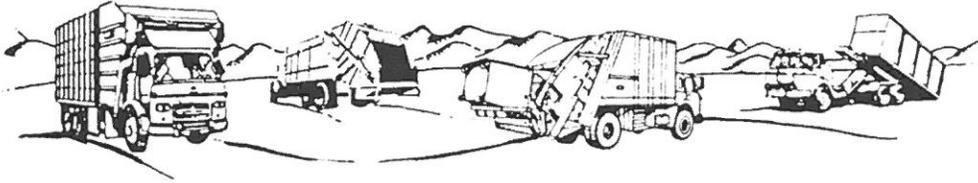
6 Yd Container	1	\$314.71	3.96%	\$327.17
6 Yd Container	2	\$571.39	3.96%	\$594.02
6 Yd Container	3	\$804.49	3.96%	\$836.35
6 Yd Container	4	\$1,020.64	3.96%	\$1,061.06
6 Yd Container	5	\$1,321.31	3.96%	\$1,373.63
6 Yd Container	6	\$1,523.95	3.96%	\$1,584.30
6 Yd Container	7	\$2,058.82	3.96%	\$2,140.35
8 Yd Container	1	\$415.96	3.96%	\$432.43
8 Yd Container	2	\$774.05	3.96%	\$804.70
8 Yd Container	3	\$1,074.66	3.96%	\$1,117.22
8 Yd Container	4	\$1,436.18	3.96%	\$1,493.05
8 Yd Container	5	\$1,797.59	3.96%	\$1,868.77
8 Yd Container	6	\$2,034.03	3.96%	\$2,114.58
8 Yd Container	7	\$2,645.28	3.96%	\$2,750.03
Sunday Service	Per Occurrence	\$63.47	3.96%	\$65.98
EXTRA COLLECTION SERVICE OPTIONS				
Overstocked Garbage & extra bags Minimum/unit	Per Occurrence	\$8.23	3.96%	\$8.56
Overstocked Green waste & extra bags Minimum/unit	Per Occurrence	\$5.50	3.96%	\$5.72
Overstocked Blue Bin & extra bags Minimum/unit	Per Occurrence	\$4.12	3.96%	\$4.28
Monthly charge for additional 32, 64 or 96-gallon recycle service	Each	\$2.75	3.96%	\$2.86
Monthly charge for additional 32 or 96-gallon green waste service	Each	\$5.50	3.96%	\$5.72
Switch waste wheeler more than once per 12 months	Per Occurrence	\$29.95	3.96%	\$31.14

Small item pickup (TV, toilet)	Each	\$15.00	3.96%	\$15.59
Per white good article/ appliance. (Once a month only)	Each	\$52.43	3.96%	\$54.51
Per mattress or box spring.	Each	\$15.66	3.96%	\$16.28
Change waste wheeler size (once per year free)	Per Occurrence	\$29.95	3.96%	\$31.14
Re-deliver fee-if pulled for collections	Per Occurrence	\$29.95	3.96%	\$31.14
Install locking device on bin	Each	\$66.46	3.96%	\$69.09
Extra bin cleaning (after two times per year)	Each	\$52.87	3.96%	\$54.96
Garbage extras on your scheduled pickup day	Per Yard	\$13.63	3.96%	\$14.17
Loose Cardboard	Per Yard	\$6.84	3.96%	\$7.11
Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY	Per Bag	\$11.22	3.96%	\$11.66
Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY	Per Yard	\$21.61	3.96%	\$22.47
Compactors	Per Ton	\$44.25	3.96%	\$46.00
Bin Rental	Per Month	\$31.03	3.96%	\$32.26
Temp Bin Rental	Per Day	\$1.72	3.96%	\$1.79
Stand by time	Per Hour	\$60.00	3.96%	\$62.38
Trip charge	Per Occurrence	\$7.52	3.96%	\$7.82
Damage/Destruction of bins or waste wheelers	Each	Replacement/repair at market price		
<p>Polystyrene (Styrofoam, Plastic #6) is no longer collected for recycling and should be thrown away as trash.</p> <p>Green waste is recycled in a special green waste wheeler and is picked up once a week at no additional charge.</p> <p>Recycling and green waste containers should be placed near/next to your garbage bin for collection.</p>				
<p>All commercial customers are eligible for one standard waste wheeler recycling and green waste services at no additional charge. Commercial customers can choose from a 32, 64, or 96 gallon blue waste wheeler for commingled recycling.</p>				

Any additional cardboard, commingled and/or organics services are charged at 25% of the garbage rate for the service frequency provided. (Excludes Residential).

Please recycle, it is less expensive in disposal costs and helps the city achieve its AB939 goal to reduce buried waste at the landfill.

Morro Bay Garbage



4388 Old Santa Fe Road • San Luis Obispo, CA 93401

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

August 29, 2016

Enclosed, please find the 2017 Base Year Rate Adjustment Application asking for a 3.96% increase. Management reviewed and accepts responsibility for the rate application. The application is based upon management's judgement of the most likely set of conditions and course of action. All significant relevant information is made available at any time and assumptions are reasonable and are accurate.

The main driver of the base year rate adjustment is a new 2016 Automated Side Loader (CNG) truck. This represents 2.77% of the overall requested rate as the truck is required for the replacement of a 2004 Automated Side Loader. Per approved language in the franchise extension, all trucks must be 12 years or newer to operate in Morro Bay. Further, replacing an old diesel truck with CNG, reduces carbon emissions in the city.

In addition, Cold Canyon Landfill will not pass through a tipping fee increase for 2017. This represents a savings of .68% for Morro Bay rate payers.

A handwritten signature in black ink, appearing to read 'Patrick Fenton', written over a circular stamp or seal.

Patrick Fenton
District Manager
Morro Bay Garbage

Morro Bay Garbage

Base Year Rate Adjustment Application

Summary

Requested Increase

Base Year Rate Application Price Increase 3.96%

1. Rate Increase Requested

Rate Schedule

Rate Schedule	Current Rate	Increased Rate	Adjustment (a)	New Rate	Cost Per Gallon
*Per Month					
Single Family Residential					
2. One 32 gallon waste wheeler container	\$16.49	\$0.65		\$17.14	\$0.54
3. One 64 gallon waste wheeler container	\$32.98	\$1.31		\$34.29	\$0.54
4. One 96 gallon waste wheeler container	\$49.47	\$1.96		\$51.43	\$0.54
		\$1.31	Avg. Monthly Increase		

(a) Calculated rates are rounded up to the nearest \$0.01.

5. **Multiunit Residential and Commercial**

Rate increases of 3.96%
will be applied to all rates in each structure
with each rate rounded to the nearest \$0.01

Price Increase Breakdown

0.85% Allowable Costs
0.34% Pass Through Costs
2.77% New 2016 Automated Side Loader Truck (CNG)
3.96% Base Year Rate Application Price Increase

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: Patrick Fanton Title: District Manager
Signature:  Date: 08/29/16

Morro Bay Garbage Base Year Rate Adjustment Application

Financial Information

Historical		Current	Projected	
			Base Year	
2014	2015	2016	2017	2018

(from Pg. 4)

Section I - Allowable Costs

6. Direct Labor	\$648,002	\$655,163	\$689,384	\$703,172	\$717,235
7. Corporate Overhead	\$56,943	\$57,935	\$57,880	\$58,516	\$59,687
8. Office Salaries	\$126,999	\$82,788	\$86,655	\$88,388	\$90,155
9. Other General and Admin Costs	\$671,557	\$640,421	\$709,751	\$761,682	\$776,916
10. Total Allowable Costs	\$1,503,502	\$1,436,307	\$1,543,670	\$1,611,758	\$1,643,993

Section II - Allowable Operating Profit

11. Operating Ratio	103.7%	95.2%	94.2%	92.0%	92.0%
12. Allowable Operating Profit	(\$53,924)	\$71,741	\$94,950	\$140,153	\$142,956

Section III - Pass Through Costs

13. Tipping Fees	\$326,587	\$358,851	\$363,911	\$352,185	\$359,229
14. Franchise Fees	\$227,474	\$239,711	\$248,815	\$253,791	\$258,867
15. AB939 Fees	\$23,328	\$23,832	\$24,888	\$25,386	\$25,893
16. Lease Pmts to Affiliated Companies	\$13,908	\$14,325	\$14,877	\$15,323	\$15,630
17. Total Pass Through Costs	\$591,298	\$636,719	\$652,491	\$646,685	\$659,619

Section IV - Revenue Requirement

18. Revenue Requirement				\$2,398,596	\$2,446,568
19. Total Revenue Offsets (from Page 3)	\$2,040,875	\$2,144,767	\$2,291,110	\$2,316,258	\$2,341,737

Section V - Net Shortfall (Surplus)

20. Net Shortfall (Surplus)				\$82,338	
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Section VI - Percentage Change in Rates

21. Total Residential and Commercial Revenue without Increase in Base Year (pg.3, lines 19+39)				\$2,311,330	
22. Percent Change in Residential and Commercial Revenue Requirement				3.56%	
23. Franchise Fee Adjustment Factor				90%	
24. Percent Change in Existing Rates				3.96%	

Morro Bay Garbage Base Year Rate Adjustment Application

Revenue Offset Summary

Section VII - Revenue Offsets

	Historical		Current	Projected	
				Base Year	
	2014	2015	2016	2017	2018
Residential Revenue <i>(without increase in Base Year)</i>					
25. Single Family Residential Multiunit Residential Dumpster	\$1,017,080	\$1,073,067	1,130,627.63	\$1,143,065	\$1,155,638
26. Number of Accounts	0	0	0	0	0
27. Revenues	\$0	\$0	\$0	\$0	\$0
28. Less Allowance for Uncollectible Resid Accounts	\$0	\$0	\$0	\$0	\$0
29. Total Residential Revenue	\$1,017,080	\$1,073,067	\$1,130,628	\$1,143,065	\$1,155,638
Commercial Revenue <i>(without increase in Base Year)</i>					
Account Type:					
Commercial Can					
30. Number of Accounts	30	30	0	0	0
31. Revenues	\$46,862	\$48,268	\$0	\$0	\$0
Commercial Wastewheeler					
32. Number of Accounts	136	136	141	141	142
33. Revenues	\$85,469	\$88,033	\$91,270	\$91,270	\$92,274
Commercial Container					
34. Number of Accounts	362	364	389	389	388
35. Revenues	\$878,170	\$936,837	\$1,064,284	\$ 1,076,995	\$1,088,842
36. Less: Allowance for Uncollectible Commercial	\$0	\$0	\$0	\$0	\$0
37. Total Commercial Revenue	\$1,010,501	\$1,073,138	\$1,155,554	\$ 1,168,265	\$1,181,116
38. Interest on Investments	\$11,068	(\$4,296)	\$2,372	\$2,372	\$2,398
39. Other Income	\$2,225	\$2,858	\$2,557	\$2,557	\$2,585
40. Total Revenue Offsets	\$2,040,875	\$2,144,767	\$2,291,110	\$2,316,258	\$2,341,737

Morro Bay Garbage
Base Year Rate Adjustment Application

Cost Summary for Base Year

Description of Cost	Section VIII - Base Year Cost Allocation			
	2014	2015	2016	Base Year 2017
Labor	\$601,431	\$609,906	\$642,278	\$655,124
Payroll Taxes	\$46,572	\$45,257	\$47,106	\$48,048
41. Total Direct Labor	\$648,002	\$655,163	\$689,384	\$703,172
42. Corporate Overhead	\$98,475	\$104,812	\$100,010	\$101,110
Less limitation (enter as negative)	(\$41,532)	(\$46,877)	(\$42,130)	(\$42,593)
Total Corporate Overhead	\$56,943	\$57,935	\$57,880	\$58,516
Office Salary	\$123,977	\$79,319	\$82,031	\$83,672
Payroll Taxes	\$3,022	\$3,469	\$4,623	\$4,716
43. Total Office Salaries	\$126,999	\$82,788	\$86,655	\$88,388
Amortization/Allocation	\$0	\$0	\$0	\$0
Bad Debt	\$476	\$523	\$221	\$226
Bond	\$150	\$1,140	\$2,140	\$2,183
Depreciation	\$148,882	\$144,065	\$146,025	\$174,176
Drive Cam fees	\$5,273	\$5,162	\$5,476	\$5,585
Dues and Subscriptions	\$1,313	\$900	\$860	\$877
Gas and Oil	\$168,330	\$121,046	\$113,158	\$115,421
Insurance	\$127,543	\$153,444	\$171,915	\$175,353
Insurance - Allocated Exp.	\$72,552	\$55,700	\$41,365	\$42,192
Laundry and Uniforms	\$3,478	\$5,414	\$4,207	\$4,291
Legal and Accounting	\$14,294	\$14,816	\$14,475	\$14,765
Miscellaneous and Other	\$3,678	\$2,678	\$2,694	\$2,748
Office	\$30,345	\$32,338	\$33,926	\$34,605
Operating Supplies	\$4,362	\$3,555	\$3,650	\$3,723
Other Taxes	\$7,021	\$5,691	\$5,876	\$5,994
Outside Services	\$4,871	\$3,548	\$64,052	\$77,763
Permits and Licenses	\$9,665	\$9,742	\$10,803	\$11,020
Postage	\$2,444	\$4,153	\$4,932	\$5,031
Public Relations and Promotions	\$845	\$496	\$178	\$182
Relocation	\$0	\$5,102	\$3,370	\$3,513
Telephone	\$5,333	\$3,914	\$4,764	\$4,859
Tires	\$13,166	\$15,761	\$15,369	\$15,676
Transportation-Related Parties	\$550	\$825	\$1,375	\$1,403
Travel	\$295	\$273	\$3,023	\$3,083
Truck Repairs	\$43,222	\$45,143	\$50,687	\$51,701
Utilities	\$3,469	\$4,992	\$5,210	\$5,314
44. Total Other Gen/Admin Costs	\$671,557	\$640,421	\$709,751	\$761,682
45. Total Tipping Fees	\$326,587	\$358,851	\$363,911	\$352,185
46. Total Franchise Fee	\$227,474	\$239,711	\$248,815	\$253,791
47. Total AB 939/Regulatory Fees	\$23,328	\$23,832	\$24,888	\$25,386
48. Total Lease Pmt to Affil Co.'s	\$13,908	\$14,325	\$14,877	\$15,323
49. Total Cost	\$2,094,799	\$2,073,026	\$2,196,160	\$2,258,443

Morro Bay Garbage Base Year Rate Adjustment Application

Base Year Revenue Offset Summary

Section IX - Revenue Offsets

Description of Revenue	Overall	Franchise	Refuse Collection		
	Total	Total	City of Morro Bay	CPI Growth	State Parks
<i>Residential Revenue (without increase in Base Year)</i>					
50. Single Family Residential	1,143,065	1,143,065	1,130,628	12,437	-
<i>Multiunit Residential Dumpster</i>					
51. Number of Accounts	-	-	-	-	-
52. Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
53. Less Allowance for Uncollectable	-	-	-	-	-
54. Total Residential Revenue	\$ 1,143,065	\$ 1,143,065	\$ 1,130,628	\$ 12,437	\$ -
<i>Commercial Revenue (without increase in Base Year)</i>					
Account Type:					
Commercial Can					
55. Number of Accounts	0	0	0	0	0
56. Revenues	\$0	\$0	\$0	\$0	\$0
<i>Commercial Wastewheeler</i>					
57. Number of Accounts	141	141	141	0	0
58. Revenues	\$91,270	\$91,270	\$91,270	\$0	\$0
<i>Commercial Container</i>					
59. Number of Accounts	389	388	388	0	1
60. Revenues	\$ 1,076,995	\$ 1,011,841	\$ 999,130	\$ 12,711	\$ 65,154
61. Less: Allowance for Uncollectible Commercial Accounts	\$0	\$0	\$0	\$0	\$0
62. Total Commercial Revenue	\$1,168,265	\$1,103,111	\$1,090,400	\$12,711	\$65,154
63. Interest on Investments	\$2,372	\$2,372	\$2,372	\$0	\$0
64. Other Income	\$2,557	\$2,557	\$2,557	\$0	\$0
65. Total Revenue Offsets	\$2,316,258	\$2,251,104	\$2,225,956	\$25,148	\$65,154

Morro Bay Garbage

Base Year Rate Adjustment Application

Operating Information

Historical			Current			Projected		
	Percent		Percent		Percent	Base Year	Percent	
2014	Change	2015	Change	2016	Change	2017	Change	2018

Section X - Operating Data

Municipal Solid Waste - Morro Bay

66.	Residential Accounts	4,583	0.3%	4,597	0.5%	4,618	0.6%	4,646	0.6%	4,674
	Commercial Accounts	526	0.6%	529	0.2%	530	0.0%	530	0.0%	530
67.	Routes	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3
68.	Tons Collected	7,231	6.9%	7,730	2.6%	7,928	-2.6%	7,722	1.0%	7,799
69.	Direct Labor Hours	6,240	0.0%	6,240	0.0%	6,240	0.0%	6,240	0.0%	6,240

Commingled Recyclables - Morro Bay

70.	Accounts	5,109	0.3%	5,126	0.4%	5,148	0.5%	5,176	0.5%	5,204
71.	Routes	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2
	Tons Collected	1,522	-3.3%	1,472	3.1%	1,517	1.0%	1,532	1.0%	1,547
72.	Direct Labor Hours	4,160	0.0%	4,160	0.0%	4,160	0.0%	4,160	0.0%	4,160

Green Waste and Organics - Morro Bay

73.	Accounts	5,109	0.3%	5,126	0.4%	5,148	0.5%	5,176	0.5%	5,204
74.	Routes	1	0.0%	1	0.0%	1	0.0%	1	0.0%	1
	Tons Collected	1,747	-18.2%	1,430	24.1%	1,775	17.1%	2,079	2.0%	2,120
75.	Direct Labor Hours	2,080	0.0%	2,080	0.0%	2,080	0.0%	2,080	0.0%	2,080

Morro Bay Garbage
Base Year Rate Adjustment Application

Monthly Rate Survey

Proposed Morro Bay

Single Family Residential

	Current Rate	Increased Rate	Adjustment (a)	New Rate
One 32 gallon waste wheeler container	\$16.49	\$0.65		\$17.14
One 64 gallon waste wheeler container	\$32.98	\$1.31		\$34.29
One 96 gallon waste wheeler container	\$49.47	\$1.96		\$51.43

Atascadero

Single Family Residential

	Current Rate	Increased Rate	Adjustment (a)	New Rate
One 32 gallon waste wheeler container	\$20.63	\$0.00		\$20.63
One 64 gallon waste wheeler container	\$36.15	\$0.00		\$36.15
One 96 gallon waste wheeler container	\$46.70	\$0.00		\$46.70

Cambria

Single Family Residential

	Current Rate	Increased Rate	Adjustment (a)	New Rate
One 32 gallon waste wheeler container	\$19.83	\$0.00		\$19.83
One 64 gallon waste wheeler container	\$39.66	\$0.00		\$39.66
One 96 gallon waste wheeler container	\$59.49	\$0.00		\$59.49

Los Osos

Single Family Residential

	Current Rate	Increased Rate	Adjustment (a)	New Rate
One 32 gallon waste wheeler container	\$19.23	\$0.00		\$19.23
One 64 gallon waste wheeler container	\$29.51	\$0.00		\$29.51
One 96 gallon waste wheeler container	\$38.89	\$0.00		\$38.89

Paso Robles

Single Family Residential

	Current Rate	Increased Rate	Adjustment (a)	New Rate
One 32 gallon waste wheeler container	\$28.79	\$0.00		\$28.79
One 64 gallon waste wheeler container	\$37.71	\$0.00		\$37.71
One 96 gallon waste wheeler container	\$41.60	\$0.00		\$41.60

San Luis Obispo

Single Family Residential

	Current Rate	Increased Rate	Adjustment (a)	New Rate
One 32 gallon waste wheeler container	\$14.12	\$0.00		\$14.12
One 64 gallon waste wheeler container	\$28.25	\$0.00		\$28.25
One 96 gallon waste wheeler container	\$42.37	\$0.00		\$42.37

**CITY OF MORRO BAY
NOTICE OF PUBLIC HEARING REGARDING
PROPOSED SOLID WASTE RATE INCREASE**

Dear Property Owners and Tenants-Customers:

This notice is intended to inform you the City of Morro Bay (“the City”) will hold a public hearing regarding solid waste disposal rate increases (the “Proposed Rate Increase”) proposed by Morro Bay Garbage Service, Inc. (“the Garbage Company”) for properties and customers receiving solid waste services within the City. The Proposed Rate Increase will be considered by the Morro Bay City Council at the date, time and location specified below. Consistent with the requirements of Proposition 218, this notice also provides you with the following information:

- Date, Time and Place of the Public Hearing
- Majority Protest Procedures
- Reason for the Proposed Rate Increase
- Basis Upon Which the Proposed Rate Increase is Calculated
- Proposed Rate Increase Amounts

NOTICE OF PUBLIC HEARING

A Public Hearing for the Proposed Solid Waste Rate Increases within the City limits will be held on:

Date: November 15, 2016

Time: 6:00 pm

**Place: Morro Bay City Council Chambers, Veterans Memorial Building
209 Surf Street, Morro Bay, CA**

At the Public Hearing, the Morro Bay City Council will consider all public comment in support of and opposition to the Proposed Rate Increase and whether or not a Majority Protest exists pursuant to the California Constitution (see below). If approved, then the Proposed Rate Increase would become effective January 1, 2017.

MAJORITY PROTEST PROCEDURES

Pursuant to Section 6 of Article XIII D of the California Constitution, the following persons may submit a written protest against the Proposed Rate Increase to the City Clerk before the close of the Public Hearing referenced above.

- An owner(s) of property (parcel(s)) receiving solid waste service within the city limits. If the person(s) signing the protest, as an owner, is not shown on the last equalized assessment roll as the owner of the parcel(s) then the protest must contain or be accompanied by written evidence such person signing the protest is the owner of the parcel(s) receiving solid waste services; or
- A Tenant(s) whose name appears on the Garbage Company’s records as the customer of record for the corresponding parcel receiving solid waste service within the city limits (tenant-customer).

A valid written protest must contain a statement you protest the increase in solid waste rates, the address OR Assessor’s Parcel Number (APN) of the parcel or parcels which receive solid waste service and must be signed by either the owner or the tenant-customer of the parcel or parcels. One written protest per parcel shall be counted in calculating a majority protest to the proposed solid waste rate increase subject to the requirements of Section 6 of

Article XIII D of the California Constitution. Written protests will not be accepted by e-mail or by facsimile. Although oral comments at the public hearing will not qualify as formal protests, unless accompanied by a written protest, the Mayor and City Council welcome input from the community during the public hearing. To be counted, a protest must be received in writing by the City Clerk before the close of the Public Hearing referenced above.

Written protests regarding the solid waste rate increase may be mailed to:

**City of Morro Bay
Attn: City Clerk
595 Harbor Street
Morro Bay, CA 93442**

Any mailed protest must be received by the City Clerk before 3 p.m. on November 15, 2016.

Written protests may also be personally delivered to the City Clerk at Morro Bay City Hall located at 595 Harbor Street, Morro Bay, California by 5 p.m. on November 15, 2016, or submitted to the City Clerk at Veterans Memorial Building on November 15, 2016, before the Public Hearing is closed.

If valid written protests are presented by a majority of owners and/or tenants-customers of parcels receiving solid waste service within the City's limits, then the City will not adjust/increase the solid waste disposal rates. Only one protest per parcel will be counted in determining whether or not a majority protest exists.

REASON FOR THE PROPOSED RATE INCREASES

The Proposed Rate Increases (amounting to an increase of approximately 3.96% for each category of service) are necessary for the Garbage Company to continue to provide safe, environmentally sound and reliable solid waste removal, transportation, and disposal service to the citizens of Morro Bay.

Several factors have contributed to these increased costs, including, but not limited to: the rising costs associated with the operation of the garbage company, increased labor costs, increased landfill rates, and the purchase of a new 2016 Automated Side Loader (ASL) truck powered by Compressed Natural Gas (CNG).

A copy of the 2017 Base Year Rate Adjustment Application, which provides additional information on the proposed rate increase, is available at the City Clerk's office, 595 Harbor Street, Morro Bay, California.

BASIS UPON WHICH THE PROPOSED RATE INCREASE IS CALCULATED

The Proposed Rate Increases 3.96% for each category of service are based on the following cost increases incurred by the Garbage Company:

1. 2.77% of the Proposed Rate Increase is based on the purchase of a new 2016 Automated Side Loader Truck (CNG).
2. 0.85% of the Proposed Rate Increase is based on increased costs for labor, organics disposal at 3rd party disposal site, and ongoing maintenance.
3. 0.34% of the Proposed Rate Increases are based on the increase cost of landfill disposal.

In addition, commencing on January 1, 2018 and January 1, 2019, all the rates shall be increased based on the following:

1. Increase, if any, in the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers U.S. City Average published by the U.S. Department of Labor, Bureau of Labor Statistics for the month of June 30, 2017 for January 1, 2018 and June 30, 2018 for January 1, 2019.

2. Increase of 0.67% for 2018 and 0.66% for 2019 for increase in the cost of landfill disposal.
3. Increase, if any, in the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers U.S. City Average published by the U.S. Department of Labor, Bureau of Labor Statistics for increase in AB939 fee cost.

PROPOSED RATE INCREASE AMOUNTS

The following charts provide a summary of the current solid waste rates and the Proposed Rate Increases:

Morro Bay Garbage				
Solid Waste Service Rates - Effective 1/1/2017				
City of Morro Bay				
Service Description	Service Frequency	Currently Monthly Rate Effective 1/1/2016	Proposed Rate Adjustment %	Proposed Monthly Rate Effective 01/01/2017
MONTHLY SINGLE-FAMILY AND MULTI-UNIT RESIDENTIAL SERVICE (4 UNITS OR LESS)				
Price per month for specified waste wheeler collected each week. One green waste and one recycling service is included at no additional charge once each week.				
MINI-CAN SERVICE				
One 19 gallon waste wheeler container	1	\$10.30	3.96%	\$10.71
ECONOMY RATE				
One 32 gallon waste wheeler container	1	\$16.49	3.96%	\$17.14
STANDARD RATE				
One 64 gallon waste wheeler container	1	\$32.98	3.96%	\$34.29
PREMIUM RATE				
One 96 gallon waste wheeler container	1	\$49.47	3.96%	\$51.43
SERVICE AWAY FROM THE STREET CURB (IN YARD)				
Additional per month per can or container charge		\$8.98	3.96%	\$9.34
MONTHLY COMMERCIAL WASTE WHEELERS SERVICE				
One 32 Gallon Waste Wheeler	1	\$34.04	3.96%	\$35.39
One 32 Gallon Waste Wheeler	2	\$66.46	3.96%	\$69.09
One 32 Gallon Waste Wheeler	3	\$86.93	3.96%	\$90.37
One 32 Gallon Waste Wheeler	4	\$107.41	3.96%	\$111.66
One 32 Gallon Waste Wheeler	5	\$139.83	3.96%	\$145.37
One 32 Gallon Waste Wheeler	6	\$172.25	3.96%	\$179.07
One 32 Gallon Waste Wheeler	7	\$205.30	3.96%	\$213.43
One 64 Gallon Waste Wheeler	1	\$49.41	3.96%	\$51.37

One 64 Gallon Waste Wheeler	2	\$86.93	3.96%	\$90.37
One 64 Gallon Waste Wheeler	3	\$126.18	3.96%	\$131.18
One 64 Gallon Waste Wheeler	4	\$170.51	3.96%	\$177.26
One 64 Gallon Waste Wheeler	5	\$213.19	3.96%	\$221.63
One 64 Gallon Waste Wheeler	6	\$249.01	3.96%	\$258.87
One 64 Gallon Waste Wheeler	7	\$293.27	3.96%	\$304.88
One 96 Gallon Waste Wheeler	1	\$66.46	3.96%	\$69.09
One 96 Gallon Waste Wheeler	2	\$115.91	3.96%	\$120.50
One 96 Gallon Waste Wheeler	3	\$170.51	3.96%	\$177.26
One 96 Gallon Waste Wheeler	4	\$226.83	3.96%	\$235.81
One 96 Gallon Waste Wheeler	5	\$276.31	3.96%	\$287.25
One 96 Gallon Waste Wheeler	6	\$337.70	3.96%	\$351.07
One 96 Gallon Waste Wheeler	7	\$407.48	3.96%	\$423.62
MONTHLY COMMERCIAL CONTAINER SERVICE - (CUBIC YARDS)				
1 Yd Container	1	\$83.85	3.96%	\$87.17
1 Yd Container	2	\$129.90	3.96%	\$135.04
1 Yd Container	3	\$167.43	3.96%	\$174.06
1 Yd Container	4	\$210.07	3.96%	\$218.39
1 Yd Container	5	\$242.52	3.96%	\$252.12
1 Yd Container	6	\$302.20	3.96%	\$314.17
1 Yd Container	7	\$456.56	3.96%	\$474.64
1.5 Yd Container	1	\$102.61	3.96%	\$106.67
1.5 Yd Container	2	\$169.17	3.96%	\$175.87
1.5 Yd Container	3	\$227.18	3.96%	\$236.18
1.5 Yd Container	4	\$288.58	3.96%	\$300.01
1.5 Yd Container	5	\$346.59	3.96%	\$360.31
1.5 Yd Container	6	\$413.12	3.96%	\$429.48
1.5 Yd Container	7	\$606.07	3.96%	\$630.07
2 Yd Container	1	\$123.10	3.96%	\$127.97
2 Yd Container	2	\$215.20	3.96%	\$223.72
2 Yd Container	3	\$288.58	3.96%	\$300.01
2 Yd Container	4	\$367.06	3.96%	\$381.60
2 Yd Container	5	\$448.96	3.96%	\$466.74
2 Yd Container	6	\$530.84	3.96%	\$551.86
2 Yd Container	7	\$762.34	3.96%	\$792.53
3 Yd Container	1	\$158.95	3.96%	\$165.24
3 Yd Container	2	\$288.58	3.96%	\$300.01

3 Yd Container	3	\$406.32	3.96%	\$422.41
3 Yd Container	4	\$515.48	3.96%	\$535.89
3 Yd Container	5	\$667.33	3.96%	\$693.76
3 Yd Container	6	\$769.67	3.96%	\$800.15
3 Yd Container	7	\$1,039.81	3.96%	\$1,080.99
4 Yd Container	1	\$210.07	3.96%	\$218.39
4 Yd Container	2	\$390.94	3.96%	\$406.42
4 Yd Container	3	\$542.76	3.96%	\$564.25
4 Yd Container	4	\$725.34	3.96%	\$754.06
4 Yd Container	5	\$907.87	3.96%	\$943.82
4 Yd Container	6	\$1,027.29	3.96%	\$1,067.97
4 Yd Container	7	\$1,336.00	3.96%	\$1,388.91
6 Yd Container	1	\$314.71	3.96%	\$327.17
6 Yd Container	2	\$571.39	3.96%	\$594.02
6 Yd Container	3	\$804.49	3.96%	\$836.35
6 Yd Container	4	\$1,020.64	3.96%	\$1,061.06
6 Yd Container	5	\$1,321.31	3.96%	\$1,373.63
6 Yd Container	6	\$1,523.95	3.96%	\$1,584.30
6 Yd Container	7	\$2,058.82	3.96%	\$2,140.35
8 Yd Container	1	\$415.96	3.96%	\$432.43
8 Yd Container	2	\$774.05	3.96%	\$804.70
8 Yd Container	3	\$1,074.66	3.96%	\$1,117.22
8 Yd Container	4	\$1,436.18	3.96%	\$1,493.05
8 Yd Container	5	\$1,797.59	3.96%	\$1,868.77
8 Yd Container	6	\$2,034.03	3.96%	\$2,114.58
8 Yd Container	7	\$2,645.28	3.96%	\$2,750.03
Sunday Service	Per Occurrence	\$63.47	3.96%	\$65.98
EXTRA COLLECTION SERVICE OPTIONS				
Overstocked Garbage & extra bags Minimum/unit	Per Occurrence	\$8.23	3.96%	\$8.56
Overstocked Green waste & extra bags Minimum/unit	Per Occurrence	\$5.50	3.96%	\$5.72
Overstocked Blue Bin & extra bags Minimum/unit	Per Occurrence	\$4.12	3.96%	\$4.28
Monthly charge for additional 32, 64 or 96-gallon recycle service	Each	\$2.75	3.96%	\$2.86
Monthly charge for additional 32 or 96-gallon green waste service	Each	\$5.50	3.96%	\$5.72

Switch waste wheeler more than once per 12 months	Per Occurrence	\$29.95	3.96%	\$31.14
Small item pickup (TV, toilet)	Each	\$15.00	3.96%	\$15.59
Per white good article/ appliance. (Once a month only)	Each	\$52.43	3.96%	\$54.51
Per mattress or box spring.	Each	\$15.66	3.96%	\$16.28
Change waste wheeler size (once per year free)	Per Occurrence	\$29.95	3.96%	\$31.14
Re-deliver fee-if pulled for collections	Per Occurrence	\$29.95	3.96%	\$31.14
Install locking device on bin	Each	\$66.46	3.96%	\$69.09
Extra bin cleaning (after two times per year)	Each	\$52.87	3.96%	\$54.96
Garbage extras on your scheduled pickup day	Per Yard	\$13.63	3.96%	\$14.17
Loose Cardboard	Per Yard	\$6.84	3.96%	\$7.11
Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY	Per Bag	\$11.22	3.96%	\$11.66
Garbage extras - NOT ON YOUR SCHEDULED PICKUP DAY	Per Yard	\$21.61	3.96%	\$22.47
Compactors	Per Ton	\$44.25	3.96%	\$46.00
Bin Rental	Per Month	\$31.03	3.96%	\$32.26
Temp Bin Rental	Per Day	\$1.72	3.96%	\$1.79
Stand by time	Per Hour	\$60.00	3.96%	\$62.38
Trip charge	Per Occurrence	\$7.52	3.96%	\$7.82
Damage/Destruction of bins or waste wheelers	Each	Replacement/repair at market price		
<p>Polystyrene (Styrofoam, Plastic #6) is no longer collected for recycling and should be thrown away as trash.</p> <p>Green waste is recycled in a special green waste wheeler and is picked up once a week at no additional charge.</p> <p>Recycling and green waste containers should be placed near/next to your garbage bin for collection.</p>				
<p>All commercial customers are eligible for one standard waste wheeler recycling and green waste services at no additional charge. Commercial customers can choose from a 32, 64, or 96 gallon blue waste wheeler for commingled recycling.</p>				
<p>Any additional cardboard, commingled and/or organics services are charged at 25% of the garbage rate for the service frequency provided. (Excludes Residential).</p>				
<p>Please recycle, it is less expensive in disposal costs and helps the city achieve its AB939 goal to reduce buried waste at the landfill.</p>				

FURTHER INFORMATION

For any questions relating to this requested rate increase, please contact Morro Bay Garbage at 805-543-0875.