

City of Morro Bay

City Council Agenda

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.

REGULAR MEETING – OCTOBER 13, 2008

**PUBLIC SESSION – OCTOBER 13, 2008
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
MAYOR AND COUNCILMEMBERS ANNOUNCEMENTS & PRESENTATIONS
CLOSED SESSION REPORT

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

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

COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

A. CONSENT CALENDAR

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

A-1 CONSIDERATION OF REVISED RESCUE VEHICLE FUNDING; (FIRE)

RECOMMENDATION: Approve the expenditure of additional 07/08 Measure Q funds, not to exceed \$55,000, in order to complete the funding of the previously approved rescue vehicle.

A-2 AUTHORIZATION TO FILL HOUSING PROGRAMS COORDINATOR POSITION; (PUBLIC SERVICES)

RECOMMENDATION: Authorize filling the position.

A-3 APPROVAL ON ALTERNATIVE FUEL VEHICLES FOR THE RECREATION & PARKS DEPARTMENT; (RECREATION & PARKS)

RECOMMENDATION: Approve the purchase of one electric vehicle and one hybrid vehicle for the use of Recreation and Parks Department.

B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 REVIEW OF MUNICIPAL CODE ORDINANCE 9.24 REGARDING THE PROHIBITION OF SMOKING IN CITY PARKS; (RECREATION & PARKS)

RECOMMENDATION: Direct staff accordingly.

B-2 CONSIDERATION OF A RESOLUTION OF INTENT TO CONTRACT WITH CAL FIRE PENDING ACCEPTANCE OF A CONTRACT; (FIRE)

RECOMMENDATION: Approve Resolution 62-08 allowing the City to proceed in the process with Cal Fire and determine the actual costs for contract services.

B-3 RECONSIDERATION OF PALM AVENUE RIGHT-OF-WAY ABANDONMENT – PATHWAY REQUIREMENT; (PUBLIC SERVICES)

RECOMMENDATION: Adopt Resolution 63-08 rescinding Resolution 45-08 and restating the abandonment of the street right-of-way for an undeveloped portion of Palm Avenue that does not include a condition for the pedestrian pathway.

C. UNFINISHED BUSINESS - NONE

D. NEW BUSINESS

D-1 RESOLUTION AUTHORIZATING THE UTILITIES/CAPITAL PROJECTS MANAGER TO ENTER INTO A CONTRACT WITH GENERAL ELECTRIC WATER FOR ENERGY RECOVERY EQUIPMENT; (PUBLIC SERVICES)

RECOMMENDATION: Adopt Resolution 64-08 entering into a contract with GE Water & Process Technologies as a sole source vendor in the amount of \$244,480.00 for the installation and programming of brackish water treatment equipment and into Time and Material Contracts with local contractors for installation support in the amount not to exceed \$200,000.00

D-2 ADOPTION OF A POSITION STATEMENT FOR WEST COAST GROUND FISH INDIVIDUAL TRANSFERABLE QUOTA (ITQ) PROGRAM IN FEDERAL FISHERIES; (HARBOR)

RECOMMENDATION: Adopt Resolution 61-08 outlining a detailed position for the West Coast Ground Fish Individual Transferable Quota (ITQ) program currently being considered by federal fisheries managers.

E. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 772-6200 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL LOCATED AT 595 HARBOR STREET; MORRO BAY LIBRARY LOCATED AT 625 HARBOR STREET; AND MILL'S COPY CENTER LOCATED AT 495 MORRO BAY BOULEVARD DURING NORMAL BUSINESS HOURS.

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



AGENDA NO: _____

Meeting Date: _____ Action: _____

Staff Report

TO: Honorable Mayor and City Council **DATE:** October 7, 2008
FROM: Chief Michael Pond
SUBJECT: CONSIDERATION OF REVISED RESCUE VEHICLE FUNDING

RECOMMENDATION:

Staff recommends Council approve the expenditure of additional 07/08 Measure Q funds, not to exceed \$55,000, in order to complete the funding of the previously approved rescue vehicle.

FISCAL IMPACT:

Approval of this request will result in the expenditure of an additional \$55,000 in unanticipated Measure Q revenues previously allocated to the fire department in the 07/08 budget. The entire project cost including previously approved funds will total \$180,000 from Measure Q, \$70,000 from the Friends of the Morro Bay Fire Department, and \$15,000 from a Homeland Security Grant for a total project cost of \$265,000.

SUMMARY:

The City Council approved the cooperative purchase of a new rescue vehicle conditioned on the Friends of the Morro Bay Fire Department providing \$125,000. The Friends of the Morro Bay Fire Department raised \$70,000 for the purchase of the new rescue vehicle but fell \$55,000 short of their goal. Staff is requesting Council approve up to an additional \$55,000 from unanticipated Measure Q revenues from 2007/08 to cover the shortfall and complete the cooperative purchase of this vehicle.

In addition to the funds provided by the City and the Friends of the MBFD, the City will also

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Page 1 of 4

receive a Homeland Security Grant for \$15,000 to fund the addition of a PTO driven generator and a light tower on this vehicle. The Homeland Security Grant funds must be expended within the 08/09 fiscal year.

In a final opportunity to provide cooperative funding, staff is working with the USDA to receive a \$30,000 grant toward the purchase of this vehicle. We will not know the success of this grant application until after the first of the year and, therefore, need to allocate Measure Q funds now to meet the other grant deadlines.

BACKGROUND:

On March 24, 2008 the City Council approved the purchase of a new rescue vehicle with \$125,000 funded by 08/09 Measure Q revenues and \$125,000 to be provided by the Friends of the Morro Bay Fire Department. The Friends of the MBFD applied for a grant but only received 50% of the anticipated award due to an interpretation of IRS regulations. The Friends of the Morro Bay Fire Department, a 501.c.3 non-profit community group, participated in additional fundraising efforts and were successful in raising \$70,000 for this project, \$55,000 short of the \$125,000 goal.

DISCUSSION:

There are two options to consider in regard to this project. First, the City could approve the additional \$55,000 and go forward with the purchase of the new rescue with funding from Measure Q. Or second, the City could decline the \$70,000 offer from the Friends of the MBFD and \$15,000 provided by the Homeland Security Grant and wait to purchase the vehicle at some later date. There is no guarantee that grant funds will be available from the Friends of the MBFD or Homeland Security in the future.

Staff recommends the City use 2007/08 Measure Q revenues to complete the funding of this project. Measure Q revenues for 2007/08 exceed the budgeted amount of \$650,000 by \$155,000 according to un-audited numbers provided by finance. Council previously directed that the fire department receive 60% of the 2007/08 Measure Q revenues making the funds available for allocation to this project. The unanticipated fire department allocation totals an additional \$93,000.

If the funding request is approved, the City may see a return of as much as \$30,000 of the requested \$55,000 if our grant request is funded by the USDA. The USDA representatives have confirmed that first responder projects such as this are their number one priority and there is a good chance this grant will be funded. The USDA grants are obligated after the first of the year, however, so we cannot confirm a grant award at this time.

We also anticipate the availability of additional funds from the sale of Engine 5381 and Squad

5351 that can be used to offset this purchase. Proceeds from the sale of these vehicles, while not currently known, will be general fund revenues.

Funding this request will allow us to replace a 13-year-old emergency response vehicle, which had an original service life expectancy of 10 years. The new vehicle will be constructed to have a 20-year service life expectancy.

CONCLUSION:

Staff believes that while it is unfortunate additional funds are required to complete the purchase of this vehicle, the \$70,000 gift of funds raised by the Friends of the Morro Bay Fire Department, the \$15,000 provided by the Homeland Security Grant, and the potential to receive \$30,000 from a USDA grant represent substantial incentives to proceed with the purchase. Staff, therefore, recommends Council approve the request for the expenditure of an additional \$55,000.



AGENDA NO: _____

Meeting Date: October 13, 2008

Action: _____

Staff Report

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** October 6, 2008

FROM: Bruce Ambo, Public Services Director

SUBJECT: Authorization to Fill Housing Programs Coordinator Position

RECOMMENDATION:

It is recommended that the City Council authorize staff to fill the Housing Programs Coordinator vacancy.

FISCAL IMPACT:

This is a grant-funded position. Funding for this position is mainly derived from Community Development Block Grant (CDBG), CalHOME and HOME program funds. There will be no additional financial impact on the General Fund resulting from this action.

BACKGROUND:

The City Council instituted a hiring freeze when the FY 04-05 budget was adopted. The policy set forth in the hiring freeze requires Council approval for the filling of any new or vacant positions while the freeze is in effect. Kimberly Peoples, our current Housing Programs Coordinator has decided to relocate with her family to the Midwest and staff is requesting authorization to fill this vacancy.

Prepared by: _____ Dept. Review: _____
City Manager Review: _____



AGENDA NO: _____

Meeting Date: _____ Action: _____

Staff Report

TO: Honorable Mayor and City Council **DATE:** October 13, 2008

FROM: Recreation and Parks Director

SUBJECT: Approval on Alternative Fuel Vehicles for the Recreation and Parks Department.

RECOMMENDATION:

Staff recommends Council approve the purchase of one electric vehicle and one hybrid vehicle for use by the Recreation and Parks Department.

FISCAL IMPACT:

The cost of the Miles electric vehicle ZX40ST AD is approximately \$18,000. The cost of the 2009 Ford Escape Hybrid is approximately \$32,000. The adopted budget for FY 08/09 allocates \$50,000 for the replacement of two maintenance trucks. No additional funds are requested.

SUMMARY:

Staff has analyzed the scope of work and the vehicle requirements that support the work and has concluded that a low speed electric and a hybrid vehicle would be better alternatives than the standard gas powered vehicles that we have used in the past. The low-speed electric vehicle is the Miles ZX40ST truck, please find the attached brochure. This vehicle would be used primarily to service public restrooms in city owned parks on a daily basis. The Recreation and Parks Maintenance Superintendent would primarily use the hybrid vehicle.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Page 1 of 2

BACKGROUND:

Council requested staff investigate alternative fuel vehicles before purchasing the traditional gas powered trucks. Staff researched the GEM vehicle and found major deficiencies with the vehicle as it applied to City of Morro Bay's operations. Staff continued to research alternative fuel vehicles and found Miles Electric Vehicles. On August 27, 2008 a representative from Miles electric vehicles brought two low-speed electric vehicles to the corporate yard for staff to test drive. One was a small four-door passenger car and the other was the versatile, two-door truck. Staff discussed the possible applications of both the low-speed truck and the low-speed car. Staff took turns driving the vehicles around town to various jobsites. Staff was convinced the vehicles would perform to meet City job requirements. The Miles Electric Vehicle representative took time to explain the maintenance requirements to vehicle maintenance staff. Vehicle Maintenance staff has endorsed the purchase of the electric truck.

Since the request for replacement trucks was submitted, one of the existing maintenance trucks made its final work shift and was slated for surplus. Consequently, the Parks Superintendent's truck was made available due to employee medical leave. After careful review of the situation, staff felt that the new position of Recreation and Parks Maintenance Superintendent did not require the use of a truck. Staff felt that a hybrid vehicle, such as the Ford Escape, would best suit the vehicle requirements for the Superintendent.

CONCLUSION:

Staff feels that the reallocation of existing gas-powered vehicles is in the best interest of the City and that the incorporation of alternative fuel vehicles within the City's fleet is not only beneficial, but also advantageous at this time.



AGENDA NO: _____

Meeting Date: _____ Action: _____

Staff Report

TO: Honorable Mayor and City Council **DATE:** October 13, 2008
FROM: Recreation and Parks Director
SUBJECT: Review of Municipal Code Ordinance 9.24 Regarding the Prohibition of Smoking in City Parks

RECOMMENDATION:

It is recommended that City Council review the existing Municipal Code Ordinance 9.24 and the Recreation and Parks Commission's recommendations and direct staff accordingly.

FISCAL IMPACT:

No funds have been expended at this time. However, staff has allocated time to prepare reports, and interface with special interest groups, namely the Estero Bay Youth Coalition and the County Health Department Tobacco Control Program. If changes to the existing ordinance were to be approved, amendments to existing park signs would need to be addressed.

SUMMARY:

The current Municipal Code Ordinance 9.24.020 states: smoking is prohibited and is unlawful within the boundaries of any City beach and on the City T-Piers. Furthermore, the State of California prohibits smoking within 25 feet of playgrounds and tot lots. Staff recommends the City Council consider two options pertaining to the review of Ordinance 9.24.

Option 1. Take no action, leaving the existing Ordinance in place and rely on State regulations for public park applications.

Option 2. Consider a more stringent regulation than currently exists under State law.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Page 1 of 2

BACKGROUND:

In 2006, after reviewing the issue of smoking on City beaches and piers, the City Council amended Municipal Code Ordinance 9.24 in 2006 (attachment 1). At that time, the County Tobacco Control Coalition presented information, which supported the ban of smoking on beaches and piers.

This same group teamed up with the Estero Bay Youth Coalition, which presented similar information to the Recreation and Parks Commission, to extend the ban on smoking to include all City owned Parks. After the presentation, the Recreation and Parks Commission agendaized the issue of smoking in public parks as a public hearing at their May 1, 2008 regularly scheduled meeting (attachment 2). The Commission was unanimous in considering a complete ban on smoking in public parks and decided to host an additional public hearing to ensure the community was informed and had opportunity to respond. At the August 7, 2008 meeting of the Recreation and Parks Commission, the second public hearing on smoking in the parks was held (attachment 3). As evidenced in the minutes, two of the seven commissioners were absent from that meeting, but had expressed the desire for a complete ban on smoking in City parks at the previous May 2008 meeting. After two failed motions, Commissioner Vaughan motioned to recommend to the City Council a ban on smoking in all parks in Morro Bay, and only permit smoking in the parking lots. Smoking would be completely banned in parks that do not have a parking lot. This motion was successful with a three/two vote.

The motion passed by the Commission on August 7th, would then completely ban smoking in the following parks: Anchor, Centennial, City Park, Monte Young and Mariner. Smoking would be allowed in the parking lot area only at Del Mar, Lila Keiser, Cloisters, Northpoint, Coleman, Tidelands, and Bayshore.

CONCLUSION:

Current Municipal Code Ordinance 9.24 only addresses smoking within the boundaries of the City beach and City T- Piers. In addition to the City ordinance, the State of California law on prohibiting smoking is also in effect which prohibits smoking within 25 feet of play areas and tot lots. Any amendments to the Municipal Code will require staff to return to Council with a new ordinance for additional public comment and approval.



AGENDA NO: _____

Meeting Date: _____ Action: _____

Staff Report

TO: Honorable Mayor and City Council **DATE:** October 7, 2008
FROM: Michael Pond, Fire Chief
SUBJECT: CONSIDERATION OF A RESOLUTION OF INTENT TO CONTRACT
WITH CAL FIRE PENDING ACCEPTANCE OF A CONTRACT

RECOMMENDATION:

Staff recommends Council approve Resolution No. 62-08, which would allow the City to proceed further in the process with Cal Fire and determine the actual costs for contract services.

FISCAL IMPACT:

Actual contract costs will not be known until the City and Cal Fire negotiate a contract for a specified level of service. However, the Ad-Hoc Cal Fire Advisory Committee felt there is potential for significant savings when projecting future costs based on the State's traditionally low cost-of-living increases.

SUMMARY:

A contract with Cal Fire may provide a means to deliver comparable fire and emergency services at a cost savings to the City. A Cal Fire Contract could also provide an opportunity for the City to address disparity in compensation between Morro Bay Fire Fighters and peer fire departments within San Luis Obispo County.

It is staff's opinion that a Cal Fire contract alone will not improve services unless there are adequate cost savings available for the City Council to fund additional staffing levels. Once a service level is established for contract negotiations, the discussion should focus on which

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Page 1 of 6

department or agency is more cost effective as the services provided by each will be substantially equal.

Currently, the City does not have an official cost analysis or negotiated contract to confirm which delivery system can provide the desired level of service at the lowest cost. Approving this resolution will initiate a negotiation process whereby Morro Bay staff and Cal Fire staff will identify and negotiate all costs and transitional issues based on the City Councils desired level of service.

BACKGROUND:

See Attachment 1, Ad-Hoc Cal Fire Advisory Committee Report dated May 14, 2008

See Attachment 2, FAQ's.

See Attachment 3, Questions generated at the July 12, 2008 workshop.

DISCUSSION:

Many issues and recommendations were identified by the Ad-Hoc Emergency Services Committee and the Morro Bay Fire Department 5-Year Strategic Plan. Many of these issues and recommendations were again validated by the Ad-Hoc Cal Fire Advisory Committee while considering a desired level of service.

During its investigation into Cal Fire contracts, the Ad-Hoc Cal Fire Advisory Committee found there was merit in continuing the investigation into contracting with Cal Fire. During this same period of time, the City identified financial issues and recommendations, which were outlined in a report by Management Partners. The Management Partners report brought considerable attention to the current financial situation. The report also projected a negative financial future should the City proceed without considerable changes. The following is an attempt to indentify the issues and recommendations in brief.

Issues:

1. The Morro Bay Fire Department is responding to an increased call volume and is very busy when compared to other fire departments in the county.
2. The Morro Bay Fire Department is experiencing a relatively high number of simultaneous and back-to-back incidents.
3. OSHA mandates that 4-firefighters be on scene before firefighters can enter a structure with an IDLH (Immediately Dangerous to Life and Health) atmosphere.
4. Response times for much of north Morro Bay exceed the City's response time standard of 5 minutes 90% of the time. (response times include dispatch time, firefighter reflex time, and driving time)
5. Council directed staff, in a 5-0 vote, to open Fire Station 2 expeditiously and advised staff that their preference is for a minimum of 4-firefighters on duty each day.

6. Compensation for fire employees is below that of peers in SLO County. The Management Partners report supports this finding stating, “staffing is currently at a minimal level and compensation is below market.”

The Ad-Hoc Emergency Services Committee reached consensus on the following items:

1. Paramedic firefighters should arrive on scene within 5 minutes of the reporting call 90% of the time. (This standard is now identified in Safety Element of the General Plan.)
2. The City should provide a minimum of 4 firefighters on duty 100% of the time with at least two trained at a paramedic level. (We currently staff with 3 firefighters/paramedics 59% of the time and utilize a part-time employee to augment staffing 41% of the time.)
3. Preparation of a timeline to fund and implement a desired minimum of two engine companies staffed with 3 firefighters on each engine. (No timeline has been established for this level of service.)
4. The City should provide two fire stations geographically located to best meet the identified response time standard to arrive on scene within 5 minutes of the reporting call 90% of the time. One station should be located in the civic center of the community, near the current fire station location, and one station should be located north of Highway 41. (A new station is currently being built in the civic center with State and Measure Q funds and new apparatus bays have been constructed at the north Morro Bay station using a CDBG grant.)
5. The City should sell the Cloisters property to fund the construction of a new fire station at the civic center (site) and for the remodel of the existing station at 460 Bonita. (This property is currently for sale with proceeds directed to the fire station construction.)
6. Find an ongoing funding source to increase fire department staffing to a minimum of four per day. (The Measure Q sales tax increase has the potential to fund these positions.)
7. The City should adopt a more stringent sprinkler ordinance consistent with recommendations in the Morro Bay Fire Department 5-Year Strategic Plan. (A new ordinance that fulfills this recommendation was recently adopted.)
8. The City should adopt the Morro Bay Fire Department 5-Year Strategic Plan written by Hunt and Associates. (Council received but did not adopt.) The following recommendations have not been implemented:
 - a. Increase paid on-duty staff to four
 - b. Hire a Fire Marshal at a Chief Officer rank
 - c. Hire a Training Officer
 - d. Open a second station
 - e. Contract with Cal Fire for dispatch services
 - f. Simultaneous calls: Initially increase on duty staffing to four, so that the company can be split if necessary and appropriate, to respond to certain triaged multiple calls. Then, activate a second fire station and company.
 - g. Provide an ongoing apparatus replacement program.

- h. In cooperation with the Harbor Department, obtain and operate a fire boat meeting the requirements of NFPA for a Class C fire boat, with a 750 GPM pump.
- i. Pursue opportunities, with Fire Chiefs of surrounding agencies, to enter into Joint Powers Agreements as applicable.

Management Partners recommendations:

1. 12 (Alternative one): Adopt a paid-on-call fire department service model similar to that used by the majority of peer cities. (Staff believes this is not feasible for our community)
2. 12(Alternative two): Request a proposal from Cal Fire to provide the lowest possible level of fire service to Morro Bay and build up to a desirable service level from that point. (Staff recommends against considering a contract at the lowest possible level.)

After reviewing the issues and recommendations, it became clear that all can be addressed given enough funding. The issue then becomes one of affordability.

Both Cal Fire and Morro Bay Fire are capable of delivering desired service levels to the City given appropriate funding. A contract with Cal Fire may provide a means to deliver desired services at a reduced cost. In order to know the actual costs of a Cal Fire contract, the City must first pass a resolution indicating its intent to contract for fire and emergency services pending acceptance of a contract.

The actual costs for Cal Fire to provide the requested service level will be determined during the negotiation process. The City will identify the service level desired and Cal Fire will provide a cost for that service including an administrative fee of 9.78%. Cal Fire will then provide the City with a total contract price for service. It is important to remember that Cal Fire contracts are not-to-exceed contracts. This means that Cal Fire will negotiate a total contract cost that will not be exceeded during a contract year. However, if actual costs are below the contracted amount, the contracting agency is only billed for actual costs.

Locally, the contracting communities of Pismo Beach and Los Osos have both experienced cost stability and have had a positive response to their contracts. While local contracts have been stable, there is no guarantee that this stability will continue. Contracting cities have no control over pay and benefit contracts negotiated between the State of California and Cal Fire employee groups. Any increased costs due to successful union negotiations are passed on to contracting agencies.

One reason that Cal Fire could potentially provide service in a more cost effective way is that Cal Fire schedules fewer employees to work more hours, and the State has historically provided comparatively low cost-of-living increases. Cal Fire also provides the opportunity for regional sharing of resources through Amador plans. An Amador plan allows for a local agency

to pay Cal Fire to keep a station open during the winter months when it would usually be closed. Cayucos currently funds an Amador agreement to keep Station 11, in south Cayucos, open and available to augment resources within their community.

A contract also transfers other duties currently provided by the City. All personnel issues including hiring, evaluating, and firing are assumed by Cal Fire. Most finance issues related to fire employees become the responsibility of Cal Fire. Finance only cuts one check to Cal Fire for service each year instead of paying for all benefits and the 26 paychecks per employee each year. Fire dispatch is transferred to Cal Fire, possibly freeing up some time for current Morro Bay dispatchers. Finally, with the availability of Cal Fire resources, the City could possibly eliminate some reserve equipment from its inventory.

When looking at the potential for cost savings, the City must also consider the historical increases associated with both Cal Fire and Morro Bay Fire. A sixteen year average indicated Cal Fire employees received a 1.4% annual COLA versus 3.8% annually for Morro Bay Fire employees over the same period of time. In a ten year period, the difference between a 1.4% and a 3.5% when added to a budget staffing four firefighters per day can exceed \$1,000,000 annually. These figures only address cost-of-living adjustments on pay and do not necessarily reflect changes in total compensation. A more in depth study would be required to identify changes to total compensation for the same time period.

Morro Bay Fire personnel are currently paid below the average rate when compared to peer groups in the County. However, a majority continue to express willingness to go to Cal Fire, an employer that pays a lower hourly rate per position. This may be, in part, due to a firefighter's ability to improve their pay by working a longer workweek. Our firefighters would experience an increased workweek from 56-hours, including 3 overtime hours, to 72-hours, which includes 19 overtime hours. The nineteen hours of scheduled overtime with Cal Fire is worth about \$27,000 per year to an average firefighter versus the \$4,700 an average Morro Bay Firefighter receives on a 56-hour workweek. Cal Fire employees are also available for additional unscheduled overtime and can earn post-retirement medical insurance benefits after 10 years of service with Cal Fire.

A recent study compared Cal Fire employee compensation to its peer organizations in large local fire departments. This 2006 survey of total compensation for firefighters in California was conducted by the State Department of Personnel Administration. The study stated, "Overall, we found the State of California lags local fire departments in total compensation paid to its rank-and-file. The greatest lag (using weighted data) occurred with the Fire Captain-Paramedic class, where the State pays 26 percent less than its local counterparts." Firefighter Paramedics are lagging 21.5 percent. The CDFEA has expressed, in recent years, a desire to bridge this gap between State firefighters and local fire departments. Given the current state budget situation, this gap between state and local firefighter compensation may not be addressed for some time, if ever.

CONCLUSION:

Staff believes affordability to be the primary issue when considering a contract with Cal Fire, since both agencies are capable of providing the identified service level given appropriate funding. Issues regarding increased availability of personnel, chief officer coverage, dispatch services, and equipment resource availability with Cal Fire, as well as the community's wishes for maintaining day-to-day control, continuance of the current department/community relationship, and lack of control over future pay and benefit costs are difficult to address without subjectivity and best guesses entering into the discussion. Cost, however, is the most objective element to consider until the City has firsthand experience with the other issues.

RESOLUTION NO. 62-08

RESOLUTION OF INTENT TO CONTRACT FIRE SERVICES WITH CAL FIRE

**THE CITY COUNCIL
CITY OF MORRO BAY, CALIFORNIA**

WHEREAS; the Morro Bay Fire Fighters Association asked the City Council to research the viability of a Cal Fire contract in order that the City could accomplish the objectives of the Morro Bay Fire Department 5-Year Strategic Plan during challenging financial times; and

WHEREAS, the City Council responded by establishing an ad-hoc Cal Fire Advisory Committee; and

WHEREAS, the City Council held a public hearing where the ad-hoc Cal Fire Advisory Committee reported that it believes further investigation into contracting fire and emergency services with Cal Fire has merit; and

WHEREAS an informational workshop was held, and televised, to both educate the public and answer questions from the community; and

WHEREAS additional input was provided at a Public Hearing with the City Council on October 13, 2008; and

WHEREAS, the City Council decided to formally request a negotiated contract with Cal Fire to in order that the true contract costs for the City's requested level of service can be identified;

NOW, THEREFORE, BE IT RESOLVED that the City of Morro Bay resolves to enter into contract negotiations with Cal Fire with intentions to contract for fire and emergency services pending the City Council's final acceptance of a contract.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 13th of October, 2008.

AYES:

NOES:

ABSENT:

JANICE PETERS, MAYOR

ATTEST:

BRIDGETT BAUER, CITY CLERK



AGENDA NO.: _____
Meeting Date: _____
Action: _____

Committee Report

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** May 14, 2008

FROM: AD-HOC CAL FIRE ADVISORY COMMITTEE

SUBJECT: AD-HOC CAL FIRE ADVISORY COMMITTEE REPORT ON THE INVESTIGATION OF CONTRACTING WITH CAL FIRE

RECOMMENDATION

The ad-hoc committee believes further investigation into contracting fire and emergency services with Cal Fire has merit. The committee recommends council:

1. Consider information in this report and provide direction to staff.
2. Conduct a public workshop, including the ad-hoc Cal Fire Advisory Committee, to educate the public and gather feedback.
3. Hold a public hearing and discuss entering into formal negotiations with Cal Fire.

FISCAL IMPACT

There are minimal costs associated with holding a workshop as requested by this recommendation.

SUMMARY

The ad-hoc Cal Fire Advisory Committee has been meeting since December 2007. The committee established goals, confirmed desired service levels, and identified issues related to contracting for fire and emergency services. The committee only considered options providing an increase to 4-firefighter constant staffing as recommended by the Morro Bay Fire Department 5-Year Strategic Plan, the ad-hoc Emergency Services Committee, and preferred by the City Council in a motion dated May 24, 2004. The committee then evaluated the pros and cons of contracting for this increased level of service.

While the committee evaluated a variety of pros and cons, the decision to recommend a workshop, and thus continue the process, came down to three issues: initial costs, projected future costs, and ability to provide the desired staffing at a comparable level of service.

Committee findings indicate the City could receive some initial savings with a Cal Fire contract and that this contract would provide an opportunity for potential future savings while providing the desired staffing with a comparable level of service. The committee believes a public workshop would be beneficial to provide information to, and address questions from, the community.

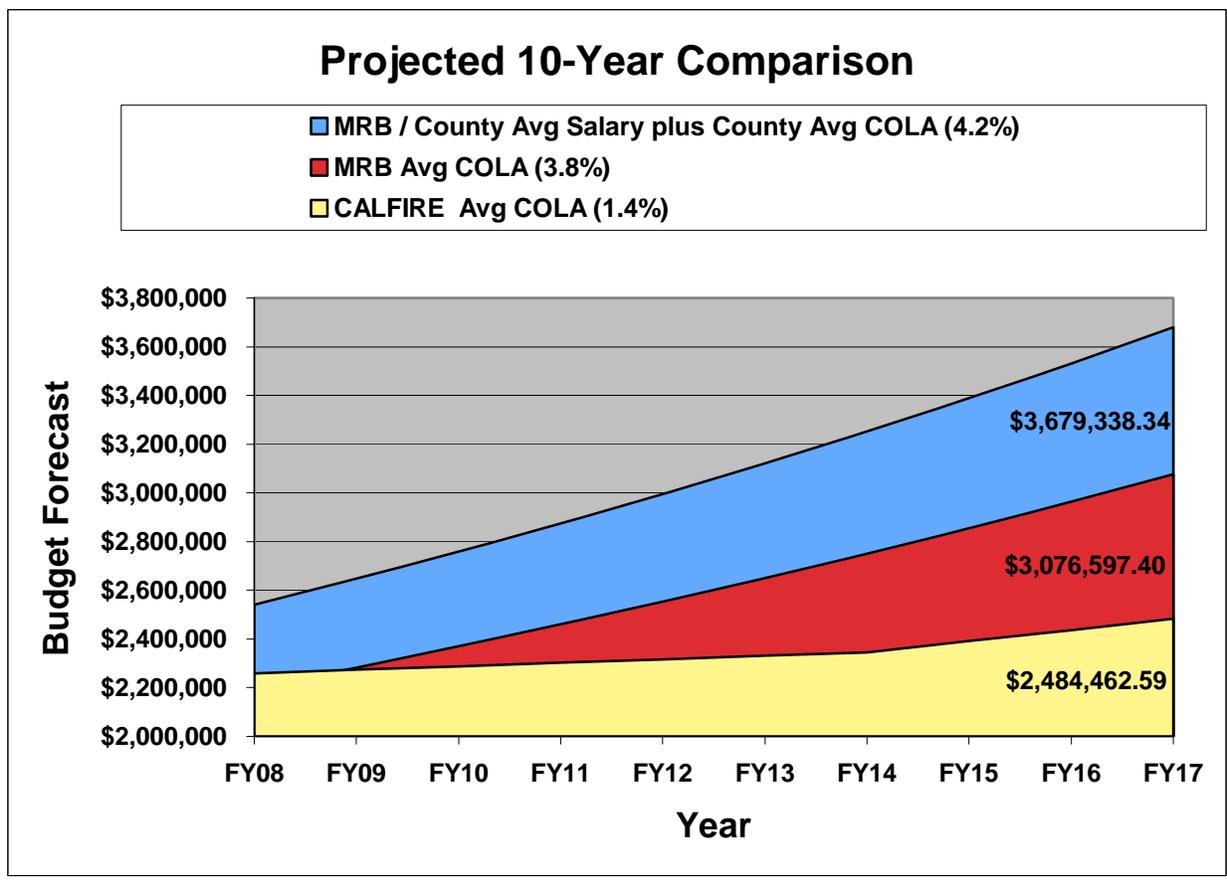
Prepared by: _____

City Manager: _____

An increase in service to 4-firefighter constant staffing, whether by the Morro Bay Fire Department or by Cal Fire, will cost substantially more than the services currently provided by the City. Additional costs for Morro Bay Fire Department to provide this service are estimated at \$453,507 (a 26% increase) while Cal Fire estimates are \$400,418 (a 22% increase). A difference of \$53,089 may not reflect a significant savings; however, the committee found that Cal Fire cost of living increases (COLA's) are quite stable.

Cal Fire COLA's have averaged only 1.4% annually over the last 16 years while Morro Bay's COLA's averaged 3.8% and the County averaged 4.2% over the past 7 years. If these same percentages held true for the next ten years, the City could save between \$592,000 and \$1.1 million annually (see Figure 1). To ease the initial cost of moving to 4-firefighter staffing, the City should consider researching the cost of an incremental increase to this desired level of service.

Figure 1



BACKGROUND

On October 6, 2007, the nine members of the Morro Bay Fire Fighters Association submitted a letter requesting the council investigate contracting with Cal Fire as a potential solution to meet the staffing and coverage issues addressed in the Hunt Report, also know as the Morro Bay Fire Department 5-Year Strategic Plan. On November 13, 2007, the City Council established an ad-hoc advisory committee to investigate contracting with Cal Fire and directed that the committee provide recommendations to council in six months. The committee conducted multiple meetings

to address issues of contracts, costs and options, and identify and consider the pros and cons associated with the issue. Issues were found to be both objective and subjective in nature. Cal Fire/San Luis County Chief Matt Jenkins participated in two meetings providing information about Cal Fire, the contract process, and cost for identified options. The committee also met with Kevin Rice, City Manager of Pismo Beach, along with Councilmember Erring to discuss Pismo's contract experiences with Cal Fire. Both Kevin Rice and Councilmember Erring expressed a positive experience with Cal Fire.

The Morro Bay Fire Fighters Association continues to express support for continuing negotiations with Cal Fire.

DISCUSSION

One of the first goals of the committee was to identify the community's desired service level. Recommendations in the Morro Bay Fire Department 5-Year Strategic Plan, Safety Element of the General Plan, recommendations of the ad-hoc Emergency Services Committee, and direction provided by approved council actions support a response time goal of 5 minutes or less 90% of the time with four on duty firefighters. Due to these findings, the committee only considered options that would provide 4-person constant staffing of firefighters to the City.

Based on our desired service level, Cal Fire provided four options for consideration.

- Options 1 and 2 provided 4-person staffing within the City.
- Options 3 and 4 included the use of an Amador Plan utilizing Cal Fire Station 11 in Cayucos as well as our Harbor Street fire station.

Options 3 and 4 indicated substantial savings (\$400,00-\$500,000) could be realized annually with regional participants sharing personnel and resources. Currently, however, not all of the affected agencies are interested in pursuing these options. Options 3 and 4 would require up to a \$250,000 contribution from the Cayucos Fire District for shared services out of Cal Fire Station 11. Consequently, for Options 3 or 4 to succeed, further negotiations with the Cayucos Fire District would be required, and therefore, these two Amador Plan options are not included in the remaining discussion.

Costs to provide 4-firefighter staffing: Utilizing current Cal Fire costs to develop ballpark estimates, Options 1 and 2 both cost approximately \$2,155,473. Morro Bay's cost to provide this same level of service would be \$2,208,562; a difference of \$53,089. Based on committee review of traditional COLA's, forecasted annual personnel cost savings fall between \$592,000 and \$1.1 million in ten years. Refer to Figure 1 to view the separation of costs associated with the different COLA increases projected for Cal Fire, Morro Bay, and the average in the county.

The committee believes the stability provided by below average cost of living increases (COLA's) may provide the best opportunity for cost savings over a period of time. There is also opportunity for additional future savings by shifting to a more typical Cal Fire staffing level through attrition and by sharing cooperative services with Cal Fire at the Battalion Chief level. Ultimately, these savings are difficult to estimate without requesting formal contract negotiations with Cal Fire.

There is an additional potential cost-savings factor with a Cal Fire contract. Cal Fire contracts are “not to exceed” contracts. The City would identify the level of service it wants (number of personnel, number trained as paramedics, number of stations staffed, etc) and Cal Fire provides a contract cost for that specific level of service. If the actual costs are below the contract amount, the City is only billed for the actual cost.

Historical costs: To project costs, the committee researched the average cost of living adjustments (COLA) provided to the various fire departments in San Luis Obispo County. The committee found that the COLA increases for Cal Fire have been very stable over time. A 16-year average found a 1.4% annual COLA for Cal Fire, while Morro Bay experienced a 3.8% average COLA for the same period of time. The county 7-year average COLA was found to be 4.2% on pay that is currently 20% higher than that of Morro Bay Fire personnel.

Threats to future savings: It is difficult to predict the future with a great deal of accuracy. However, the California Department of Forestry Employees Association (CDFEA) will continually try to improve pay and benefits. In a contract with Cal Fire, negotiations for pay and benefits will be conducted between the State and the CDFEA without City participation. While their 16-year average COLA is 1.4%, there is no guarantee that personnel costs will not rise at a faster rate. An example of an increase outside of the COLA occurred when Cal Fire agreed to pay overtime at a rate required by the Fair Labor Standards Act. This one-time occurrence generated a 37% increase over a 5-year period from 2001 to 2006. These costs are already factored into the current Cal Fire options provided to the committee. In looking at what might affect future Cal Fire costs beyond COLA’s, we found two remote, but potential threats; pay parity with large municipal departments and workweek reduction from 72 hours to 56 hours. These issues were priorities of the CDFEA in 2006 and have at least twice been blocked by veto power of the Governor. In 2008, these issues are not identified as a priority by the CDFEA. Cal Fire is not preparing for such changes and it is unlikely these union requests will be funded due to the adverse impacts they would present to the state budget and contracting agencies.

Funding the current Morro Bay Fire Department at County median salaries would also threaten future costs to the City. The firefighters are currently being paid 20% less than the county median and are not keeping pace with the 4.2% average annual COLA enjoyed by other fire agencies in the county.

Cost aside, what are some other benefits of contracting with Cal Fire?

- Cal Fire can provide depth with a large resource pool.
- City administrative work is reduced as the state takes on all personnel responsibilities.
- The City maintains control by contracting for what it wants.
- Potential economies due to the purchasing power of a larger agency.
- Dispatch duties move to Cal Fire, thus reducing Morro Bay dispatcher workload and improving dispatch for police.
- Cal Fire has the availability of many reserve apparatus.

Concerns related to contracting with Cal Fire include:

- Once you contract for fire services, it is difficult to cancel and re-build a city fire department.
- Projected cost savings are based on historical COLA’s and are not guaranteed.
- Loss of immediate local control.

- No guarantee that the engine company working overtime will have local knowledge.
- Employee pay and benefits are negotiated between the state and union without City involvement.
- Potential dispatch delays due to remote and unfamiliar dispatchers waiting for the CAD system to provide a community code to confirm the identity of the community where the 911 call was initiated.

Of course, it is possible there could be feelings of lost identity, which could affect support from community groups such as the Friends of the Morro Bay Fire Department.

Considering all these issues, the consensus of the committee is to continue the process by holding a public workshop to educate the community, listen to community input, and move forward with council consideration of entering into formal contract negotiations with Cal Fire.

MORRO BAY CAL FIRE WORKSHOP

FREQUENTLY ASKED QUESTIONS

IMPORTANT NOTE: *This document is based on research conducted by Morro Bay's Ad-hoc CAL FIRE Committee over the last several months. Until the city requests a formal request for proposal from CAL FIRE, the estimated costs and service levels are based on the best available information. True costs and the actual service levels must be determined through a request for proposal.*

GENERAL QUESTIONS

1. Why look at contracting for service?

As agencies throughout California have struggled to meet the financial demands of staffing and occupational safety standards, many have moved toward a more regional or consolidated approach to providing fire-rescue services. The main cost saving factors considered include economies of scale, reduced overhead/management costs, and better regional use of resources.

In a nutshell, a contract with CAL FIRE/SLO County Fire Department could provide citizens with a high level of fire, rescue and paramedic service with the potential to contain costs now and into the future.

2. What experience have other communities had with CAL FIRE?

Since 1929 CAL FIRE has provided service to the residents of San Luis Obispo County. Over the course of nearly 80 years, they have expanded their fire-rescue services to the communities of Avila Beach, Cayucos, Los Osos and Pismo Beach and provide dispatch only services for Cambria, Santa Margarita, San Miguel, and Templeton.

Many communities throughout California contract with CAL FIRE for service. They provide contract services to 35 of California's 58 counties, 28 cities, 30 fire districts, and 23 other special districts throughout the state. The vast majority of these contracts have withstood the test of time from a service and cost perspective.

Tulare County is the only recent example the committee found where a contract was canceled and a new fire department was established.

Other Examples of CAL FIRE Contracts

Butte County

Cypress CSD/Pebble Beach

Fresno County

Half Moon Bay Fire District

Placer Consolidated Fire District

Riverside County

San Diego Rural Fire District

3. What does CAL FIRE bring to the table?

CAL FIRE/SLO County Fire Department is a large, all risk department (fire, medical, technical rescue, hazardous materials...) that provides emergency services to residents of the county. They provide a well-organized regional approach to fire/rescue services that is comprised of 21 fire stations, dozens of fire engines, rescues, and auxiliary vehicles, a state of the art Computer-Aided Dispatch System, and well-trained personnel.

CAL FIRE/SLO County FD provides services under contract to San Luis Obispo County as the county's fire department as well as the communities of Avila Beach, Los Osos, and Pismo Beach. In addition to the communities above they provide dispatch services for the Cambria, Cayucos, Santa Margarita, San Miguel, and Templeton Fire Departments.

4. Will we lose control of our fire-rescue services?

Local control will be maintained through a negotiated contract. Your elected officials and the city manager will still control all the service and funding levels for the fire department. Working closely with our elected officials, the city manager will negotiate a service level agreement every 2-3 years. This will enable a 2-3 year planning cycle and periodic re-evaluation of the service delivered.

5. Will the Morro Bay Fire Department cease to exist?

No, but it will be managed by CAL FIRE. The city will continue to fund the Morro Bay Fire Department through a contract with CAL FIRE for personnel and administration. CAL FIRE will provide the personnel for Morro Bay's stations and manage all fire activities. The fire engines will still say Morro Bay Fire Department with the addition of a CAL FIRE emblem. Reserve firefighters will continue to be paid separately by the City of Morro Bay. Both the fulltime and reserve firefighters will continue to be an important part of the community.

6. Who will own the fire stations and fire engines?

The city will continue to own its current stations and fire engines.

7. Why would we let CAL FIRE use our fire station and fire engine?

The fire station is an essential service facility that will benefit the community in many ways. In addition to serving as a fire station, it will function as the city's secondary emergency operations center (EOC) and is designed to last for many decades. It is a facility the city needs to provide essential services to its citizens whether or not those services are provided by a contract agency.

As a contract agency that does not maintain its own fire station in Morro Bay, CAL FIRE cannot provide service to Morro Bay in the absence of a fire station. While there may be long-term opportunities to cooperate with CAL FIRE on facilities planning, it is important for the city to continue building its Harbor Street fire station.

8. Will CAL FIRE use our fire engines outside of Morro Bay?

CAL FIRE will operate our engines essentially as we operate them today. The engines will continue to be used for automatic and mutual aid responses to areas that are covered by our automatic/mutual aid agreements.

Additionally, based on the "closest resource" concept there is the potential for a unit from Morro Bay to respond to another 40-50 emergency medical incidents within our automatic aid area, and this should be a specific item for consideration in a contract. The city can specify the desired level of coverage for the city.

9. Is the 72-hour workweek unsafe?

The typical fire department in California works firefighters on a 56-hour workweek. CAL FIRE, however, utilizes a 72-hour workweek, which utilizes fewer employees working more hours. While the 72-hour workweek (3 24-hour days on and 4 days off) is uncommon in California, CAL FIRE has successfully utilized this staffing schedule in cities and counties for many years.

10. Why do the firefighters support a CAL FIRE contract?

From the Association –

For nearly 80 years, the firefighters have worked to provide the highest level of service to the community. Recently, in the face of a rising financial crisis, we worked with members of the council and other citizens to determine the best way to achieve the objectives of the Emergency Service Ad-hoc Committee Report, 5-year Strategic Plan, and Management Partners report. Following nearly two years of research and 7-months of committee meetings, we believe a CAL FIRE contract will provide a high level of service in a cost effective way, and the firefighters would achieve greater job stability and professional development opportunities as employees of CAL FIRE.

COSTS

11. Are there hidden costs?

There are no hidden costs. All costs are clearly identified during the contract development process.

The committee is aware of some one-time equipment purchases (SCBAs) that may be required, however, as in previous contracts (Los Osos) CAL FIRE was able to spread these costs over the contract period or find grant funding to minimize the impact. Also, based on our current estimates these one time costs are small in comparison to the potential long-term savings.

Most importantly, all costs and savings associated with a contract cannot truly be known without the city requesting a formal proposal from CAL FIRE. All of our estimates are based on preliminary data and historical personnel costs.

12. Will the city have to purchase new uniforms?

As part of the contract process, the city will negotiate with CAL FIRE and the firefighters to transition the firefighters into their CAL FIRE jobs. Part of this process includes a transitional MOU between the city and the current Morro Bay firefighters, which may include the purchase of new uniforms since the city currently purchases all uniforms and safety equipment for the firefighters.

13. How much money could Morro Bay save to help the city's financial situation?

It is currently unknown if there will be savings as a formal contract has not been negotiated with CAL FIRE. Based on the committee's preliminary estimates and potential start-up costs, initial costs may be substantially similar to Morro Bay providing the service. However, when costs are projected over a 10-year period, the committee estimated that Morro Bay could save \$2.6 million dollars or more due to the difference in historical cost of living adjustments (COLA).

Over the last 16 years the Morro Bay Fire Fighters averaged a 3.8% COLA while CAL FIRE only averaged 1.4%. If these same COLA's are projected over a 10-year period, the potential cost saving becomes apparent.

Again the projected savings are estimates. The actual costs and the actual service levels must be determined through a formal request for proposal.

14. If the CAL FIRE firefighters get a pay raise will it affect the contract price?

Yes, this possibility exists. The salary and benefits of CAL FIRE employees are negotiated in a statewide MOU. If there were an increase in the cost to staff Morro Bay that cannot be absorbed in the existing contract the agreement would need to be adjusted. The City would not have any say over pay or benefits.

15. What happens if our service costs less than the contract amount?

CAL FIRE contracts are "not to exceed" contracts. If a contract costs more than originally estimated, it is absorbed within the contract. However, if a contract costs less than originally estimated, the difference will be refunded to the city. For this reason CAL FIRE will include staffing assumptions that provide adequate personnel for sick, vacation and other leave time.

16. Are there other places to save money?

Yes. When exploring regionalized delivery of service, Morro Bay could work with CAL FIRE to determine the necessary number of reserve apparatus necessary for the community under a regional delivery model. It is possible the community could reduce its current equipment inventory, eliminating long-term replacement costs. Additionally, with a regional approach there is a greater potential to share costs with CAL FIRE and surrounding fire departments for major equipment purchases that benefit the departments on a regional level.

WHAT HAPPENS TO OUR FIREFIGHTERS?

1. What will happen to fire department personnel?

All of Morro Bay's current fulltime firefighters and administration personnel would become employees of CAL FIRE. They would maintain their rank and seniority. You would continue to see many of our local firefighters in the community every day as others rotate through SLO County Fire Department stations to familiarize themselves with CAL FIRE.

2. What happens to our reserve firefighters?

The reserve firefighters would continue to be employees of the City of Morro Bay. Only the full-time employees become State employees. Our reserve firefighters will continue to operate alongside fulltime personnel augmenting staffing when needed as they do now.

3. Who will manage the personnel?

One of the benefits of a CAL FIRE contract is that CAL FIRE will manage all personnel issues. This includes all discipline, training, and liability issues. Consequently CAL FIRE will manage the hiring process, and as a service provider they have a built-in incentive to provide personnel that meet the needs of the community.

4. Will we lose our paramedic firefighters?

No. Depending on the community's level of service request, a CAL FIRE contract could provide for a minimum of two paramedics on duty in Morro Bay every single day.

5. Are Morro Bay's firefighters going to lose their jobs?

No. All Morro Bay firefighters would become CAL FIRE employees under a contract for service. All personnel and their seniority would transfer over.

6. Will the fire chief lose his job?

No. The Fire Chief will become an employee of CAL FIRE and may work as the Chief Officer responsible for Morro Bay. His seniority would transfer over as well.

7. Will our local firefighters still work in Morro Bay?

Depending on the community's level of service request, many of Morro Bay's firefighters could continue to work in the Morro Bay station. The vast majority of current Morro Bay firefighters would have the opportunity to continue to serve in Morro Bay. They will initially be assigned to other county stations as part of familiarization training, but this would be done in a staggered fashion to keep personnel who are familiar with the community in the Morro Bay station.

8. Is it true that firefighters will work more for the same compensation?

Partly. Currently Morro Bay Firefighters make a higher hourly rate than the equivalent CAL FIRE employee. Due to this disparity, Morro Bay's firefighters will continue to receive the same base salary (hourly rate) until CAL FIRE wages catch up. However, they will work a 72-hour workweek instead of a 56-hour workweek providing additional overtime compensation. In other words, they will receive 16 more hours of pay for 16 more hours of work. Also, the 72-hour workweek requires fewer total personnel for staffing resulting in some cost savings to the city.

9. How does a 72-hour workweek affect the firefighters?

Firefighters will work 16 more hours per week, which will provide them with more income. The 16 additional hours of scheduled FLSA overtime earned each week is included in their retirement salary calculation. Additionally, after 10 years of service with CAL FIRE they would be eligible to receive 50% of their medical benefits in retirement. After 20 years of service with CAL FIRE they would be eligible to receive 100% of their medical insurance benefits in retirement.

LEVEL OF SERVICE

10. What are our options for service?

CAL FIRE will provide the level of service desired by the community. They can provide paramedics, technical rescue services, hazardous materials response, truck company operations, and many other services.

The committee researched 4-person staffing models as identified in the 5-Year Strategic Plan and as directed by council. 4-person staffing would provide enough personnel to enhance response times to north Morro Bay, provide two units staffed for simultaneous incidents, and meet OSHA mandates, with at least two paramedics on duty.

Ultimately, the service level is an item that would need to be negotiated as part of a formal request for service, with the city defining a service level that meets the short and long-term needs of our community.

11. What level of service should Morro Bay citizens expect from CAL FIRE?

Morro Bay will determine the level of service delivered through a contract. The daily staffing of paramedics, captains, fire fighters, and chief officers are all items that can be specified in the contract.

During its research the committee identified one captain, two engineers, and one firefighter on duty each day, with at least two paramedics, as the optimum level of service for the community.

The committee believes the service level delivered through a contract should address the needs identified in the fire department's 5-year Strategic Plan and previous ad-hoc committee recommendations. Specifically, the long-term goal will be to achieve 4-person staffing, with at least two paramedics, chief officer coverage, and reduced response times to north Morro Bay.

12. What are the qualifications of CAL FIRE personnel?

CAL FIRE personnel receive their training certifications through State Fire Training, just as Morro Bay personnel do. While qualifications will vary from firefighter to firefighter, the level of service required in the city's contract will determine baseline qualifications. For example, if Morro Bay requires paramedics, CAL FIRE can provide paramedics. If Morro Bay requires Rescue Systems certified personnel, CAL FIRE can provide that level of service. Also, depending on the level of service requested by the city, Morro Bay's current firefighters will continue to be the faces you see on the fire engine.

13. Will CAL FIRE cover Morro Bay with out of the area personnel?

This contract will cover Schedule A services that utilize personnel from the CAL FIRE/SLO County Fire Department. Much as the Cayucos and Los Osos stations have many firefighter faces that are familiar to their communities, the Morro Bay station will continue to use familiar personnel. While the Morro Bay station would not be covered by firefighters from outside our county it is likely that overtime positions would be filled by fire personnel from other areas of San Luis Obispo County.

Additionally, CAL FIRE will rotate other CAL FIRE/SLO County FD personnel into the Morro Bay station for familiarization training. This will enable them to better cover vacation, sick and training absences with other CAL FIRE/SLO County FD personnel that are familiar with Morro Bay.

14. Will Morro Bay still have chief officer coverage?

This is a level of service issue that would be addressed in a formal request for service.

The options explored by the committee include the current fire chief becoming the Battalion Chief for Morro Bay. Under this scenario the Morro Bay Battalion Chief would likely rotate north coast coverage with the Los Osos Battalion Chief. Additionally, CAL FIRE has more than a dozen chief officers in the county that can provide vacation, holiday, and sick time relief should the Morro Bay Battalion Chief take time off from work, attend out of the area training or take a strike team on a mutual aid assignment.

15. Will the quality of service suffer?

From what we can tell, the communities served by CAL FIRE in San Luis Obispo County are happy with the quality of service they receive. If issues were identified the City Manager would address them immediately and through the annual review of the contract.

CAL FIRE is a professional, all-risk fire department providing local service to all residents of San Luis Obispo County as the county fire department as well as Avila Beach, Cayucos, Los Osos and Pismo Beach. Additionally, they provide contract services to 35 of California's 58 counties, 28 cities, 30 fire districts, and 23 other special districts throughout the state.

Other Examples

Butte County
Cypress CSD / Pebble Beach
Fresno County
Half Moon Bay Fire District
Placer Consolidated Fire District
Riverside County
San Diego County

16. Will response times be slower because CAL FIRE personnel will get lost on their way to our homes?

All fire departments require their personnel to familiarize themselves with their local response areas to ensure rapid responses. Additionally, all responses will be dispatched using Thomas Brothers map pages and Computer Aided Dispatch (CAD) community codes to further identify the location of the emergency. While there is always the potential for human error, personnel assigned to Morro Bay (including Morro Bay's existing firefighters) will be expected to be familiar with their response area. There is the potential that firefighters from other County stations would work overtime in Morro Bay and be less familiar than the normal duty crew. These personnel would typically be working with other firefighters familiar with the City.

17. How does CAL FIRE dispatch fire-rescue services in contract communities?

EXAMPLE – LOS OSOS & PISMO BEACH

In Los Osos and Pismo Beach, all 911 calls are received by either the Sheriff or Police respectively. Fire-rescue emergency calls are transferred via computer to the CAL FIRE/SLO County Fire Department Emergency Command Center (ECC) on Highway 1 in San Luis Obispo. The ECC then dispatches the appropriate resources via a state of the art computer aided dispatch (CAD) system.

In Morro Bay it would work similarly. The police department would answer a 911 call and all fire-rescue emergencies would be transferred via computer to CAL FIRE. A community code identifies the proper community on the computer screen and the dispatcher sends the appropriate station to the call. CAL FIRE would then be the single communication point for all fire-rescue vehicles.

18. Are we stuck with CAL FIRE if we are not satisfied with their service?

No. Contracts are typically 2-3 years with the cost schedules and level of service documents reviewed annually. The city will have control over determining service reductions and increases. If the city is not happy with the quality of service delivered, it will still own all major capital equipment and facilities such as the fire engines and fire stations, and could rehire firefighters. Either party can cancel the contract with 12 months notice.

Most importantly, as a service provider, CAL FIRE has a strong incentive to provide a high level of customer service to the community. They want the community to be satisfied customers.

Tulare County is the only recent example the committee found where a contract was canceled and a new fire department was established.

Questions from Workshop 07/12/08

Who is Cal Fire?

This is a name change only. They are still the California Department of Forestry and Fire Protection (CDF) but since they have evolved to an “all risk fire agency”, it is no longer just a wildland/forestry fire agency. Thus, their name was changed to Cal Fire to more accurately describe what they do now.

What is “Cad-to-Cad interface”? “GIS”?

Cad-to-Cad Interface – an electronic interface between two or more “Computer Aided Dispatch” centers, thus they can communicate directly with each other, almost instantaneously.

GIS – Graphic Information Systems is an electronic mapping product that produces maps for fire and analysis of the incident. It will also create a map for the computer-aided dispatch so dispatch can give the responding units routing directions if needed.

Is there a set price for each segment of fire protection that Cal Fire offers?

All Cal Fire resources must be dispatched by Cal Fire. The contract cost for Morro Bay would be based on the level of service we specify in the contract. We only pay what it costs Cal Fire to provide that service, plus an administrative fee, which is currently 9.73%.

If computers break down how long will it take to get assistance?

Morro Bay Dispatch can do an automatic dispatch transfer of the 9-1-1 call with the push of one button. Morro Bay answers, determines it is a Cal Fire emergency, transfers the caller to the Cal Fire Dispatch center and Cal Fire immediately continues the call and dispatches the needed resources.

What type of demographics does Cal Fire serve? How many cities?

The SLO County Division of Cal Fire only serves one city – Pismo Beach, but it does provide services to the unincorporated areas of the County including Nipomo, Los Osos, Avila Beach and a partial contract with Cayucos. Throughout the state, they cover many other cities of various sizes.

Will the current Fire Fighters of Morro Bay keep their jobs?

Yes, all full time employees will be offered employment with Cal Fire and will have the option of staying in Morro Bay. They will be rotated through other Cal Fire Stations to become familiar with Cal Fire’s operating procedures, etc. but may return to work in Morro Bay. While some of the “Morro Bay” fire fighters are being rotated out, other Cal Fire fire fighters will gain experience working in, and becoming familiar with, Morro Bay.

The Reserve Fire Fighters will remain the City of Morro Bay employees, but Cal Fire will manage that program for the City.

What is time period for this temporary rotation of Morro Bay personnel?

This is something that can be worked out in the contract, but probably would be similar to how it worked in Los Osos. They took 3 personnel out at a time for approximately 4 months. Thus, it would take about one year for all 9 fire fighters to go through this training period.

How will the dispatch work? How much longer will it be before personnel are responding?

A Morro Bay citizen will call 9-1-1. That call will be answered by someone in the Morro Bay dispatch center, who will ask the nature of the problem. If it is medical or a fire emergency, the Morro Bay dispatcher will hit the single transfer button and the call will be answered in the Cal Fire dispatch center. This transfer should take less than 5 seconds. There are two Cal Fire Dispatchers listening in on the call. The first one will take the information; the second dispatcher will notify the Morro Bay station they have an emergency call as soon as the address and call type is given – about another 10 seconds. The first dispatcher continues to take information and once call is complete, further details of the emergency will be dispatched to the Morro Bay Fire fighters who are already on their way. They will also tone out any additional equipment that the incident may need. The time for the transfer to go through is made up by the fact that two dispatchers are listening to the call, and the caller is not put on hold while the dispatcher notifies the station of the pending emergency.

Would the Morro Bay station be the first to respond?

Yes, the county uses the “Closest Resource” concept. Even for multi agency responses, the fire agencies that are closest to the emergency address are dispatched first. For emergencies, such as house fires that need more than one response, the county dispatch system will be quicker as they immediately know additional resources are needed, and also tone out all other “closest resources” as needed.

Some areas of Morro Bay have misleading addresses. For example 475 South Bay Boulevard. Entrance to that trailer park is now on Quintana, although the address remains 475 South Bay Boulevard. How will Cal Fire know where to go?

Cal Fire will drive all streets in Morro Bay and all information will be entered into the computer used for dispatch so it will show the address as 475 South Bay Boulevard and note the entrance is actually on Quintana. Thus, this information will come up on the computer-aided dispatch. Also, there should always be someone who is familiar with Morro Bay on duty.

Do the two dispatch centers work together since some emergencies also require Morro Bay Harbor or Coast Guard response?

Yes. There are quarterly meetings of representatives from all dispatch centers in the county to discuss common problems and work on solutions.

Why did Tulare County not renew their contract with Cal Fire?

Chief Jenkins obviously cannot speak for Tulare County, but he believes it was a fiscal decision. Tulare County has a very minimal budget and were only staffing at a minimum level. Some engines there are only staffed with one fire fighter. Once Cal Fire had to pay the FLSA overtime, Tulare County had a hard time meeting this increase in contract costs, so they reverted back to their own County Fire Department, believing they could provide fire service at a lower cost. As a result, Tulare stations may have only one paid person on duty and they have “rolling brown outs” i.e. closing certain stations, if funding become too low. In effect, Tulare County chose a lower level of service than Cal Fire would have provided.

How many fire fighters would Cal Fire staff and would they be medics?

This is something that would be negotiated with the City. For safety reasons, Cal Fire would require at least two persons on duty and they would all have to be BLS/EMT –Defibrillator trained. Currently the City has 3 paramedics scheduled per shift, and the City could continue that practice. The City dictates the staffing pattern in the contract.

What would be the difference between contracting directly with the County and contracting with Cal Fire?

Chief Jenkins can only speak for Cal Fire, not the County, so he is not sure if that is a viable alternative. Avilla Beach could not provide their own fire department to its citizens, so it worked out a cooperative agreement with the County to provide additional coverage at an existing County Fire Station in Avilla Beach. Prior to contracting with Cal Fire, Los Osos, an unincorporated area of the county, had its own Fire Department that was a division of the Engineering Department of the County of San Luis Obispo. It would be more typical for a City to contract directly with Cal Fire. Chief Jenkins can not say that the County would even be interested in contracting with the City.

If the City would enter a contract with either the County or Cal Fire, it is basically for personnel costs only. The City still needs to provide fire vehicles and the necessary equipment and an adequate building to house both the apparatus and the people.

What is the 9.73% administrative fee referring to?

Cal Fire would cost out all factors of the contract the City requests – personnel, dispatch, equipment, etc. and then charge an additional 9.73% of that cost for their administrative fee for the contract period. The City would no longer be involved in payroll, hiring, disciplinary actions, or negotiating salaries for fire fighters. Cal Fire would handle all of those administrative tasks.

What is Cal Fire’s solution for providing better coverage for North Morro Bay?

The solution for this problem is something only the City can address. But if they wish to staff Station 54 as part of the contract then Cal Fire will do so. Cal Fire can offer suggestions and work towards a cooperative measure with other Cal Fire stations, such as the one in Cayucos, but the decision rests with City Council. They will get the service level they pay for.

How would Cal Fire address the staffing levels in the Morro Bay Station when Cal Fire is committed to assisting other area of the state, as during the recent and on-going mutual aid responses to fires in northern California?

The level of service in Morro Bay will stay constant regardless of what is happening in the rest of the state. They may hold people over, i.e. force overtime to cover all shifts, so personnel may work additional scheduled shifts to provide this level of service, but Cal Fire will provide whatever the contract requires.

How does the state budget affect a contract with Cal Fire?

The state budget does not affect the contract services at all, as we are paying for that service not the state. The City pays for what we use, so there is no relation to problems with the state budget. Since the City is paying for services, Cal Fire must provide them. About the only thing that could affect Morro Bay personnel as a result of being State employees, would be if the Governor declares a “State of Emergency” then all vacations could be canceled until the emergency was mitigated.

It appears that the maintenance of fire vehicles does not have to be part of the contract. If it isn't, do we pay as needed?

It is correct that maintenance of fire vehicles and fuel charges do not have to be part of the contract. Currently the Fire Department can fuel vehicles and have repairs done by the mechanics at the city maintenance yard and some repairs are outsourced. The City can continue with those practices and the cost for those repairs would be paid for by the City of Morro Bay's Fire Department budget. Or the City can elect to have the maintenance of the engines done by the Cal Fire maintenance shop and thus those costs would be part of the contract price. Pismo Beach takes care of their own maintenance and Cal Fire inspects it to ensure it meets their standards. Los Osos has Cal Fire do it. The contract can be written either way.

Replacing the fire vehicles continues to be something the City would need to budget for. That is not part of the agreement.

Currently Morro Bay Fire works a 56 hr. work week (3 hrs. FLSA overtime) and Cal Fire works a 72 hrs work week (19 hrs. FLSA overtime). The State Fire Fighters Union has requested a 56 hr. work week in the past but was unsuccessful in receiving it. Should they be successful in later years, how would that affect the contract with Morro Bay?

Chief Jenkins felt this was not something that would probably happen in the near future, as a cut in hours would significantly cut the take home pay of fire fighters, which in turn would affect their retirement income.

Is the level of service going down if we go from 9 full- time fire fighters to only 4?

These two numbers are not related. Currently there are 9 full time fire fighters for the City of Morro Bay, but only a maximum of 3 on duty during any 24 hr. period, and all three are paramedics. However, per the City's M.O.U. the department can operate with only two full time personnel. Thus, when someone is on vacation, at a training session, or calls in sick, the

department is staffed with two full-time paramedic/fire fighters and a reserve fire fighter who is most likely not a paramedic. Historically, the department has three full time fire fighter paramedics on duty only 45% of the time.

Under one of the proposed Cal Fire contracts there would be 4 persons on duty per day, thus increasing the level of service to more adequately provide for service to north Morro Bay or to any section when the Department experiences “simultaneous” calls, i.e. two emergencies at the same time. The City would determine the number of firefighters and the number of paramedics on duty each day by the level of service they contract for.

The graph for future costs for a Morro Bay Fire Department indicates a 3.8 % increase each year for Morro Bay but the costs for the County remain almost flat. Why?

These are estimated projections based on historical documentation. Over 16 years that figures were available for, the City of Morro Bay has averaged a pay increase of 3.8%. Over the same time period, the State’s historically average is only 1.4%. There is no way to give accurate future costs, as those are all negotiated.

How long would a contract for service last?

Again this can vary, but usually they are for a 2 to 3 year period?

Did the committee look at the possibility of hiring “ambulance paramedics” rather than “fire paramedics”?

No. The Committee was asked to look into contracting with Cal Fire, so that was the extent of their discussions. However, it is worth noting that an “ambulance paramedic” would not be able to respond to fires, hazardous material incidents, technical rescues and other types of emergencies that a fire paramedic is trained for.

Was the Ad-hoc Committee vote unanimous, or close, for proceeding with a Cal Fire contract?

It was more of a consensus that the process needed to be investigated further so exact costs could be determined. The only way to do that is if the City Council requests a proposal for services from Cal Fire. The committee did not actually take a vote.

Was the only consideration the committee looked at financial?

No, the committee looked at increasing the level of service to 4 firefighters every day, with at least 2 paramedics, not just keeping three fire fighters as we now have.

Are there two unions involved – one for Cal Fire and one for Morro Bay? And are they both okay with a possible contract for services?

Both Cal Fire and Morro Bay full-time firefighters belong to the same parent Union – the International Association of Fire Fighters. Both have different representatives dealing with issues pertinent to each agency. Both unions are amendable to a contract. The Morro Bay Fire

Fighters Association is separate from the Union and is made up of both the full-time and the Reserve Fire Fighters.

Were costs shown on slide just labor costs, or did they include everything?

The cost is all-inclusive. The projected \$2.2 million for the City of Morro Bay would provide for staffing 4 firefighters per day and all daily operating costs and equipment needed- uniforms, shop rags, hose, etc. It is the operating cost for the City to have its own fire department as it does today. Currently that does not include capital expenses such as a new fire engine, building remodel, etc. but those items would not be covered in a contract with Cal Fire.

How long has Pismo Beach been contracting with Cal Fire for services? Did they keep their same level of service and have they seen a cost savings?

They have been contracting for services since 2001. They have had an increase in their service level as they were only staffing a single station, as they could not afford to staff their Shell Beach station. Cal Fire did a full service contract for the main station and an Amador contract for the Shell Beach station, which it shares with the State. The cost to contract with Cal Fire is definitely less than what it would cost the City of Pismo Beach to duplicate that service level itself. The City Manager of Pismo Beach did attend one of the ad-hoc committee meetings and is very satisfied with the service they are receiving from Cal Fire.

When would this be brought before City Council to determine if the City should move forward with the concept of contracting fire department services with Cal Fire?

No definite meeting date has been established, but would presume it to be in August or September.



AGENDA NO: _____

Meeting Date: October 13, 2008

Action: _____

Staff Report

TO: Honorable Mayor and City Council **DATE:** October 6, 2008

FROM: Rob Livick, PE/PLS – City Engineer

SUBJECT: Reconsideration of Palm Avenue Right-Of-Way Abandonment – Pathway Requirement.

RECOMMENDATION: Adopt Resolution No. 63-08 rescinding Resolution No. 45-08 and restating the abandonment of the street right-of-way for an undeveloped portion of Palm Avenue that does not include a condition for the pedestrian pathway.

FISCAL IMPACT: The abandonment of Palm Avenue removes this small area (approximately 7500 square feet) of Right of Way from City of Morro Bay maintenance activities, (i.e. weed abatement and sidewalk maintenance). Additionally, once the right of way is abandoned the benefiting properties may be subject to increased property taxes, thus increasing the amount of revenue to the City, albeit by a small amount.

BACKGROUND: At the August 25, 2008 City Council meeting, the Council placed the reconsideration of the Palm Avenue Right-of-Way Abandonment without the walkway requirement; on the City Council agenda. Prior to that, the City Council held a public hearing on June 9, 2008 to receive any testimony and approved the Palm Avenue abandonment with conditions (Resolution No. 45-08). On May 12, 2008 the Council adopted a *Resolution of Intention* to abandon a portion of Palm Avenue (Resolution No. 21-08). Additionally, the Planning Commission held a public hearing on February 4, 2008 and recommended approval of the proposed abandonment.

DISCUSSION: It is the opinion of the City Engineer that the walkway is problematic because it will terminate at on the Northeasterly side of Main Street, which has no pedestrian facilities and would require the pedestrian to cross Main Street mid-block to access the Class 1 multiuse trail on the southwesterly side of Main Street. The existing street intersections of Walnut Street, Oak Street and Shasta Avenue appear to be better locations for pedestrian crossings. Attached is the revised resolution for abandonment of a portion of Palm Avenue reflecting the deletion of the condition for the pathway.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Page 1 of 2

CONCLUSION: The proposal can be found consistent with the California Streets and Highways Code and the City's General Plan and Local Coastal Plan, with the revised conditions. The proposal is exempt under the general rule pursuant to State CEQA Guidelines, and the required findings can be made to recommend abandonment to the City Council for approval.

Attachment: Resolution 63-08 Approving Final Abandonment

s:\city council staff reports\livick\palm final abandonment staff report- redux.doc



AGENDA NO: D-1

Meeting Date: 10/13/08 Action:

Staff Report

TO: Honorable Mayor and City Council **DATE:** October 7, 2008

FROM: Dylan Wade, Utilities / Capital Projects Manager

SUBJECT: Resolution Authorizing the Utilities / Capital Projects Manager to Enter Into a Contract With GE Water for Energy Recovery Equipment

RECOMMENDATION: Staff recommends the City Council pass Resolution 64-08 authorizing the Utilities / Capital Projects Manager to enter into a contract with General Electric Water & Process Technologies (GE) as a sole source vendor in the amount of \$244,480.00 for the installation and programming of brackish water treatment equipment and to into Time and Material Contracts with local contractors for installation support in an amount not to exceed \$200,000.00.

FISCAL IMPACT: Funding for this task was included in the FY 07/08 Capital Improvement Project (CIP) budget (\$400,000) and augmented by an additional \$1,000,000 in the adopted FY 08/09 Water Fund budget.

SUMMARY: Authorization to enter into this contract provides for control panels, engineering support, miscellaneous equipment and field services necessary to install the brackish treatment trains previously ordered. This equipment serves the purpose of treating for high nitrate groundwater and helps assure a safe and adequate water supply during the upcoming year. With the scheduled delivery of the equipment, time is of the essence.

BACKGROUND: In 1990, after a competitive bidding process, the City Council awarded a contract to Aqua Design of Campbell, California for the construction of our Desalination Facility. In the construction of the Facility, Aqua Design installed numerous proprietary components and systems.

In the intervening years, Aqua Design was acquired by Ionics, Incorporated and more recently by GE. The operation, technical maintenance, and improvements of the Facility have been performed by GE since the original commissioning of the Facility and a number of proprietary components and systems remain in operation.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Page 1 of 4

The Facility was originally intended to treat seawater to produce drinking water to augment other City water resources, but it has been shown to be effective in also treating Morro Valley groundwater to reduce nitrate levels, albeit not as energy-efficiently as equipment designed specifically for this purpose.

The nitrate contamination in the Morro groundwater wells has been well-documented, including the period during the 2006 State Water Project maintenance shutdown when drinking water exceeded the maximum contaminant level resulting in an acute public health risk, public notification and related processes. During that period, the drinking water crisis was alleviated by a combination of operation of the Desal plant treating Morro groundwater and short-term deliveries from State Water treated storage.

A similar condition was avoided in 2007 by starting the shutdown period with the Desal in operation and with, again, short-term State Water deliveries. The State Water deliveries were only available due to the Central Coast Water Authority (CCWA) agreeing to defer their programmed pipeline shutdown for intensive inspection on the tenth year of pipeline operation. They informed us they would defer this shutdown for 2007 but would need to do the work in 2008 with no short-term State Water deliveries being available for the 2008 shutdown period.

It appears clear that the elevated nitrate concentrations in the Morro wells will continue into the indefinite future, and perhaps worsen, but that long-term mitigation of the nitrate concentration is possible. It is also clear that the community will not only need to keep the use of the Morro wells for drinking water, but also that the amounts of this water supply needed in the future will increase.

While the existing seawater system is capable of treating high nitrate groundwater, use of the facility for this operation effectively prevents us from using it for the primary purpose of converting seawater into drinking water.

In order to meet community drinking water needs for the upcoming years and at least to the time where potability of Morro groundwater resources are restored, we will need to be able to simultaneously treat both this contaminated groundwater and also convert seawater to drinking water.

DISCUSSION: We are fortunate that it is possible to provide for this simultaneous treatment and water production capability within the existing Desalination Facility through the acquisition of reverse osmosis equipment that will treat both high nitrate and brackish (semi-saline) groundwater and retain the seawater conversion capacity. The installation of the brackish water treatment technology will require some modifications and upgrades to the existing plant. The letting of these contracts is a necessary part of the brackish treatment installation.

Due to the anticipated State Water shutdown the original intent was to permit, purchase, and install the brackish treatment trains prior to the State Water shutdown. The contract we previously entered into is for the supply of the brackish treatment trains only. General Electric also prepared a second phase submittal that included energy recovery for the desal facility, software controls, and installation support. The costs for the desal energy recovery and installation support work were quoted at \$950,500.00. The desal facility has four independent treatment units (“trains”) that were installed with the vision to be able to consolidate the four trains 100 gpm into two 200 gpm trains, keeping the 400 gpm total production capacity while reducing energy usage by about 40%.

Based upon a typical energy bill for operating the desal at about \$4,000.00 a month, the return period on the investment in desal energy recovery devices would have been several hundred months. Staff then met with GE to revise their scope of supply by eliminating the desal energy recovery equipment and taking on more of the tasks in house. These changes have reduced the costs of the phase 2 proposal from \$950,500.00 to \$244,480.00.

With the equipment design now complete and a shipping date set in early December, it would take a minimum of several months to get the bid specifications completed, advertise, accept bids and bring a contract award to the Council. The time frame also needs to include about a month after delivery to install, test and commission the system prior to bringing it online.

Early delivery projections for State Water during the next calendar year are currently at 15%. Given the reduction in State Water deliveries and the increasing nitrate pollution we are experiencing in both the Morro and Chorro groundwater basins it is critical that we get the brackish water system operational as soon as possible.

Single Source Purchase: As general rule, competitive bidding for the City's public contracts is a mandatory requirement. However, the City Attorney's Office has consistently opined that, based upon Public Contract Code 3400 and established California case law, competitive bidding may not be required "where the nature of the subject of the contract is such that competitive proposals would be unavailing or would not produce an advantage, and the advertisement for competitive bid would thus be undesirable, impractical, or impossible." A contract awarded under these circumstances is commonly known as a "sole source contract."

CONCLUSION: Providing an adequate drinking water supply is of the most critical importance. Due to nitrate contamination in all the City's Morro wells and the majority of the Chorro wells, the ability to deliver this supply has been compromised, most particularly during times when deliveries from the State Water Project are significantly reduced. Partial State Water deliveries, along with reverse osmosis treatment of the groundwater by the Desal Facility, have helped the community meet drinking water demands in years past. Operation of the Desal Facility to treat the high nitrate groundwater has inhibited the Facility's ability to convert seawater and limit our ability to meet water demands.

As the nitrate contamination can now be expected to last at least a number of years, the community needs to be able to both treat the contaminated groundwater as well as convert seawater. The proposal discussed above provides for such ability.

With the unique configuration of the Desal Facility and the need to match proprietary products already in place, GE, as successor to the Facility's original design/build firm, is the sole source from whence the proposed equipment can be acquired.

Staff recommends the City Council pass Resolution 64-08 authorizing the Utilities / Capital Projects Manager to enter into a contract with General Electric Water & Process Technologies (GE) as a sole source vendor in the amount of \$244,480.00 for the installation and programming of brackish water treatment equipment and to into Time and Material Contracts with local contractors for installation support in an amount not to exceed

\$200,000.00.

RESOLUTION NO. 64-08

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA**

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

WHEREAS, the Morro Groundwater Basin is a historic domestic water supply for the City of Morro Bay that is experiencing nitrate contamination; and

WHEREAS, the City of Morro Bay is the owner and operator of a Desal Plant that produces approximately 400 gpm of domestic wastewater from seawater that has been used for nitrate removal negating its ability to produce domestic water; and

WHEREAS, the City of Morro Bay has purchased brackish water treatment trains to remove the nitrate contamination from the Morro Groundwater thereby retaining the ability to use the Desal plant for seawater conversion; and

WHEREAS, failure to take immediate action to furnish and install the brackish water treatment trains to the Desal Plant would potentially result in a public health and safety hazard and most certainly result in future water quality violations; and

WHEREAS, the public interest and necessity demands the immediate expenditure of public money to safeguard life, safety, sensitive environmental habitats and property; and

WHEREAS, the conditions are such that mitigation cannot permit the delays resulting from competitive solicitation for bids delineated in the Public Contract Code; and

WHEREAS, Section 22050 et. sec. of the Public Contract Code provides that a local agency, by 4/5ths vote of its governing body, may repair or replace a public facility without giving notice for bids to let contracts upon finding that the need of the action cannot be delayed by the competitive bid process; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that an emergency condition exists regarding immediate improvements necessary to its Desal Plant and hereby declares said emergency pursuant to Section 20168 of the Public Contract Code an emergency condition exists regarding immediate improvements necessary to its Desal Plant and hereby declares said emergency pursuant to Section 20168 of the Public Contract Code and the California Environmental Quality Act; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, the Utilities/Capital Projects Manager is hereby authorized and directed to order actions deemed appropriate to mitigate the conditions under emergency contracting outlined in Section 22050 of the Public Contract Code; and

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 13th day of October, 2008 on the following vote:

AYES:
NOES:
ABSENT:

JANICE PETERS, Mayor

ATTEST:

BRIDGETT BAUER, City Clerk



AGENDA NO: D-2

Meeting Date: 10/13/08 Action:

Staff Report

TO: Honorable Mayor and City Council

DATE: 10/13/08

FROM: Rick Algert, Harbor Director

SUBJECT: ADOPTION OF A POSITION STATEMENT FOR WEST COAST GROUND FISH INDIVIDUAL TRANSFERABLE QUOTA (ITQ) PROGRAM IN FEDERAL FISHERIES

RECOMMENDATION: That the City Council adopt Resolution #61-08 to outline a detailed position for the West Coast Ground Fish Individual Transferable Quota (ITQ) program currently being considered by federal fisheries managers.

BACKGROUND: Federally managed ground fish include Petrale, Dover and Rex Sole, the deepwater complex of rockfish, sablefish and other commercially harvested species. Historically, large quantities of ground fish were landed in Morro Bay, in recent years mostly by trawlers, but trawl landings have declined dramatically from over 10 million pounds in 1990 to less than a million pounds in 2005, due to increased regulation of fisheries, the rising cost of fuel for vessels, transportation costs of trucking out of Morro Bay and poor market conditions for trawl caught fish. In 2005-2006 the Nature Conservancy (TNC) purchased 7 trawl permits based on the Central Coast of California as a part of an initial program to promote creation of 3.8 million acres of no trawl areas between Point Conception and Point Sur. One TNC trawl permit and vessel (South Bay) has been leased back to local fisherman Ed Ewing, as an experimental Conservation Fishing Agreement, to attempt to reduce by catch and habitat impacts by modifying traditional trawl gear and targeting soft bottom areas. The other 6 TNC owned trawl permits are the "asset base" for an evolving Community Based Fishing Association and are currently being used in the Exempted Fishing Permit (EFP) project. Next year the EFP project will provide 6 local fishermen an opportunity to access the much larger trip-limits in the trawl permits, using hook and line or trap gear, which is also known as "gear switching". This EFP project is an experiment to test a number of concepts in preparation for changing the management regime in the federal ground fish trawl sector from coast wide 60-day limits to Individual Transferable Quota (ITQ)

DISCUSSION: In November 2008 the Pacific Fishery Management Council (PFMC) expects to adopt a plan for transitioning the West Coast ground fish trawl industry from one based on permits and trip limits to an Individual Transferable Quota (ITQ) where harvesters receive an annual guaranteed allocation based on their permit's catch history. The terms under which the PFMC elects to implement the new ITQ fishery will have major impacts on the fishing businesses and communities such as Morro Bay which have been economically and culturally dependent on ground fish.

Prepared By: _____

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Page 1 of 2

On the Central Coast of California a partnership of the City of Morro Bay, Port San Luis Harbor District, local fishing associations and conservation groups is working to transition our local fisheries to greater economic and environmental stability. We are calling this effort the Central Coast Ground Fish Project and its purpose is to accomplish the following goals

1. Preserve our historical family owned fishing businesses and marine dependent infrastructure in Central Coast Harbors.
2. Preserve traditional access to the abundant local ground fish resources (much of which is associated with locally held trawl permits) and maintain the supply of fresh seafood to US consumers.
3. Transition harvest methods and marketing efforts to be more aligned with the current regulatory conditions and consumer demand for local, sustainably harvested seafood.
4. Reduce by-catch and habitat impacts of the local ground fish fleet.
5. Improve understanding of local fish stock and ecosystem health by developing more collaborative research opportunities.
6. Build the foundation for area/community based management to achieve the national and state goals for improved conservation (ecosystem based management) and fishery management models

Within the partnership of the Central Coast Ground Fish Project there are diverse opinions regarding whether or not the PFMC should move forward with the ITQ program, in fact opinions held by most local fishermen range from neutral to opposed to ITQ management. Regardless, the PFMC made a clear signal in June of 2008, by adopting a Preliminary Preferred Alternative, indicating that the federal government intends to move forward with an ITQ program in the trawl sector. Given this, and that ground fish landings are vitally important to the economy and history of small harbors like Morro Bay, Staff has developed a proposed resolution to state the City's position on trawl ITQ's. If adopted by the City Council it will be transmitted by cover letter to the PFMC prior to the November meeting.

RESOLUTION NO. 61-08

**ADOPTION OF A POSITION STATEMENT FOR THE WEST COAST GROUND FISH
INDIVIDUAL TRANSFERABLE QUOTA (ITQ) PROGRAM
IN FEDERAL FISHERIES**

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

WHEREAS, the Pacific Fishery Management Council (PFMC) is considering adoption of an Individual Transferable Quota (ITQ) program for trawl ground fish management; and,

WHEREAS, many smaller ports and harbors and family owned fishing businesses have historically been dependent on ground fish landings to provide the flexibility necessary to have an economically viable business and support the harbor infrastructure such as ice and fuel services, marine repair and refrigeration businesses and fish processing/unloading facilities; and,

WHEREAS, in the Central Coast of California a partnership of local agencies, community leaders, fishermen and conservation organizations is working to transition local fisheries to greater economic and environmental stability and the effort depends on access to abundant local ground fish stocks; and,

WHEREAS, the fishermen and communities in the Central Coast of California desire to preserve our historical family owned fishing businesses and marine dependent infrastructure in Central Coast Harbors; and,

WHEREAS, there are many potential negative impacts to family owned fishing businesses and smaller ports and harbors if the ITQ program is not well designed such as:

- Consolidation of fishing effort into larger vessels and fewer ports dictated solely by market conditions.
- Economic or regulatory impediments to gear switching can nullify the potential benefits in by-catch reduction and habitat impacts in transitioning to non-trawl gear for some of our small boat fisheries.
- Collapse of public investment in harbor infrastructure/services in small harbors such as Morro Bay/Port San Luis, Bodega Bay and Crescent City.
- Reduced flexibility for small boat fishermen and obstacles to new entrants/non quota holders if the entire quota is assigned to existing trawl permit holders and processors.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay that this community has made significant investment in harbor infrastructure and waterfront facilities to support the Commercial Fishing industry and we urge the PFMC to adopt an ITQ Program for trawl ground fish that includes the following considerations:

- 1. Support For Community Fishing Associations as Related to Quota Share Control Caps:** These Community Fishing Associations, such as the one we are attempting to form in the Central Coast of California, can anchor fishing access in traditional fishing communities in order to provide community cultural and economic benefits and fresh local seafood for consumers. In an ITQ fishery, fishermen operating in small traditional ports will likely need to collaborate with each other and with outside partners to attain a viable scale of operation. Associations can help small ports stay viable by pooling depleted species quota, assisting in covering monitoring costs, and acquiring locally held quota before it migrates outside of the community as a result of consolidation. In an ITQ fishery, quota sold out of a small fishing port will likely represent a permanent loss of that community's access to the resource and severe impact to the viability of the local industry. The PFMC should promote associations as a tool communities can use to proactively adapt to the ITQ. To do this, the PFMC will need to allow associations of fishermen and communities to exceed to a reasonable degree the quota accumulation caps set for individuals.
- 2. Adaptive Management Program (AMP):** The AMP can be the tool to allocate quota to individuals, processors or community associations that are in need of harvest privileges to ensure communities retain some access to ground fish stocks and build a foundation for community based management. The AMP, coordinated with the tool of associations, can also be used to provide access to quota for the next generation of professional fishermen, a key to sustaining our fishing communities
- 3. No Initial Allocation To Processors:** The idea of a processor share of initial quota allocation stems from the interest in reducing the impact that the transition to ITQ management may have on fishing communities. While it is evident that these potential community impacts can be significant, it is not clear that a special quota allocation to processors will be a solution to community impacts. An AMP and the establishment of associations can better preserve traditional west coast fishing communities and can provide a safety net for future management decisions to help small coastal communities retain access to ground fish landing to support their economies and marine dependent uses.
- 4. Monitoring:** Develop a collaborative and cost effective framework for meeting ITQ monitoring/full accountability requirements, or small boat fisheries most likely will be forced out through economies of scale. Electronic monitoring should be supported and implemented for small boat fisheries
- 5. Funding for Assistance with Abandoned Vessels:** When the Federal Government implemented trawl capacity reduction through the permit buy back program, no consideration was given to the abandonment of the vessels in Harbors, creating substantial new costs to small communities/harbors and a significant threat to the environment. Projections are that only 40-60 trawlers will remain in this sector after the ITQ program is implemented and the PFMC should allocate funds or develop a program, possibly in the AMP, to assist ports and harbors in dealing with the threat of abandoned vessels and the threat to pollute from abandoned vessels during the ITQ transition period.
- 6. Facilitate Gear Switching:** Communities such as Morro Bay have always relied on ground fish landings to support infrastructure in the Harbor. Our fishing businesses and harvest methods have changed over time and today we again face the need to re-align our harvest techniques to current market conditions and regulatory changes. This will happen if the ITQ program is designed to allow local fishermen to access quota and the flexibility to gear switch.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting held thereof on the 13th day of October 2008, by the following vote:

AYES:

NOES:

ABSENT:

JANICE PETERS, MAYOR

BRIDGETT BAUER, CITY CLERK