



# **CITY OF MORRO BAY**

## **CITY COUNCIL**

### **AMENDED AGENDA**

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*The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.*

#### **AMENDED**

#### **NOTICE OF SPECIAL MEETING & CLOSED SESSION**

**Thursday, November 29, 2018**  
**Veterans Memorial Hall – 4:30 P.M.**  
**209 Surf St., Morro Bay, CA**

ESTABLISH QUORUM AND CALL TO ORDER

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

SPECIAL MEETING AGENDA ITEMS:

- I. ADOPTION OF RESOLUTION NO. 94-18 TERMINATING THE CENTRAL COAST COMMUNITY ENERGY JOINT POWERS AGREEMENT AND APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE RELATED TERMINATION AGREEMENT; (CITY MANAGER)

**RECOMMENDATION:**

**City Council adopt Resolution No. 94-18 (Attachment A), which terminates the Central Coast Community Energy (CCCE) Joint Powers Agreement (JPA), approves an agreement terminating the CCCE JPA (Termination Agreement and authorizes the Mayor to execute Termination Agreement (Attachment B).**

- II. FISCAL YEAR 2018/19 FIRST QUARTER BUDGET PERFORMANCE AND STATUS REPORT – THREE MONTHS ENDING SEPTEMBER 30, 2018 AND CONSIDERATION OF PROPOSED JOB RECLASSIFICATIONS AND UTILITY DIVISION REORGANIZATION; (FINANCE)

**RECOMMENDATION: City Council:**

- A. Receive FY 2018/19 First Quarter Budget Performance and Status Report and Authorize Budget Adjustments as Recommended in the Attached First Quarter Budget Performance Report;
- B. Adopt Resolution No. 95-18 authorizing staff to proceed with the first-quarter budget adjustments.
- C. Approve Proposed Job Descriptions and Adopt Resolution No. 96-18 amending the FY 2018/19 Salary Schedule

- III. FIRST QUARTER INVESTMENT REPORT (PERIOD ENDING SEPTEMBER 30, 2018) FOR FISCAL YEAR 2018/19; (FINANCE)

**RECOMMENDATION: Council receive the attached First Quarter Investment Report (period ending September 30, 2018) for Fiscal Year 2018/19.**

- IV. APPROVAL OF COMMUNITY BENEFIT AGREEMENT BETWEEN CITY OF MORRO BAY AND CASTLE WIND, LLC AND AUTHORIZE RESCISSION OF THE MEMORANDUM OF COOPERATION WITH TRIDENT WINDS, LLC; (HARBOR)

**RECOMMENDATION:** City Council approve the Community Benefit Agreement (CBA) between the City of Morro Bay and Castle Wind, LLC (Castle), included with this staff report at Attachment 1 and authorize rescinding the current memorandum of cooperation between the City and Trident Winds, LLC (Trident).

- V. DISCUSSION AND DIRECTION REGARDING VERIFICATION AND TABULATION OF ALL PURPORTED PROPOSITION 218 WRITTEN PROTESTS RELATED TO 2018 WRF WATER AND SEWER SURCHARGE; (ADMINISTRATION)

**RECOMMENDATION:** City Council

1. Direct staff to verify and tabulate 2,163 purported written protests and 5 written requests to withdraw the protests received prior to closing the September 11, 2018, Proposition 218 Public Hearing using all criteria established by Resolution No. 44-18, and
2. Additionally, verify and tabulate ~1,000 purported written protests submitted during the public comment period of the September 11, 2018, Proposition 218 Public Hearing using all criteria established by Resolution No. 44-18 except the date requirement.

THE MAYOR WILL READ THE AGENDA TITLE FOR THE CLOSED SESSION ITEM THEN THE COUNCIL WILL RECESS TO RECONVENE IN CLOSED SESSION AT 595 HARBOR STREET

**CS-1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: One Matter

**CS-2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9.: One Matter

RECONVENE IN OPEN SESSION – Announcement of reportable action from Closed Session, if any.

DATED: November 28, 2018



Jamie L. Irons, Mayor

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 24 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 772-6205 FOR FURTHER INFORMATION.

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



AGENDA NO: I

MEETING DATE: November 29, 2018

## Amended Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** November 27, 2018

**FROM:** Scott Collins, City Manager

**SUBJECT:** Adoption of Resolution No. 94-18 Terminating the Central Coast Community Energy Joint Powers Agreement and Approving and Authorizing the Mayor to Execute Related Termination Agreement

### **RECOMMENDATION**

Staff recommends the City Council adopt Resolution No. 94-18 (Attachment A), which terminates the Central Coast Community Energy (CCCE) Joint Powers Agreement (JPA), approves an agreement terminating the CCCE JPA (Termination Agreement and authorizes the Mayor to execute Termination Agreement (Attachment B).

### **ALTERNATIVES**

No alternatives are recommended at this time.

### **FISCAL IMPACT**

There is no fiscal impact associated with this action.

### **SUMMARY**

On September 25, 2018 the City Council approved Resolution No. 80-18 approving the joint powers agreement creating the CCCE on behalf of the City of Morro Bay (City) and in partnership with the City of San Luis Obispo (SLO) for the purpose of implementing a community choice energy program. On October 11, 2018 the California Public Utilities Commission amended the Power Charge Indifference Adjustment, which negatively impacted CCCE's ability to develop a program with the desired financial and environmental benefit. In response, staff engaged Monterey Bay Community Power Authority (MBCPA), which is an established community choice energy program capable of providing the desired financial and environmental benefits. On November 7, 2018, the CCCE Board of Directors unanimously voted to direct staff to return to member cities with a request to join MBCPA and on November 13, 2018, the City Council voted 5-0 to join MBCPA and introduced Ordinance No. 618 to do so. On November 27, 2018, the City Council adopted Ordinance No. 618. The Council also approved the necessary resolution and agreement to participate in the MBCPA Community Choice Aggregation (CCA) Program.

The CCCE was established to host a regional CCA program. As the program will now be hosted by MBCPA, staff recommends terminating the CCCE JPA. Section 6.4 of the CCCE Joint Exercise of Powers Agreement says, "This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its participation in the CCE Program, as described in Section 6.1." The only other member of CCCE, SLO is taking action to terminate the CCCE Agreement.

Section 6.5 of the CCCE Joint Exercise of Powers Agreement says that, "Upon termination of this Agreement, any surplus money or assets in possession of CCCE for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and

Prepared By: SC/DS

City Manager Review: SC

City Attorney Review: JWP

under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each." CCCE is free of all debts, liabilities, surplus money, and assets. Attachment A is the Resolution and Attachment B is the Agreement to terminate CCCE JPA.

**ATTACHMENTS**

- A. Resolution No. 94-18 Terminating Central Coast Community Energy
- B. Agreement Terminating Central Coast Community Energy



**RESOLUTION NO. 94-18**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
TERMINATING THE CENTRAL COAST COMMUNITY ENERGY  
JOINT POWERS AGREEMENT (JPA) ON BEHALF OF THE CITY OF MORRO BAY;  
APPROVING AN AGREEMENT WITH THE CITY OF SAN LUIS OBISPO TERMINATING THE  
JPA; AND AUTHORIZING THE MAYOR TO SIGN THAT TERMINATION AGREEMENT**

**WHEREAS**, on September 25, 2018 the City Council approved Resolution No. 80-18 approving the Joint Exercise of Power Agreement Relating to and Creating Central Coast Community Energy (CCCE) on behalf of the City of Morro Bay for the purpose of implementing a community choice energy program; and

**WHEREAS**, on October 11, 2018 the California Public Utilities Commission amended the Power Charge Indifference Adjustment, which negatively impacted CCCE's ability to develop a program with the desired financial and environmental benefit; and

**WHEREAS**, Monterey Bay Community Power Authority (MBCPA), a joint powers authority, is an established community choice energy program capable of providing the desired financial and environmental benefits, and

**WHEREAS**, on November 7, 2018, the CCCE Board of Directors unanimously voted to direct staff to staff to return to the member cities with a request to join MBCPA; and

**WHEREAS**, on November 13, 2018, the City Council voted 5-0 to join MBCPA; and

**WHEREAS**, Section 6.4 of the CCCE Joint Exercise of Powers Agreement (JPA) provides, that the CCCE JPA may be terminated by mutual agreement of all the Parties; and

**WHEREAS**, the only other member of CCCE, the City of San Luis Obispo (SLO), intends to take or has taken City Council action to terminate the CCCE JPA;

**WHEREAS**, Section 6.5 of the CCCE JPA says, "Upon termination of this Agreement, any surplus money or assets in possession of CCCE for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each."; and

**WHEREAS**, CCCE is free of all debts, liabilities, surplus money, and assets.

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

**SECTION 1.** The City Council hereby approves the termination of the CCCE JPA, approves an agreement with SLO terminating the CCCE JPA (Termination Agreement\_ and authorizes the Mayor to sign the Termination Agreement with SLO, attached hereto.

**SECTION 2.** This resolution and the termination of the CCCE is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" since this action involves organizational and administrative

activities of government that will not result in direct or indirect physical changes in the environment. (14 Cal. Code Regs. § 15378(b)(5)).

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a special meeting thereof held on the 29<sup>th</sup> day of November 2018 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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JAMIE L. IRONS, Mayor

ATTEST:

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DANA SWANSON, City Clerk

**AN AGREEMENT BETWEEN THE CITY OF SAN LUIS OBISPO AND  
THE CITY OF MORRO BAY TERMINATING THE JOINT EXERCISE  
OF POWERS AGREEMENT ESTABLISHING CENTRAL COAST  
COMMUNITY ENERGY**

This Termination Agreement is made and entered into this \_\_\_\_\_ day of November 2018 by and between the City of San Luis Obispo and the City of Morro Bay (hereinafter collectively referred to as the “Parties”).

**WHEREAS**, the City of San Luis Obispo and the City of Morro Bay entered into a Joint Exercise of Powers Agreement, effective October 5, 2018, establishing Central Coast Community Energy (CCCE); and

**WHEREAS**, on October 11, 2018, the California Public Utilities Commission amended the Power Charge Indifference Adjustment, which negatively impacted CCCE’s ability to develop a program with the desired financial and environmental benefits; and

**WHEREAS**, Monterey Bay Community Power (MBCP), a joint powers authority, is an established community choice energy program capable of providing the desired financial and environmental benefits, and

**WHEREAS**, on November 13, 2018, the City Councils for both San Luis Obispo and Morro Bay voted 5-0 to join MBCP; and

**WHEREAS**, Section 6.4 of the CCCE Joint Exercise of Powers Agreement provides that such Agreement may be terminated by mutual agreement of all the Parties; and

**WHEREAS**, the Parties are the only members of CCCE, and have the authority to terminate the CCCE Joint Exercise of Powers Agreement pursuant to this Agreement; and

**WHEREAS**, CCCE is free of all debts, liabilities, surplus money, and assets and therefore no further actions are required by the Parties when the Joint Exercise of Powers Agreement is hereby terminated.

**NOW, THEREFORE**, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and between the Parties as follows:

**SECTION 1.** Pursuant to Section 6.4 of the Joint Exercise of Powers Agreement Relating to and Creating Central Coast Community Energy, effective October 5, 2018, the Parties hereby terminate such Agreement effective upon the execution of this Termination Agreement by both the City of San Luis Obispo and the City of Morro Bay.

CITY OF SAN LUIS OBISPO

CITY OF MORRO BAY

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Heidi Harmon, Mayor

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Jamie L. Irons, Mayor

ATTEST:

ATTEST:

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Teresa Purrington  
City Clerk

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Dana Swanson  
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

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J. Christine Dietrick  
City Attorney

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Joseph W. Pannone  
City Attorney

# Staff Report

**TO:** Mayor and City Council **DATE:** November 21, 2018

**FROM:** Scott Collins, City Manager  
Jennifer Callaway, Finance Director

**SUBJECT:** Fiscal Year 2018/19 First Quarter Budget Performance and Status Report – three Months Ending September 30, 2018 and Consideration of Proposed Job Reclassifications and Utility Division Reorganization

## **RECOMMENDATION**

Staff recommends the City Council:

- A. Receive FY 2018/19 First Quarter Budget Performance and Status Report and Authorize Budget Adjustments as Recommended in the Attached First Quarter Budget Performance Report;
- B. Adopt Resolution No. 95-18 authorizing staff to proceed with the first-quarter budget adjustments.
- C. Approve Proposed Job Descriptions and Adopt Resolution No. 96-18 amending the FY 2018/19 Salary Schedule

## **BACKGROUND**

The attached first Quarterly Budget Report covers the first three months of Fiscal Year 2018/19, beginning July 1, 2018 and ending September 30, 2018. The report presents analysis related to the key General Fund revenues and expenditures by category as well as an analysis of the City's Tourism Fund and Measure Q fund.

Through financial analysis of activity through September 30, 2018, staff is able to provide an update based on revenue and expenditure trends for the current fiscal year, and advise on potential future revenue and expenditure challenges which may materialize during the fiscal year.

A draft report was presented to the Citizen's Finance Advisory Committee (CFAC) on November 20, 2018. CFAC provided valuable feedback and concurred with the budget adjustments as presented in the first quarter FY 2018/19 Budget Performance and Status Report for the period ending September 30, 2018 (Attachment 1).

## **DISCUSSION**

*FY 2018/19 First Quarter Budget Performance and Status Report*

## Revenues

An analysis of the FY 2018/19 General Fund revenues confirms that the City is tracking well, consistent with prior year's first quarter results at 17% of total budgeted revenues. The City's most economically sensitive revenues are Transient Occupancy Tax (TOT), Sales Tax and Property Tax. First quarter property tax results are not indicative of the year, as property tax is primarily received during the second quarter. While TOT is trending well, the City's sales tax has experienced a decline.

Staff met with the City's Sales Tax consultant, HDL, the week of November 12<sup>th</sup> and learned that reported sales tax is down across the state and county due to a transition in the California Department of Tax and Fee Administration (CDTFA) reporting system. CDTFA implemented a new reporting system that resulted in multiple returns not processed in the current period for the second quarter in a row. Comparisons in sectors like general goods and restaurants-hotels were heavily impacted by the lack of allocations. Local Government cash receipts from April through June dropped 10.1% from the same quarter in the prior year due to the software implementation by CDTFA. The declines are further exaggerated by State's attempt to offset the resulting shortages by advancing tax revenues that it estimates will be generated next quarter. When adjusted for the aberrations, HDL estimates sales tax across the state will be 1.6% higher than the comparable year prior. Net of aberrations, taxable sales for all of San Luis Obispo County declined 3.8% over the comparable time period while the Central Coast region was down 1.3%. Morro Bay is expected to be down 1.9% over the comparable time period. The City's voter approved half-cent transaction tax (Measure Q) is also down approximately 13% over last year as the reporting software change heavily impacted the Measure Q tax as well.

Given the reporting inaccuracies first quarter receipts are not reliable comparisons so staff will continue to monitor this revenue source closely into the second and third quarters. There is some indication that the decline in sales tax may be the initial start of an economic slow-down so staff will remain cognizant of this and report back to Council in February 2019 with a status update.

The City's Charges for Services are also trending very well at 40% of budgeted totals. This is well above first quarter receipts in the prior fiscal years due to several factors. In FY 2018/19 the City added an Information Technology Fee to the fee schedule to help recover the cost of the City's CityWorks and CitySourced databases, ArcGIS Services and GIS Maintenance. In addition, the City's cannabis application permits are included in this revenue category, which will have direct offsetting costs related to reviewing the applications. In addition, development in the City is strong with plan check fees (\$150,000), Building Permits (\$60,000), and Design Review fees (\$23,000) all coming in well ahead of budgeted amounts. Permit reviews have offsetting expenditures, however, as a revenue source they are indicative of the strong development within the city. Only minor revenue adjustments are proposed at this time to account for rental property due to a tenant relocation.

## Expenditures

Staff also reviewed General Fund first quarter expenditure budget results for all City Departments and found overall expenditures are trending at about 26% of budgeted totals. While this is slightly higher than the expected 25%, the results are slightly skewed since the City made a large, lump sum payment in July to prepay the City's Unfunded Accrued Liability (UAL) for CalPERS. In previous years, the City paid the UAL on a monthly basis. With the lumpsum prepayment being made in July 2018, the City saved approximately \$50,000, of which \$35,000 was savings for the City's General Fund. When removing the lump sum payment, General Fund expenditures are trending at 22% of

budget, well within the anticipated 25% threshold.

Overall, the City's general operating expenditures (contract services, supplies and materials) are trending well at 15.25% of budgeted expenditures. While initially a good indicator of annual expenditures, staff will continue to monitor those expenditures throughout the next quarter.

Lastly, a first quarter analysis of both the Morro Bay Tourism Business Improvement District (TBID) and Measure Q funds is provided. Both the TBID and Measure Q are trending well and consistent with prior years. Staff will continue to monitor both funds with particular attention on the Measure Q fund to ensure that transaction tax receipts remain consistent with budgeted revenues.

### *City-Wide Reorganizations and Reclassifications*

#### Job Classifications

It is appropriate for an organization to regularly evaluate its Classification Plan to ensure job classifications (or job descriptions) appropriately reflect the actual duties performed by City personnel. Section 5 of the City's Personnel Rules & Regulations provides guidance for preparation and review of the Classification Plan, as well as a process for maintaining the plan to ensure all positions substantially similar with respect to duties, responsibilities, authority and character of work are included within the same class, and that similar schedules of compensation apply to all positions in the same class. Over the past several months, staff used the following criteria to evaluate full-time equivalent positions to determine whether existing employees are working outside the parameters of their existing job description ("out of class"):

1. *After careful review of the current job description, is the employee performing duties outside of that classification requiring a higher skillset or added responsibility, or doing work considered confidential, managerial, or executive in nature, not in line with the current job description?*
2. *What percentage of time is spent performing duties outside of that classification?*
3. *Are the duties necessary to provide essential services?*  
*IF YES, are they temporary, sporadic, or enduring? Is there capacity within the department to take on those additional duties?*  
*OR Is there capacity within another department to take on those additional duties?*  
*OR is there a cost-effective way to outsource those duties?*
4. *What is the employee's competency level at both current assigned duties and additional duties?*
5. *Does the employee supervise, or effectively supervise, other employees? If so, is that consistent with the current job description?*
6. *Consider equity with other employees performing similar tasks.*

That analysis revealed six positions determined to be working out of class. In part, this occurred as a result of previous reorganizations or staffing changes that led to a set of new duties being absorbed into the remaining positions. In addition, staff has an increased focus on staying current with new laws, guidelines, and policy requirements, causing some of the existing duties to become more complex, and thus requiring additional skills sets to complete them.

Staff is presenting revised job descriptions for Council review and approval:

1. Recreation Coordinator
2. Engineering Tech III / Assistant Engineer / Associate Engineer

3. Executive Assistant / Deputy City Clerk
4. Human Resources Analyst I/II
5. City Clerk / Human Resources Manager
6. Fire Department Administrative Technician

To the extent salary adjustments have been recommended, thoughtful consideration has been given to the City's current and anticipated financial situation, and the importance of these key positions to maintaining essential services to our residents and customers. Budget impacts for each area are provided below. Includes as Attachment 3 is Resolution No. 96-18 amending the FY 2018/19 Salary Schedule to reflect the proposed changes discussed below. Positions that have a proposed adjusted salary band, and/or proposed new job description and/or new positions with a proposed salary band are highlighted in red and asterisked. Proposed positions to be eliminated are illustrated with a strikethrough.

### ***Recreation Services***

In 2016, the Recreation & Parks Department became Recreation Services Division, and since that time has gone through a number of staffing transitions. In evaluating the necessary level of staffing to oversee and effectively coordinate the City's recreation and child care programs, Recreation Services Manager, Kirk Carmichael, proposes the following changes:

- Angelica Gallardo oversees the Kids Club before and after-school childcare program, and Kids Camp summer programs. In this role, she supervises 20-25 part-time and seasonal employees, ensures compliance with all State of California licensing regulations for school-age child care sites, designs and implements curriculum and program enhancements for the ongoing development of youth programs, coordinates special events relating to child care and other recreational activities, and provides the public with ongoing community activities promoting healthy lifestyle. Ms. Gallardo worked part-time for the City beginning in 2003 and was hired full-time as an Office Assistant IV in July 2016, a classification that does not accurately reflect the level of responsibility and supervision necessary to perform her core tasks.

When the Recreation & Parks Department became Recreation Services Division, the new classification of Recreation Services Coordinator was established, and Kirk Carmichael was hired to fill that position as the manager of that Division. During the compensation study conducted in 2016, it became apparent the "Coordinator" title fell below the "Supervisor" title, as found in most agencies, not above. Mr. Carmichael was re-classified as Recreation Services Manager in July 2017 and we believe this is an opportune time to align the classifications in a more logical way: Manager > Supervisor > Coordinator > part-time support staff. Following analysis of comparable positions both within the City and other local agencies, staff recommends Ms. Gallardo be reclassified to a Recreation Coordinator as defined in the attached revised job description at an annual salary range of \$48,609 - \$59,084, bringing the City within 5% of the County average for similar positions (excluding the highest and lowest salaries).

- Recreation Services has the need of a strong administrative assistant to prepare agendas and minutes for Recreation & Parks Commission, process facilities & parks reservations, film and special event permits, as well as assist with the budget preparation and other financial and personnel processes. Since the departure of the last full-time Administrative Technician in



2012, a combination of part-time and full-time office assistants have provided these services. However, transitions in part-time personnel and inconsistent work schedules have made it difficult to provide top-quality service to our residents and customers. In order to provide consistent high-quality service, staff recommends one full-time Administrative Technician could more effectively manage the workload than the current combination of full-time/part-time staff. With the recent resignation of a current full-time staff member, staff is conducting an internal recruitment to fill that position.

The budget impact of the proposed changes in Recreation Services is \$2,885.82.

### ***Public Works Department – Engineering***

The City has experienced long-term vacancies in Engineering, attributed primarily to the inability for public agencies to compete with salary and benefits offered by private companies. While this struggle is not unique to Morro Bay, a comparison of job requirements and salary ranges of other local agencies indicates Morro Bay is well below average. The 2016 Compensation Study conducted by Koff & Associates reported the City's salary range for an Associate Civil Engineer was 25.2% below the median compared to other San Luis Obispo County cities.

While that study was not fully vetted nor relied upon for recommended salary adjustments, recruiting and retention challenges resulted in further analysis of the City's job requirements for the Engineering band. During negotiations of the 2017-2020 Memorandum of Understanding with the Service Employees International Union (SEIU) Local 620, the parties agreed to retain the option to re-open discussion of salary equity adjustments for various positions, including the Associate Civil Engineer. An internal assessment of comparable positions within SLO County, show Morro Bay 12 – 20% below the average. With the two highest paid agencies (SLO County and Pismo Beach) excluded, the City was still 4-12% below the average.

Additionally, through this assessment, it was determined the City's job requirements are more stringent, creating additional recruiting and retention issues for experienced personnel. Efficient processing of important Public Works projects requires trained and reliable staff to help manage long-term projects. For these reasons, staff recommends minor changes to the job descriptions for all positions in this class, and salary adjustments to create an approximate 15% between positions within that class and bring Morro Bay within ~5% of the County median (excluding SLO County & Pismo Beach). While all represented engineering job classifications are shown, the approved FY 2018/19 budget includes only two engineers at the Assistant level. Either of the two Assistant Engineers could achieve the experience and Professional Registration to be promoted to a higher classification; however, that is not anticipated to occur until at least mid-year FY 2019/20.

Classification	Current Minimum Salary	Current Maximum Salary	Proposed Minimum Salary	Proposed Maximum Salary
Engineering Tech III	\$53,858	\$65,465	\$55,057	\$66,922
Assistant Civil Engineer / Engineering Tech IV	\$57,613	\$70,029	\$64,476	\$78,371
Associate Civil Engineer	\$64,476	\$78,371	\$74,146	\$90,125
Senior Civil Engineer	\$76,992	\$93,584	\$84,693	\$102,945

The budget impact for the proposed changes in Public Works is \$12,930.

### ***City Clerk and Human Resources Divisions***

In December 2016, the functions of Administrative Services Division (which was directed by the Administrative Services Director) were divided; Finance became a standalone department, Information Technology was assigned to the Deputy City Manager, and the responsibility for Human Resources was reassigned to the City Clerk's office. Following the elimination of the Deputy City Manager position, IT was shifted to the Finance Department.

The Clerk's Office now consists of the City Clerk/Risk Manager, Legal Assistant/Deputy City Clerk, and Human Resource Analyst positions. Since this transition, the Clerk's office has updated several important policies, including the City's Record Retention Policy; Personnel Rules & Regulations; Policy Prohibiting Harassment, Discrimination and Retaliation; Drug-Free Workplace Policy; and Employer-Employee Relations. The City has also successfully negotiated multi-year MOU's with each of the bargaining units, with the Clerk's Office playing a pivotal role in those negotiations. This organizational change conducted in 2016 resulted in a notable increase in duties for the Clerk's Office, and therefore, staff recommends the Council consider the following new job descriptions and minor salary adjustments to more appropriately reflect current responsibilities.

- The existing Legal Assistant/Deputy City Clerk classification is appropriate for an agency with an in-house City Attorney where this person's primary responsibility is to provide administrative support to the City Attorney's office and occasionally fill in for the City Clerk in the fulfillment of his/her duties. With a contract City Attorney and the realignment of duties for the City Clerk, the Legal Assistant/Deputy Clerk now takes primary responsibility for reviewing and assembling City Council and Advisory Body agenda packets, provides executive administrative support to the City Council and City Manager, plays a key role in contract compliance review, assists with the administration of elections and filing duties as required by the Fair Political Practices Commission, and maintaining the City's records and legislative history. It is deemed the current required duties being performed by the Deputy City Clerk exceed the technical skills, experience and knowledge of the existing job description and based on both internal and external salary comparisons of positions with similar responsibilities, staff is presenting for Council approval a new job classification of Executive Assistant / Deputy City Clerk, which will remain in the Confidential unit with a proposed salary range of \$57,613 - \$70,029.
- Many City job classifications include a series of positions, from entry-level to advanced, to grow and retain talent within the organization. This is evidenced in the Account Clerk, Office Assistant, Support Services, Planner, Utility Operators, Consolidated Maintenance and Engineering classifications. This concept provides the ability to recruit for skills and talent at an appropriate level based on current organizational needs, choosing to fill entry-level positions when appropriate, while also providing the flexibility to appropriately compensate an employee with more experience and responsibilities. Staff recommends the existing Human Resources Analyst classification be expanded to a I/II series to provide flexibility of hiring either an entry-level person with basic knowledge and some experience but works closely with their supervisor to research and make recommendations; while an experienced level Human Resources Analyst has the knowledge and experience to perform a variety of

assignments with little supervision. The proposed salary band for a Human Resources Analyst I is lower than current at \$53,618 - \$65,173, and the band for a Human Resources Analyst II is slightly higher than existing at \$64,476 - \$78,371. A proposed job description for this series is provided for Council approval.

- Staff recommends the City Clerk/Risk Manager be reclassified as City Clerk/Human Resources Manager as described in the attached job description. The City Clerk will retain all Risk Management duties, but it is felt the new title more accurately reflects the primary job responsibilities. This combination of duties is unusual and therefore an accurate salary comparison is difficult. Excluding the highest and lowest salaries, countywide Human Resources Managers/Directors for public agencies earn an average of \$126,193, while City Clerks earn an average of \$103,691, a difference of approximately 22%. Staff is recommending a salary band 5% below the average Human Resources with a range of \$97,648 - \$119,885. The City Clerk has been receiving Acting Pay for the additional Human Resources responsibilities since April 7, 2018. CalPERS has placed a 6-month limit on the duration of acting pay, so consideration of a permanent adjustment is needed at this time. This change was accounted for in the FY 2018/19 budget so there is no new fiscal impact associated with this action.

The budget impact of the proposed changes in the City Clerk and Human Resources Divisions is \$9,464.40.

### ***Fire Department***

- Fire Department administrative support is provided by a  $\frac{3}{4}$  FTE Administrative Technician. This classification is generic and has been used appropriately for positions in Public Works, Harbor Department and Recreation Services. The Fire Department Administrative Technician has a unique set of duties which are reflected in the attached proposed job description. Comparison with local agencies did not provide sufficient data to propose salary adjustments, therefore none are recommended at this time. Staff will continue its research to ensure the salary band is appropriate based on comparative job duties both inside and outside the organization.

### **Utility Division Staff Reorganization**

In preparing for the operation of an advanced potable water reuse facility (Water Reclamation Facility / WRF) and aligning City utility staffing better suited for a small water and sewer division and community, a staff reorganization is necessary.

Building on the cross training of the wastewater and collections sections that began in late 2016, the new structure will include all utility operators (water distribution and treatment) as a one water operations team allowing operators the opportunity to work in multiple disciplines thus increasing staffing flexibility and efficiencies. This allows for an overall reduced staff size while maintaining all operational requirements and adequate coverage for emergencies and routine staff outages. The operations team needed to run the new WRF) will require the skill sets and certifications from both the wastewater and water disciplines.

Three new job description are proposed: Utility Operator, Utility Operator MC (Multiple Certification), and Lead Utility Operator, which will replace the previous twenty job descriptions (listed below). The change in job titles and duties will increase flexibility and align City operations staff into one cohesive team with mutual goals and responsibilities.

The following twenty job descriptions will be eliminated; Wastewater Systems Operator In-Training, Wastewater Systems Operator I, Wastewater Systems Operator II, Wastewater Systems Operator III, Wastewater Systems Leadworker, Wastewater Treatment Plant Operator In-Training, Wastewater Treatment Plant Operator I, Wastewater Treatment Plant Operator II, Wastewater Treatment Plant Operator II/Lab Analyst, Wastewater Treatment Plant Leadworker, Wastewater Treatment Plant Supervisor, Wastewater Collection System Operator I, Wastewater Collection System Operator II, Wastewater Collection System Operator III, Wastewater Collection System Leadworker, Wastewater Collection System Supervisor, Water System Operator I, Water System Operator II, Water System Operator III, and Water System Supervisor.

The three new positions include performance-based assessments for pay step advancements. For an operator to advance to the next step, the employee will need to obtain clearly defined skills and required State and organizational certifications. This method of evaluation and advancement is common in the private sector and is gaining popularity within many public agencies to ensure their most tenured staff have the needed skills and certifications to perform their duties at a high level. A task, skill and certification structure of advancement is what the City of San Luis Obispo and many other cities and public utilities use.

### ***Fiscal Impact***

The proposed reorganization aligns with the overall goals of the new WRF and increased efficiencies achieved with the plant as well as achieves overall personal cost savings while affording existing increased growth potential. As illustrated in the charts below, the reorganization results in net budget savings for the Utility Division ranging from \$53,000 to \$100,000 depending on staff's placement within the salary bands. There is no proposed budget adjustment at this time to capture salary savings as the savings will result in year-end reduced expenditures across the utilities funds which include water, sewer and the wastewater treatment plant.

Current FY18/19 Labor Pay and Benefits Budget	Annual Labor Pay and Benefits under proposed structure
\$1,794,108	\$1,697,696
Difference	\$(96,412)

Annual Max Labor Pay and Benefits under current structure (Top Step all Staff)	Annual Max Labor Pay and Benefits under proposed structure (Top Step all Staff)
\$1,892,846	\$1,839,659
Difference	\$(53,187)

The fiscal impacts are estimated based on the following assumptions:

- Current structure is budgeted and compared using 17 FTE's. Proposed structure is calculated and compared using 15 FTE's.

- The reduction in two FTE's was planned for in the 2016 reorganization which combined the Wastewater Treatment Operators with the Collection System Operators. The planned reduction in staffing was to occur 2017 - 2019 timeframe.
- The Utilities Division is currently staffed with 14 of the proposed 15 FTE positions with one current vacancy.

Staff met and conferred with current Utility Division employees and their SEIU representatives over a period of several months to discuss the proposed restructuring and new job classifications. Through that process, staff accepted input, made revisions, and provided opportunities for each employee to discuss how the proposed changes would affect their career path. The impacted employees voted in support of the proposed restructuring presented for Council approval. Upon approval, those existing employees will be transitioned to the appropriate positions within the new classification and the existing 20 classifications listed above will be abolished.

### *Recommended Budget Adjustments*

Below is a summary of new and significant budget adjustments that have not previously been brought before the City Council for consideration. A comprehensive listing of all recommended budget adjustments can be found on pages 19-23 of Attachment 1.

#### **General Fund:**

**Salary and Benefits** – A budget adjustment of \$87,363 is recommended to support the following:

- City Manager's new contract;
- Reallocation of administrative support time to the Public Works Department from the Waste Water Treatment Plant;
- Reclassifications previously discussed in this report.

**Contract Services** – An expenditure reduction of \$48,000 is recommended due to savings from the City Fee Study contract and animal services contract. The recommended budget adjustment of \$48,000 includes the additional \$12,000 expenditure for Community Choice Energy that was previously approved by the City Council.

#### **Capital Projects and Other Funds:**

The following are proposed capital project budget adjustments and Other Funds adjustments:

**North Point Nature Area Parking Lot Improvements - Phase 1; North Point Maintenance Assessment District (Public Works Project No. MB2018-CM02)** – Phase 1 entails securing a professional surveying consultant to deliver site topography to the Public Works Department for the in-house design of site improvements which will include, but is not limited to, additional parking lot lighting, a 4 foot high retaining wall around the existing parking lot, and miscellaneous signage modifications. Sufficient funds currently exist in the assessment district reserves and estimated cost is \$3,003.

**Cloisters Landscaping Improvements - Phase 1; Cloisters Park Maintenance Assessment District (Public Works Project No. MB2018-CM05)** – Phase 1 entails securing a consultant to study and evaluate the existing landscaping and to initially prepare a draft report / plan that will be presented in a public meeting to address public comments and input. These comments will be used to prepare

the final report / plan which will be used for the subsequent Phase 2 design-build contract. Sufficient funds currently exist in the assessment district reserves and estimated cost is \$30,000.

**Cloisters Landscaping Improvements – Shade Structure Installation:** Installation of a shade structure to provide shade for uV protection for three picnic tables in the cloisters park. The estimated cost for a pole supported fabric structure is \$25/square foot, the area to be shaded is approximately 800 square feet. Sufficient funds currently exist in the assessment district reserves and estimated costs is \$25,000.

**Bocce Ball Court and Recreational Improvements for 955 Shasta Ave. – Phase 1; (Public Works Project No. MB2018-CM01) –** Phase 1 entails securing a professional surveying consultant to deliver site topography to the Public Works Department for the in-house design of site improvements which will include, but is not limited to, two bocce ball courts, one portable greenhouse and associated pathways. This item is included to provide an update to council as the FY 2018/2019 budget approved \$32,000 for the development and construction of this project. Therefore, no budget adjustment for this item is recommended at this time.

**Purchase of a new Trolley –** A small budget adjustment of \$2,300 is recommended due to cost of the trolley exceeding budget estimates of \$193,000. This additional cost will be funded with existing fund balance within the Trolley fund.

**Installation of Artificial Turf at Centennial Park –** Staff is recommending a budget adjustment of \$12,769 out of the Parks In-Lieu fund to install artificial turf at Centennial Park. This was identified as a project in the FY 2018/19 adopted budget to be funded from the Facilities Maintenance fund. However, staff is now recommending to adjust the funding source to the Parks In-Lieu fund as this would be a qualifying use of those funds.

**Mold Remediation at the Community Center –** Staff is recommending budget appropriation of \$7,500 from the Facilities Maintenance Fund for mold remediation at the Community Center. This was not included in the FY 2018/19 adopted budget but is necessary to complete for health and safety. There is adequate fund balance to support this expenditure.

**Refinishing of the Auditorium Wood Floors at the Community Center –** Staff is recommending budget appropriation of \$4,000 from the Facilities Maintenance Fund to refinish the wood floors in the auditorium at the Community Center. Use of the auditorium and relocation of the stage during various usage has caused significant wear and tear of the floors. This was not included in the FY 2018/19 adopted budget but is necessary to complete for health and safety. There is adequate fund balance to support this expenditure.

## **CONCLUSION**

The available first quarter preliminary data is positive and initially indicates a strong year for the City. Staff will continue to closely monitor the Sales Tax receipts, both to ensure prior period true-ups and adjustments are accurate and as an indicator of the economy as a whole. Remaining cognizant of impending CalPERS increases, staff will continue to examine revenue and expenditure activity and work to identify opportunities to enhance revenue to support current and future operating needs.

## **ATTACHMENTS**

1. First Quarter FY 2018/19 Budget Performance and Status Report for period ending September 30, 2018.
2. Resolution No. 95-18 Approving Amendments to the City's Fiscal Year 2018/19 Budget to Authorize Various Additional Revenues and Expenditures.
3. Proposed Job Descriptions.
4. Resolution No. 96-18 Amending the FY 2018/19 Salary Schedule.

## INTRODUCTION

### Purpose

This is the first quarterly budget report for the Fiscal Year 2018/19, for the three-month period ending September 30, 2018. The purpose of this quarterly public reporting is twofold. First, it ensures that the City is consistently monitoring its revenues and expenditures so that it can proactively respond to unanticipated changes or emerging trends. Second, and equally important, these reports increase the transparency of City finances. The City is ultimately accountable to its residents to use the revenue it brings in efficiently and effectively to provide the highest quality services, and quarterly public reporting provides taxpayers with the information they need to hold the City to this standard.

### Content

This quarterly report presents an overview of the City's operating revenues and expenditures from the General Fund for the quarter ending September 30, 2018, as compared to previous years, and explains any notable aberrations or trends in these numbers.

This report focuses on General Fund operating revenues and expenditures, as these represent the funds used to provide essential City services.

### Timeframe and Limitations

The information in this report is the most accurate and up-to-date information available at the time of publication. However, this report is not an audited financial statement, and the numbers provided herein are preliminary and subject to change as the year progresses. No data on revenues and expenditures are final until the City has completed its annual comprehensive audit, which is released in the winter of each year for the prior fiscal year.

*With respect to revenues:* The City monitors and adjusts its year-end revenue projections based on revenue performance and other developments that

may affect City revenues in order to develop a more accurate picture of the City's anticipated year-end financial position.

*With respect to expenditures:* The expenditure information in this report is extracted directly from the City's financial management system, and adjustments are made to account for certain known payments, reimbursements, or transfers between City departments and funds that have not yet been processed in the system at the time of publication. It represents a snapshot of City expenditures at a certain point in time

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## EXECUTIVE SUMMARY

### Status of FY 2018/19 Adopted Budget

Overall, first quarter revenue trends are steady when compared to the first quarter of Fiscal Year 2017/18, at about 17% of budgeted levels. Of the City's most economically-sensitive revenues - sales tax is about 9% lower than those receipts in the 1<sup>st</sup> quarter of the prior year while Transient Occupancy Tax (TOT) is consistent with prior year's first quarter results. Fines and Forfeitures, Charges for Service, and Licenses and Permits categories are trending higher than the prior year.

Overall, General Fund expenditures for the first quarter are trending higher than prior years due to large one-time expenditures made during the beginning of the year. Supplies, Materials and Services expenditures at about 15% of budget, consistent with prior years. Overall salary and benefits are trending high but primarily due to the large upfront CalPERS Unfunded Accrued Liability (UAL) payment made in July. The UAL payment is a one-time payment made in July which totaled \$869,087 and resulted in a savings to the City's General Fund of approximately \$35,000. With only three months of data available, however, it is difficult to predict revenues and expenditures for the remainder of the year. In light of this, staff continues to be cautiously optimistic while monitoring fiscal developments very closely.

### U.S. Economic Outlook

The Congressional Budget Office (CBO) estimates that between 2018 and 2028, actual and potential real output alike are projected to expand at an average annual rate of 1.9 percent. In 2018, real Gross Domestic Product (GDP) is projected to grow by 3.1 percent, about 0.6 percentage points faster than the pace of its growth in 2017. The pickup in growth is largely the result of increases in government spending, reductions in taxes, and faster growth in private investment.

The Federal Reserve has been gradually reducing its support for economic growth and this process is likely to continue through 2020, in the CBO's view. The CBO expects the Federal Reserve to continue to raise the federal funds interest rate from 1.6 percent in the first half of 2018 to 2.8 percent in 2019 before reaching 3.4 percent, where it remains from 2020 to 2022. Similarly, in the CBO's forecast, by the end of 2021, the interest rate on 3-month Treasury bills rises to 3.2 percent and the rate on 10-year Treasury notes rises to 4.0 percent.

### State Budget Update

The 2017 Budget Act continues to bolster the State's Rainy-Day fund and pay down accumulated debts and liabilities, to counter the potential fiscal impact of federal policy changes on California and the potential end of an economic expansion that has surpassed historical averages. While maintaining fiscal prudence, the Budget focuses state spending on the Governor's key priorities – investing in education, counteracting the effects of poverty, and improving the state's streets, roads and transportation infrastructure.

The budget uses dedicated proceeds from Proposition 2 to pay down nearly \$1.8 billion in past budgetary borrowing and state employee pension liabilities. In addition, the budget reflects a \$6 billion supplemental payment to CalPERS through a loan from the Surplus Money Investment Fund that will reduce the state's unfunded liabilities, stabilize state contribution rates, and save \$11 billion over the next two decades.

The budget implements the Road Repair and Accountability Act of 2017 (SB 1), which returns the gas tax's purchasing power to 1994 levels, and provides \$54 billion in new funding over the next decade, split evenly between state and local funding.

## GENERAL FUND – KEY REVENUE ANALYSIS

The following discussion provides a status of significant General Fund revenue sources as of the first quarter, ending September 30, 2018.

Staff monitors each revenue source closely and may recommend certain revenue adjustments based on revenue actuals or state budget actions.

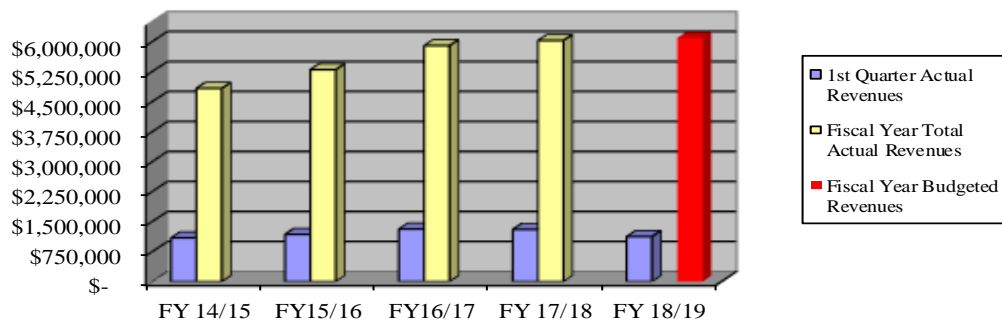
### Other Taxes

Other taxes include sales and use tax, Prop 172 public safety sales tax, property transfer tax, transient occupancy tax (TOT), and Franchise Fees. As a category, other taxes represent 44% of the Cities total General Fund revenues, inclusive of transfers in, with transient occupancy tax being the second largest revenue source for the City. For purposes of the quarterly review, an analysis of Other Taxes as a grouping, as well as individual analysis of Sales and Use Tax, TOT and Franchise Fees will be discussed.

**Analysis** – First quarter receipts are trending slightly lower than those in the same period in the past fiscal year, primarily due to lower than expected sales tax receipts due to a reporting issue with the State. Given the anomaly with the reporting system, staff anticipates a true to occur during the second quarter of the year and therefore no budget adjustment is recommended at this time. A detailed analysis of sales tax, TOT and Franchise fees is following.

## OTHER TAXES

**Quarterly and Annual Revenues  
5-Year History**



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	\$ 1,091,081	\$ 1,179,798	\$ 1,311,780	\$ 1,303,092	\$ 1,124,612
Fiscal Year Total Actual Revenues	\$ 4,828,679	\$ 5,297,172	\$ 5,896,997	\$ 6,025,040	
Fiscal Year Budgeted Revenues					\$ 6,091,317
1st Quarter Percent of Total	22.60%	22.27%	22.24%	21.63%	18.46%
<b>Recommended Budget Revision</b>					<b>No Change</b>

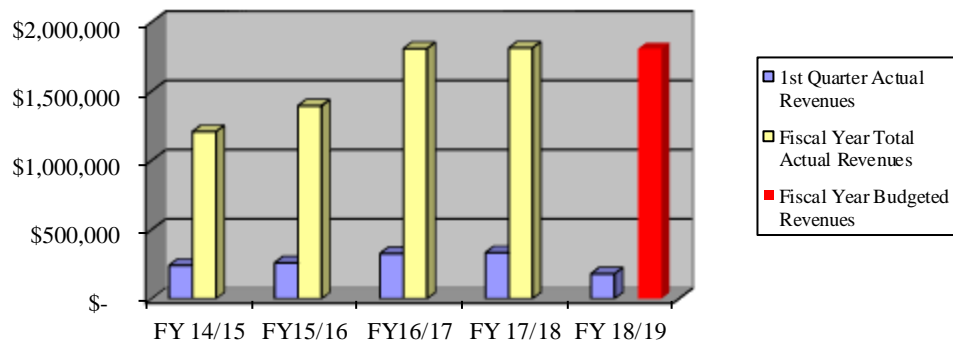
## Sales Tax

Sales tax generates approximately 14% of revenues, the third largest revenue source for the City's General Fund in FY 2018/19. The City's General Fund receives 1 cents for every 7.5 cents of sales tax paid per dollar on retail sales and taxable services transacted within Morro Bay. Previously, the State Board of Equalization retained 25% of the City's 1-cent share, referred to as the "Triple Flip," requiring the San Luis Obispo County Auditor to replace it with an equal amount of property tax revenue. Revenues are remitted from the State to the City on a monthly basis, and from the County to the City on a biannual basis. These revenues are placed in the General Fund for unrestricted uses. The "triple flip" period ended in FY 2015/16, and is no longer impacting sales tax receipts.

**Analysis** – As a revenue category, first quarter receipts are trending well below those in the same period in the past fiscal year. The lower than expected receipts are due to the California Department of Tax and Fee Administration's (CDTFA) transition to a new reporting system which resulted in multiple returns not processed in the current period for the second period in a row. A true-up and reconciliation is expected to occur during the second quarter, so no budget adjustment is recommended at this time. Staff will continue to monitor sales tax receipts and meet with the City's sales tax consultant's HDL to analyze trends, however there is cause to believe that sales tax overall is down approximately 2% within the City and 3.8% in the County as a whole. Any budget recommendations for adjustments will be brought forth with the mid-year update.

## Sales Tax

**Quarterly and Annual Revenues  
5-Year History**



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	\$ 240,848	\$ 259,457	\$ 326,803	\$ 333,152	\$ 180,016
Fiscal Year Total Actual Revenues	\$ 1,207,332	\$ 1,394,145	\$ 1,807,642	\$ 1,811,884	
Fiscal Year Budgeted Revenues					\$ 1,806,000
1st Quarter Percent of Total	19.95%	18.61%	18.08%	18.39%	9.97%

**Recommended Budget Revision**

**No Change**

## TOT Tax

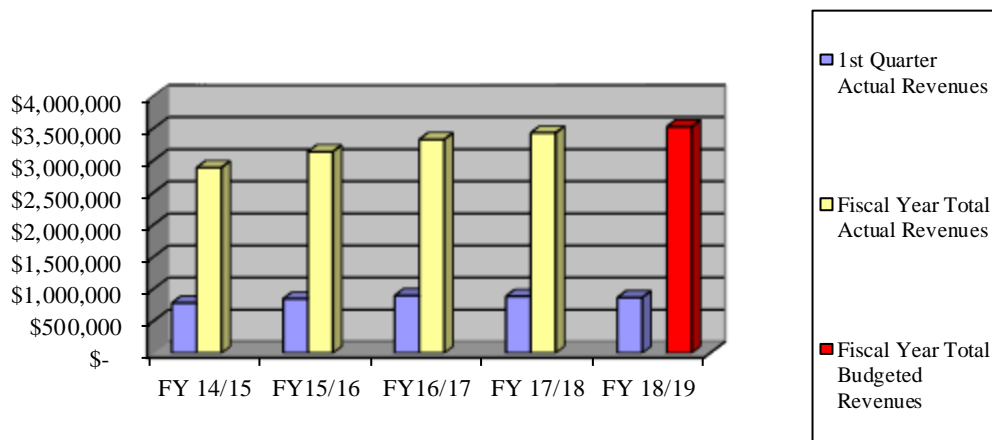
Transient Occupancy Tax (TOT) accounts for 25% of the City's general fund revenues for FY 2018/19. As a highly economically-sensitive revenue source, the City closely monitors this funding source for any indication that the tourism market is slowing down.

The City levies a 10% transient occupancy tax (TOT) on all hotel, motel, vacation rentals and RV parks within the municipal limits of Morro Bay. This tax helps to fund City services provided to transitory visitors to Morro Bay. In addition, the City collects additional revenues for the Tourism Business Improvement District (TBID) in the amount of 3% on all hotels, motels, inns, etc., which funds the Tourism program within the City and a 1 percent tax on all hotels, motels, vacation rentals and RV parks which is the share for the County Tourism program.

**Analysis** – Visit California, formerly the California Travel and Tourism Commission, reports that the total number of visitors to California grew 2.1% in 2017, following a 1.9% expansion in 2016. Total international visits to California will decline by 0.9% in 2017 before picking up to just above 2.5% in 2018 and increasing each year through 2021 (Source: California Office of Tourism). First quarter TOT revenues are trending in line with prior year first quarter results, when viewed as a percentage of budget. When late payments are accounted for, TOT is trending higher than in previous years, a reflection of a strong summer travel season. At this time, staff is not recommending a budget adjustment, but will continue to monitor this funding source closely to assess the need for future budget adjustments.

## Transient Occupancy Tax

### Quarterly and Annual Revenues 5-Year History



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	\$ 779,178	\$ 843,923	\$ 895,546	\$ 885,172	\$ 864,974
Fiscal Year Total Actual Revenues	\$ 2,888,638	\$ 3,136,366	\$ 3,327,073	\$ 3,429,186	
Fiscal Year Total Budgeted Revenues					\$ 3,524,835
1st Quarter Percent of Total	26.97%	26.91%	26.92%	25.81%	24.54%

**Recommended Budget Revision**

**No Change**

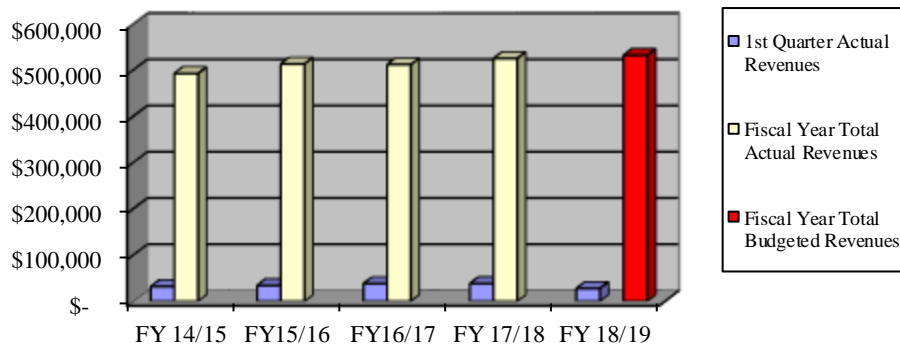
## Franchise Fees

Franchise fees are collected by the City for the privilege of operating a utility service within Morro Bay, and as a fee in lieu of a business tax. Franchise fees are currently received for electricity, garbage, cable TV and natural gas. Franchise fees represent 4.0% of budgeted General Fund revenues in FY 2018-19.

**Analysis** – Historically, franchise payments are not remitted equally throughout the fiscal year; therefore, first quarter receipts are not necessarily predictive. Total franchise fee revenues to date are 5.2% of budgeted total receipts, generally consistent with the prior year's 1<sup>st</sup> quarter results. No budget adjustment is recommended at this time.

## Franchise Fees

**Quarterly and Annual Revenues  
5-Year History**



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	\$ 32,085	\$ 34,093	\$ 38,354	\$ 38,372	\$ 27,752
Fiscal Year Total Actual Revenues	\$ 492,572	\$ 513,081	\$ 511,696	\$ 524,997	
Fiscal Year Total Budgeted Revenues					\$ 531,799
1st Quarter Percent of Total	6.51%	6.64%	7.50%	7.31%	5.22%

**Recommended Budget Revision**

**No Change**

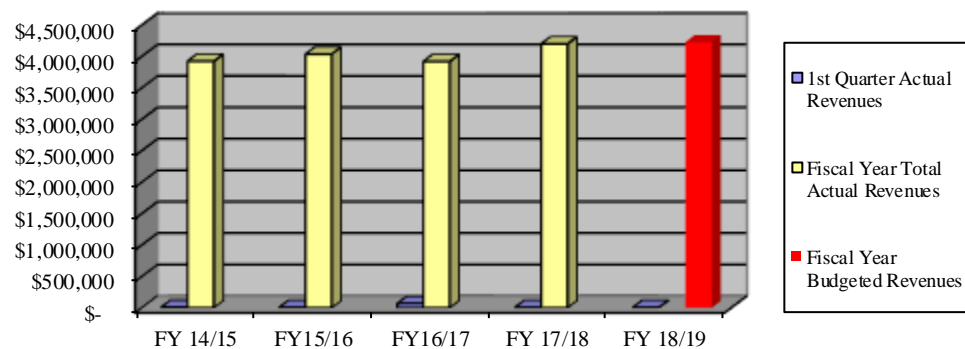
## Property Tax

Property tax, including property tax in-lieu, is the second largest revenue category for the City's General Fund, accounting for 30% of budgeted General Fund revenues in FY 2018/19. Property tax is levied by the San Luis Obispo County Assessor's Office at 1% of a property's assessed value, of which the City receives approximately 13.7 cents per dollar paid on property located within the municipal limits of Morro Bay.

**Analysis** – Property tax distributions are largely received in the third and fourth quarters, however the chart below depicts the 1<sup>st</sup> quarter receipts for the past four years as compared to the current fiscal year. First quarter receipts are trending consistent with prior years. Property tax revenue for FY 2018/19 was budgeted consistent with previous year's actuals projecting relatively flat real estate transactions.

### PROPERTY TAX

**Quarterly and Annual Revenues  
5-Year History**



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	\$ 7,750	\$ 5,718	\$ 66,907	\$ 4,220	\$ 6,025
Fiscal Year Total Actual Revenues	\$ 3,921,347	\$ 4,035,432	\$ 3,917,348	\$ 4,197,259	
Fiscal Year Budgeted Revenues					\$ 4,227,326
1st Quarter Percent of Total	0.20%	0.14%	1.71%	0.10%	0.14%

**Recommended Budget Revision**

**No Change**

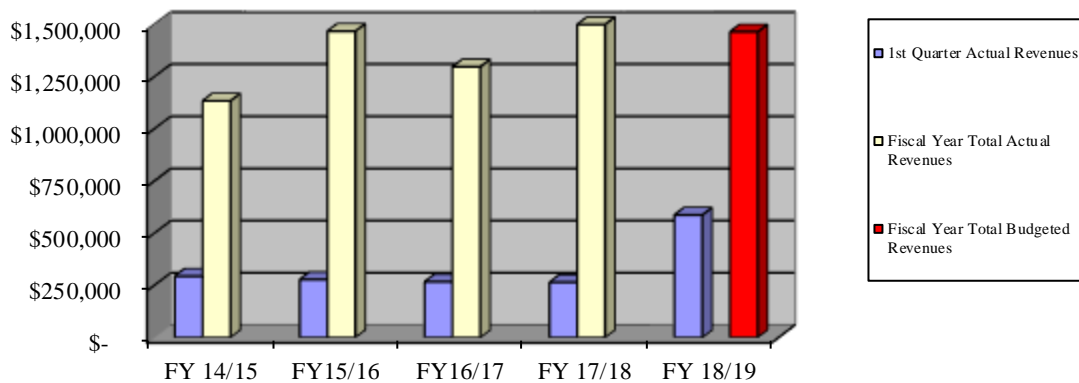
## Charges for Services

City service revenues consist primarily of Plan Check fees, Building Inspection fees and Recreation sports and youth services fees. These fees are assessed based on recovery formulas, which reflect approximate costs of providing these services and, as a total category, account for 10% of the City's General Fund revenues. Community Development and Recreation Services account for most of these fees.

**Analysis** – First quarter receipts are trending quite high when compared to those in the same period in the prior fiscal year. Charges for Services are higher than in prior years due to timing of receipts for plan check fees, the new Information Technology service fee, the Cannabis application fees and permit applications which signify continued development within the city. Staff will continue to monitor this revenue source; however, no budget revisions are recommended at this time.

## Charges for Services

**Quarterly and Annual Revenues  
5-Year History**



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	\$ 294,031	\$ 278,023	\$ 267,467	\$ 264,736	\$ 587,219
Fiscal Year Total Actual Revenues	\$ 1,134,047	\$ 1,468,119	\$ 1,297,352	\$ 1,727,579	
Fiscal Year Total Budgeted Revenues					\$1,464,764
1st Quarter Percent of Total	25.93%	18.94%	20.62%	15.32%	40.09%

<b>Recommended Budget Revision</b>	<b>No Change</b>
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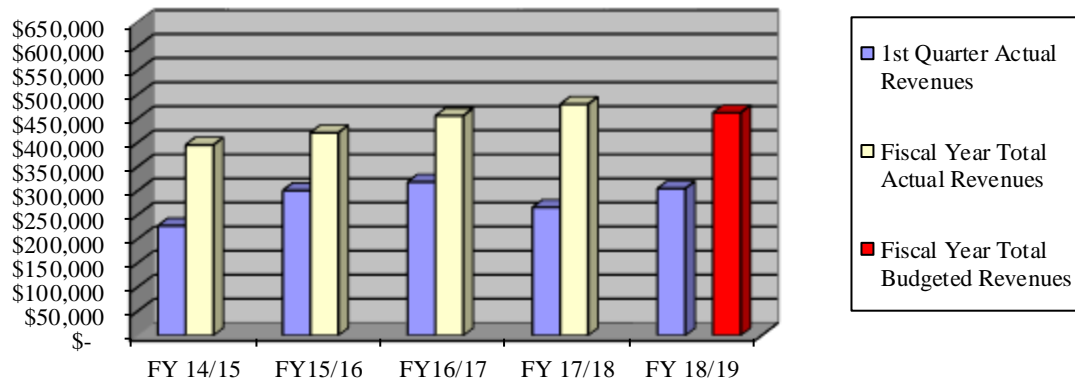
## Licenses and Permits

Licenses and permits consist mainly of business and transient vendor taxes. Conditional use permits, and coastal permits are the other primary revenues sources in this category. The Licenses and Permits category represent approximately 0.6% of total City General Fund revenues for FY 2018/19. As business and transient vendor taxes are the largest subset of this revenue category, an independent analysis of that revenue source follows.

**Analysis** – First quarter licenses and permit revenue as an overall category is trending higher than the first quarter results from the previous fiscal year due to increased revenues from encroachment permits, coastal permits and conditional use permits. Business tax is the largest subset of this category. Staff will continue to monitor this revenue source to assess the need for mid-year budget adjustments; however, no budget revisions are recommended at this time.

## Licenses & Permits

**Quarterly and Annual Revenues  
5-Year History**



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	\$ 227,818	\$ 301,018	\$ 318,860	\$ 266,122	\$ 305,079
Fiscal Year Total Actual Revenues	\$ 395,769	\$ 421,205	\$ 456,319	\$ 480,440	
Fiscal Year Total Budgeted Revenues					\$ 462,859
1st Quarter Percent of Total	57.56%	71.47%	69.88%	55.39%	65.91%

<b>Recommended Budget Revision</b>	<b>No Change</b>
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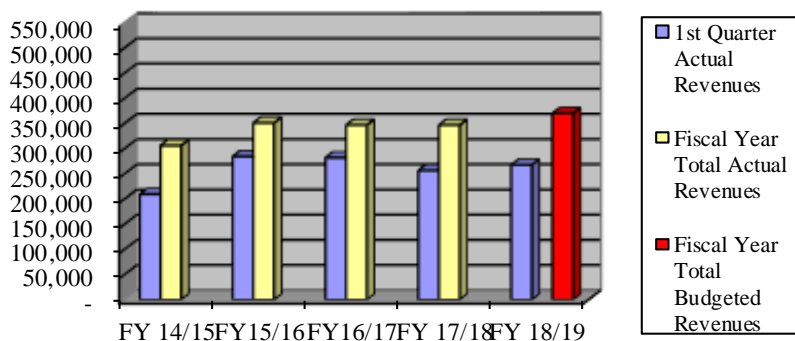
## Business Tax

The City requires all business located within Morro Bay, or those that operate within Morro Bay, to obtain a business tax certificate. Business taxes apply to businesses operating as a general or sub-contractor, as a home occupation, from a commercial or office space rental, or as a business conducting temporary activities within the City limits. The amount of business tax paid by each business is based on the type of business being operated and varies depending on that type. Businesses, with gross receipts under \$4,000 per year for all work conducted within Morro Bay, are exempt from applying for and receiving a business tax certificate. These activities account for approximately 2.6% of annual General Fund operating revenues. Annual renewal payments are due on the anniversary of the license issuance.

**Analysis** – When viewed as a percentage of budget, current year first quarter revenues are trending consistent with those from previous years and therefore no budget adjustment is recommended at this time.

## Business Tax

### Quarterly and Annual Revenues 5-Year History



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	209,590	284,507	281,942	256,600	267,608
Fiscal Year Total Actual Revenues	\$ 305,844	\$ 351,055	\$ 346,704	\$ 346,700	
Fiscal Year Total Budgeted Revenues					\$ 370,000
1st Quarter Percent of Total	68.53%	81.04%	81.32%	74.01%	72.33%
<b>Recommended Budget Revision</b>					<b>No Change</b>

## GENERAL FUND – KEY EXPENDITURE ANALYSIS

The following discussion provides a status of significant General Fund expenditures as of the first quarter ending September 30, 2018. Staff monitors each revenue source closely, and may recommend certain expenditure adjustments based on actuals or state budget actions.

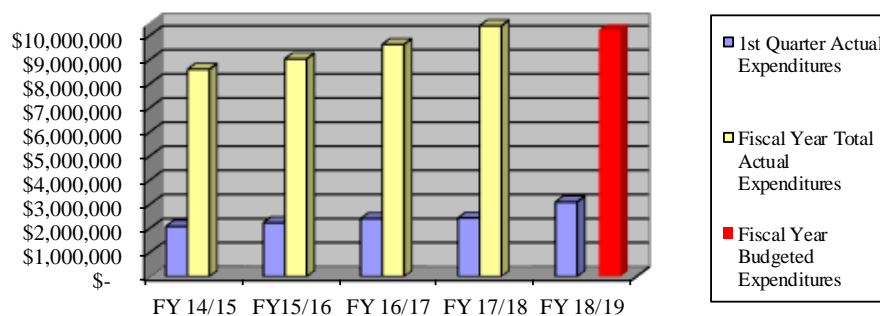
### SALARIES AND BENEFITS

Salaries and benefits include full-time employee salaries, elected official's stipends, temporary/relief employees, overtime, other benefits, pensions and health care. Under typical circumstances, it would be expected that salaries and benefits would be at approximately 25% of total budget at the end of the first quarter.

**Analysis** – First quarter results are trending higher than those in the same period in prior years, at approximately 30.2% of budgeted totals. This is due to the \$869,087 upfront prepayment of the City's CalPERS UAL. This is a one-time payment which, paid in July, saved the City's general fund approximately \$35,000. When the one-time payment is removed, salaries and benefits total 24% of budget which is consistent with prior years and on target with first quarter expectations. Within the Salaries and Benefits categories, staff is closely monitoring overtime as it is trending quite high due to increased overtime in the fire department which is the result of mutual aid support with a direct offsetting revenue. Staff is recommending a budget augmentation of \$67,643 to appropriate funds for the City Manager's new contract amendment, the City's reclassification and reorganization of positions and the reallocation of administrative staff time to the public works department. These are all discussed in detail later in this report as well as the accompany staff report.

### SALARIES AND BENEFITS

**Quarterly and Annual Expenditures  
5-Year History**



	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
1st Quarter Actual Expenditures	\$ 2,081,974	\$ 2,227,163	\$ 2,401,146	\$ 2,430,774	\$ 3,093,334
Fiscal Year Total Actual Expenditures	\$ 8,595,238	\$ 9,027,716	\$ 9,625,716	\$ 10,400,147	\$ 10,400,147
Fiscal Year Budgeted Expenditures					\$ 10,228,401
1st Quarter Percent of Total	24.22%	24.67%	24.95%	23.37%	30.24%
<b>Recommended Budget Revision</b>					<b>\$ 67,643</b>

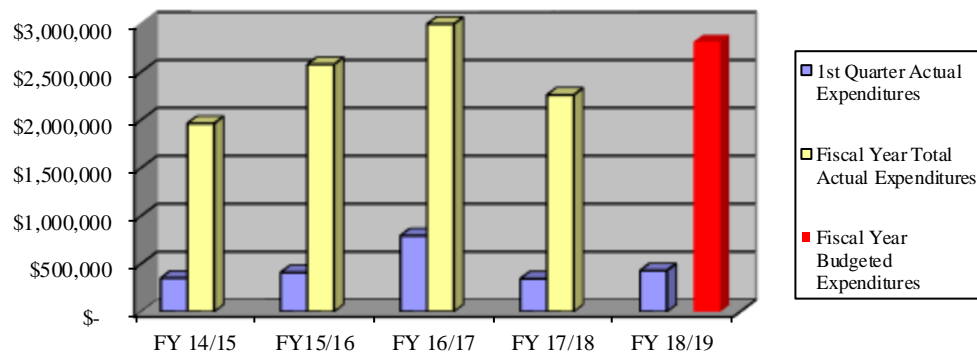
## SUPPLIES, MATERIALS AND SERVICES

Operating expenditures consist of all General Fund costs to provide services, including supplies and materials, consulting services, contract services, and debt service. For analysis materials, utilities, insurance, payment to other agencies and transfers are categorized individually as they are often expenditure categories that staff have limited control or ability to reduce expenditures. The category of supplies, materials and services, the Cities most controllable expenditure category, should trend around the 25% level for the first quarter. Consulting and contractual services, a component of this category, may have various contract start dates and payments may not be equally spread throughout the fiscal year so variation from the 25% amount may be explained due to these consulting and contractual services.

**Analysis** – First quarter results are trending consistent with those in the same period in prior years, at approximately 15.25% of budgeted totals (exclusive of transfers). Staff is recommending a budget reduction of \$48,000 due to savings from the Fee Study which is currently underway and lower than anticipated cost for animal services. These reductions are offset by the inclusion of an additional \$12,000 to fund the Community Choice Energy Program which was recently approved by Council.

## SUPPLIES, MATERIALS AND SERVICES

**Quarterly and Annual Expenditures  
5-Year History**



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Expenditures	\$ 350,762	\$ 409,774	\$ 792,839	\$ 343,802	\$ 429,439
Fiscal Year Total Actual Expenditures	\$ 1,963,521	\$ 2,579,514	\$ 3,022,358	\$ 2,260,582	
Fiscal Year Budgeted Expenditures					\$ 2,815,232
1st Quarter Percent of Total	17.86%	15.89%	26.23%	15.21%	15.25%
<b>Recommended Budget Revision</b>					<b>\$ (48,000)</b>

## FINANCIAL SUMMARIES, PROJECTIONS AND RECOMMENDATIONS

### General Fund

The following table is the *Schedule of General Fund Operating Revenues vs. Operating Expenditures* for the first quarter of FY 2018/19, and is sorted by revenue and expenditure category, which includes comparison information from the prior year. In the last column are projections of final balances for the current fiscal year, based upon the early trends observed through the first quarter.

**City of Morro Bay  
Schedule of General Fund  
Operating Revenues vs. Operating Expenditures  
By Category  
For the period ended September 30, 2018**

	<b>FY17/18 Adopted Budget</b>	<b>FY17/18 1st Qtr Actuals</b>	<b>FY17/18 % YTD</b>	<b>FY18/19 Adopted Budget</b>	<b>FY18/19 1st Qtr Actuals</b>	<b>FY18/19 % YTD</b>	<b>FY18/19 Finance Projection</b>
<b>Revenues</b>							
Property Tax	\$ 3,948,634	\$ 4,220	0%	\$ 4,227,326	\$ 6,025	0%	\$ 4,227,326
Other Taxes	200,198	46,396	23%	228,683	51,870	23%	228,683
Transient Occupancy Tax	3,543,371	885,172	25%	3,524,835	864,974	25%	3,524,835
Sales Tax	1,777,664	333,152	19%	1,806,000	180,016	10%	1,806,000
Franchise Fees	527,484	38,372	7%	531,799	27,752	5%	531,799
Licenses & Permits	97,859	27,770	28%	92,859	37,471	40%	92,859
Business Tax	520,730	256,600	49%	370,000	267,608	72%	370,000
Charges for Services	1,149,348	264,736	23%	1,464,764	587,219	40%	1,464,764
Fines & Forfeitures	12,000	5,367	45%	12,000	5,871	49%	12,000
Intergovernmental	60,394	-	0%	62,642	-	0%	62,642
Other Sources	39,422	5,785	15%	14,225	13,235	93%	14,225
Use of Money & Property	443,927	134,630	30%	389,600	42,679	11%	379,200
Fund Transfers	1,316,851	257,449	20%	1,605,795	301,183	19%	1,605,795
<b>Total Revenues</b>	<b>13,637,882</b>	<b>2,259,649</b>	<b>17%</b>	<b>14,330,528</b>	<b>2,385,903</b>	<b>17%</b>	<b>14,320,128</b>
<b>Expenditures</b>							
Salaries	5,240,831	1,071,856	20%	5,158,666	1,136,239	22%	5,246,029
Overtime	247,177	116,992	47%	202,529	123,273	61%	202,529
Part-time	901,245	284,876	32%	895,092	256,482	29%	895,092
Other Salaries	332,189	63,483	19%	325,391	79,437	24%	325,391
Labor Costs Applied	1,500	23,682	1579%	26,280	708	3%	26,280
Benefits	3,546,193	851,162	24%	2,549,737	628,108	25%	2,549,737
PERS UAL				1,070,706	869,087	81%	869,087
Supplies, Materials and Services	2,295,924	330,369	14%	2,815,232	429,439	15%	2,767,232
Utilities	357,852	94,416	26%	434,222	78,006	18%	434,222
Insurance	142,770	35,693	25%	160,974	42,641	26%	160,974
Debt				35,190	-	0%	35,190
Payment to other Agencies	40,775	17,316	42%	30,525	5,241	17%	30,525
<b>Total Expenditures</b>	<b>\$ 13,106,456</b>	<b>\$ 2,889,845</b>	<b>22%</b>	<b>\$ 13,704,544</b>	<b>\$ 3,648,661</b>	<b>27%</b>	<b>\$ 13,542,288</b>
Transfers In/Out	522,322	-	0%	624,080	89,270	14%	624,080
<b>Total Operating Expenditures</b>	<b>\$ 13,628,778</b>	<b>\$ 2,889,845</b>	<b>21%</b>	<b>\$ 14,328,624</b>	<b>\$ 3,737,931</b>	<b>26%</b>	<b>\$ 14,166,368</b>
<b>Net Surplus or (Use) of Reserves</b>	<b>\$ 9,104</b>	<b>\$ (630,196)</b>		<b>\$ 1,904</b>	<b>\$ (1,352,028)</b>		<b>\$ 153,760</b>

The following table is the *Schedule of General Fund Operating Revenues vs. Operating Expenditures* for the first quarter of FY 2018/19 displayed by revenue type and expenditures per department. The chart includes comparison information from the prior year, and serves to monitor Department expenditures related to both budgeted amounts and prior year actuals. In the last column are projections of final balances for the current fiscal year based upon the early trends observed through the first quarter.

**City of Morro Bay**  
**Schedule of General Fund**  
**Operating Revenues vs. Operating Expenditures**  
**By Department**  
**For the period ended September 30, 2018**

	<b>FY17/18 Adopted Budget</b>	<b>FY17/18 1st Qtr Actuals</b>	<b>FY17/18 % YTD</b>	<b>FY18/19 Adopted Budget</b>	<b>FY18/19 1st Qtr Actuals</b>	<b>FY18/19 % YTD</b>	<b>FY18/19 Finance Projection</b>
<b>Revenues</b>							
Property Tax	\$ 3,948,634	\$ 4,220	0%	\$ 4,227,326	\$ 6,025	0%	\$ 4,227,326
Other Taxes	200,198	46,396	23%	228,683	51,870	23%	228,683
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Sales Tax	1,777,664	333,152	19%	1,806,000	180,016	10%	1,806,000
Franchise Fees	527,484	38,372	7%	531,799	27,752	5%	531,799
Licenses & Permits	97,859	27,770	28%	92,859	37,471	40%	92,859
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Fines & Forfeitures	12,000	5,367	45%	12,000	5,871	49%	12,000
Intergovernmental	60,394	-	0%	62,642	-	0%	62,642
Other Sources	39,422	5,785	15%	14,225	13,235	93%	14,225
Use of Money & Property	443,927	134,630	30%	389,600	42,679	11%	379,200
Fund Transfers	1,316,851	257,449	20%	1,605,795	301,183	19%	1,605,795
<b>Total Revenues</b>	<b>13,637,882</b>	<b>2,259,649</b>	<b>17%</b>	<b>14,330,528</b>	<b>2,385,903</b>	<b>17%</b>	<b>14,320,128</b>
<b>Expenditures</b>							
City Council	134,575	43,635	32%	150,550	37,221	25%	\$ 150,550
City Manager	280,441	52,706	19%	341,743	91,944	27%	\$ 350,807
City Attorney	-	-	0%	409,376	21,717		\$ 409,376
Contract Services	768,105	61,259	8%	694,176	167,141	24%	\$ 645,513
City Clerk/HR/Elections	419,500	103,619	25%	397,875	105,704	27%	\$ 412,869
Deputy City Manager	117,284	20,530	18%	-	-	0%	\$ -
Accounting & Treasury	616,680	120,985	20%	629,073	152,649	24%	\$ 627,995
Police Department	3,336,552	729,100	22%	3,166,165	920,995	29%	\$ 3,154,969
Support Services	231,122	40,657	18%	233,099	73,476	32%	\$ 232,993
Fire Department	2,480,935	691,828	28%	2,557,512	821,329	32%	\$ 2,390,648
Emergency Operations Center	8,967	(8,531)	-95%	11,967	523	4%	\$ 11,967
Community Development	1,053,470	182,487	17%	1,136,633	242,986	21%	\$ 1,130,082
Public Works	626,349	154,122	25%	679,146	123,278	18%	\$ 734,909
Consolidated Maintenance	855,800	255,066	30%	866,162	246,135	28%	\$ 861,897
Vehicle, Parks, Facilities	120,361	26,314	22%	127,231	37,725	30%	\$ 126,309
Streets, Street Trees, Storm Drains/Creeks	864,144	78,636	9%	870,390	203,651	23%	\$ 865,660
Street lighting	106,000	20,077	19%	122,000	9,540	8%	\$ 122,000
Curbside Recycling	-	-	0%	26,280	-	0%	\$ 26,280
Recreation Services - Administration	318,203	58,422	18%	318,961	79,953	25%	\$ 322,333
Recreation Services - Dance 39+	11,500	3,053	27%	10,000	3,502	35%	\$ 10,000
Recreation Services - Sports	411,856	127,735	31%	406,811	161,970	40%	\$ 405,737
Recreation Services - Youth Services	344,612	126,064	37%	290,432	120,825	42%	\$ 290,432
Recreation Services - Teen Programs				51,100	7,302	14%	\$ 51,100
Recreation Services - Community Pool				147,862	16,548	11%	\$ 147,862
Electricity	-	2,079		60,000	2,548	4%	\$ 60,000
<b>Total Expenditures</b>	<b>\$ 13,106,456</b>	<b>\$ 2,889,845</b>	<b>22%</b>	<b>\$ 13,704,544</b>	<b>\$ 3,648,661</b>	<b>27%</b>	<b>\$ 13,542,288</b>
Transfers In/Out	522,322	-	0%	624,080	89,270.00	14%	624,080
<b>Total Operating Expenditures</b>	<b>\$ 13,628,778</b>	<b>\$ 2,889,845</b>	<b>21%</b>	<b>\$ 14,328,624</b>	<b>\$ 3,737,931</b>	<b>26%</b>	<b>\$ 14,166,368</b>
<b>Net Surplus or (Use) of Reserves</b>	<b>\$ 9,104</b>	<b>\$ (630,196)</b>		<b>\$ 1,904</b>	<b>\$ (1,352,028)</b>		<b>\$ 153,760</b>

## Other Funds

Other Funds can consist of internal service type funds that are used to account for various types of insurance coverage for the City, and to manage the City's information technology needs. In addition, the City has other funds that have been set-up to accumulate monies for various projects or capital and equipment needs, such as the facility maintenance fund. The report covers the Morro Bay Tourism Business Improvement District, the Measure Q fund which are discussed in more detail below:

### Morro Bay Tourism Business Improvement District

On April 27, 2009, Ordinance No. 546 was enacted, establishing Chapter 3.60 of the Morro Bay Municipal Code, which is entitled Tourism Business Improvement District (MTBID) Law. Lodging establishments self-assess an additional transient occupancy tax on rooms rented, which is paid to the City, then returned to the Tourism Bureau for promoting tourism in Morro Bay. For the first year, the MTBID assessment rate was 3%; ensuing years were set at 2%, per the Ordinance.

On September 13, 2010, Staff introduced Ordinance No. 562, which increased the MTBID assessment rate back to 3%. The Ordinance was passed on September 27<sup>th</sup> and became effective October 28, 2010.

Annually in May, the MTBID's annual report and budget are presented to the City Council, and a public hearing is set, which allows affected businesses the opportunity to protest the MBBID assessment. A Resolution is brought forward to confirm the results of the public hearing, renew the activities of the MTBID for the upcoming fiscal year, and approve the levy and collection of the 3% assessments from the hoteliers.

In 2013, the MTBID formed a 501c(6) corporation, Morro Bay Tourism Bureau, to carry out the marketing activities of the MTBID, as well as manage the Visitors Center.

As part of the Management Partners' 2015 Organizational Study, the recommendation to *develop a proposal for integrating Tourism Bureau activities with City operations* was explored by staff. City staff held a public workshop on September 22, 2015, to discuss this with stakeholders, presented the concept to the MTBID board at a special meeting on 12/10/15, and ultimately presented the results of the City's outreach and recommendations to the City Council on January 12, 2016, with two management scenarios. The Council adopted Resolution No. 03-16, discontinuing the City's contract with the Morro Bay Tourism Bureau, and merging operations and marketing (via Mental Marketing) efforts into the City, beginning June 2016.

For the first quarter of FY 2018/19 Revenues and expenditures are trending well. It should be noted that revenues include fund transfers in which is the General Fund's contribution towards TBID. For FY 2018/19 the general fund contribution was budgeted at \$157,000. When excluding transfers, Assessments are trending well at 24% for the first three months of the calendar year. This is trending slightly lower than prior years due to the timing of receipts and late payments that were not adjusted for. This aligns with the trending of TOT for the City's general fund.

As previously approved by the City Council, staff is recommending an expenditure adjustment of \$65,000 to support Amgen in Morro Bay. The expenditure adjustment will be funded from fund balance.

## TBID

	<u>FY 14/15</u>	<u>FY15/16</u>	<u>FY16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	\$ 261,191	\$ 206,217	\$ 309,571	\$ 345,301	\$ 236,851
Fiscal Year Total Actual Revenues	\$ 882,109	\$ 841,295	\$ 935,834	\$ 935,691	
Fiscal Year Budgeted Revenues					\$ 997,135
1st Quarter Percent of Total	29.61%	24.51%	33.08%	36.90%	23.75%
1st Quarter Actual Expenditures	\$ 163,621	\$ (2,109)	\$ 206,741	\$ 292,124	\$ 262,070
Fiscal Year Total Actual Expenditures	\$ 872,550	\$ 660,205	\$ 917,560	\$ 917,930	
Fiscal Year Budgeted Expenditures					\$ 997,135
1st Quarter Percent of Total	18.75%	-0.32%	22.53%	31.82%	26.28%
<b>Recommended Budget Revision Revenues</b>					<b>No Change</b>
<b>Recommended Budget Revision Expenditures</b>					<b>\$ 65,000</b>

\*Revenues include transfers in and Assessment collections

## Measure Q

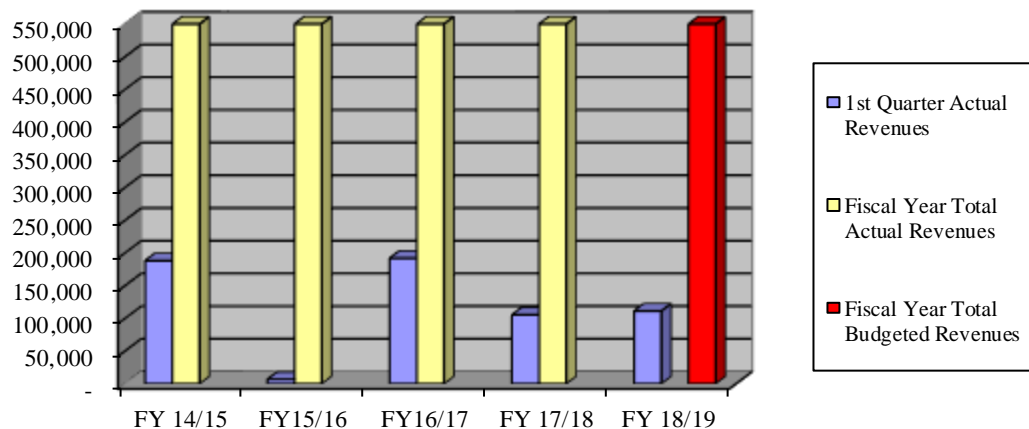
With the November 7, 2006 election, the citizens of Morro Bay voted in a ½ cent district sales tax, commonly known as “Measure Q.” This is a general tax and has no sunset date. The ballot measure stated: *The Morro Bay Vital Public Services Restoration and Protection Measure. To preserve Morro Bay’s safety and character by funding essential services including upgrading firefighter/paramedic equipment, fire stations, police, street and pothole repairs, improving storm drains to protect the bay from pollution and other general city services, shall an ordinance be adopted increasing the City sales tax by one-half cent, subject to independent annual financial audits, and establishing an independent citizens' advisory committee to review annual expenditures?”*

Ordinance 519 was enacted on August 14, 2006, to establish Chapter 3.22, City of Morro Bay Transactions and Use Tax. The City Council divides the annual revenue estimate between the departments, based on the language in the Measure, campaign polls, and departmental requests.

Measure Q revenues are trending well as indicated in the chart below, therefore no revenue budget adjustments are recommended at this time:

## Measure Q

**Quarterly and Annual Revenues  
5-Year History**

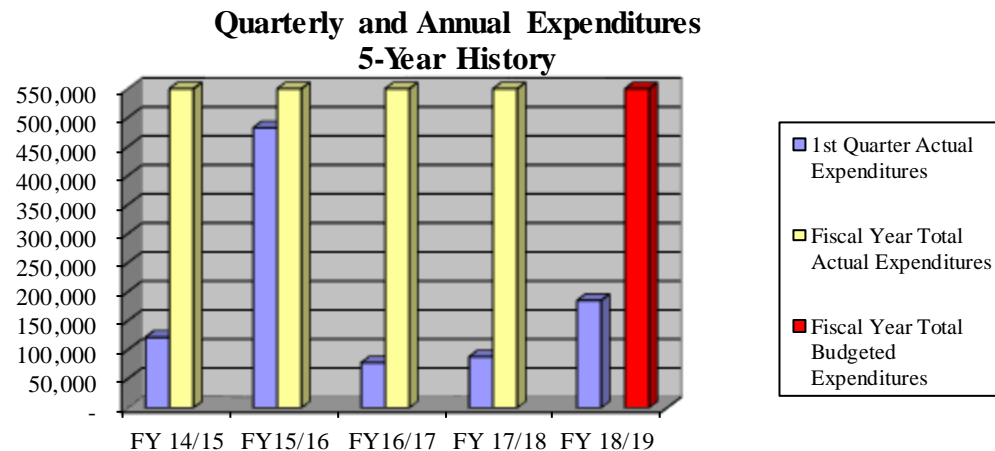


	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Revenues	188,183	6,728	191,948	105,412	111,338
Fiscal Year Total Actual Revenues	\$ 1,151,549	\$ 983,602	\$ 1,118,270	\$ 1,062,895	
Fiscal Year Total Budgeted Revenues					\$ 1,083,000
1st Quarter Percent of Total	16.34%	0.68%	17.16%	9.92%	10.28%
<b>Recommended Budget Revision</b>	<b>No Change</b>				



Measure Q Expenditures are generally trending well and are consistent with prior year actuals. Work on the City's pavement management plan had not begun as of September 30, 2018 and therefore the expenditures provided do not reflect a transfer of Measure Q funds to the pavement management plan. There are no recommended budget adjustments at this time.

## Measure Q



	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1st Quarter Actual Expenditures	121,706	482,838	77,934	88,167	185,403
Fiscal Year Total Actual Expenditures	\$ 1,408,279	\$ 582,073	\$ 1,544,827	\$ 952,398	
Fiscal Year Total Budgeted Expenditures					\$ 1,083,000
	0	8.64%	82.95%	5.04%	9.26%

<b>Recommended Budget Revision</b>	<b>No Change</b>
------------------------------------	------------------

## FY 2018/19 Recommended Budget Adjustments

Budget adjustments are recommended for the following revenues and expenditures as of the second quarter as described below:

<b>GENERAL FUND</b>				
<b>Fund</b>	<b>Acct</b>	<b>Sub</b>	<b>General Fund Revenues</b>	
001	3510	3730	Rental Income	(10,400)
			<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ (10,400)</b>
001			<b>General Fund Expenditures</b>	
001	3110	4110-4911	Salary & Benefits - CM	11,600
001		4110-4911	Salary & Benefits	25,280
001	5205	4110-4911	Salary & Benefits - PW	30,763
001	3115	6106	Contractual Services	(48,000)
001			<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 19,643</b>

<b>CAPITAL PROJECTS</b>				
920	9922	3996	Programmed Use of Fund Balance	2,300
303			<b>TOTAL CAPITAL FUND REVENUES</b>	<b>\$ 2,300</b>

<b>CAPITAL PROJECTS</b>				
301	7710	8540	Transfer to Capital Improvement Fund	2,300
920	9922	7204	Other Vehicles	2,300
			<b>TOTAL CAPITAL PROJECTS EXPENDITURES</b>	<b>\$ 4,600</b>

## OTHER FUNDS

<b>Other Funds Expenditures</b>				
<b>Parks In-Lieu</b>				
904				
904	6160	6106	Contract Services	12,769
904				12,769
<b>Morro Bay Tourism Business Improvement District</b>				
007				
007	3170	6106	Contract Services	65,000
007				65,000
<b>Wastewater Treatment Plant</b>				
599				
599	5255	4110	Regular Pay	(22,079)
599	5255	4599	Other Pay	(150)
599	5255	4910	Employer Paid Benefits	(9,214)
599	5255	4911	Pension Normal Cost	(2,320)
599				(33,763)
<b>Harbor</b>				
565				
055	1111	3370	State Grant	25,584
055	1111	7205	Equipment Purchase	26,675
055	7710	3802	Intrafund Transfer In	1,091
331	7710	8410	Intrafund Transfer Out	1,091
				54,441
<b>North Point Assessment District</b>				
565				
565	6162	4110-4911	Salary & Benefits	3,000
565	6162	6301	Electricity	500
565	6162	6303	Water	1,500
565	6162	6305	Disposal	200
565	6162	6106	Contract Services	3,003
430				8,203
<b>Cloisters Park Maintenance Assessment District</b>				
570				
570	6167	5109	Uniform/Safety Equipment	2,000
570	6167	5199	Miscellaneous Operating Supplies	100
570	6167	5501	Grounds Maintenance Supplies	500
570	6167	6301	Electricity	1,100
570	6167	6303	Water	25,000
570	6167	6305	Disposal	1,600
570	6167	6106	Contract Services	55,000
				85,300
<b>Facilities Maintenance Fund</b>				
052				
052	3510	3730	Rental Income	9,000
052	6150	6106	Contract Services	11,500
052				20,500
<b>Information Technology Fund</b>				
450				
450	3520	6640	Maintenance Contracts	3,995
450				3,995
<b>TOTAL OTHER FUNDS EXPENDITURES</b>				<b>\$ 216,445</b>

## SUMMARY OF KEY RECOMMENDED BUDGET ADJUSTMENTS

### General Fund

#### Revenues:

- Rental Income: A budget reduction of \$10,400 is recommended due to the unexpected vacancy of the City owned property on Dunes Street. There is no new tenant identified for this property at this time.

#### Expenditures:

- Salary & Benefits - City Manager (CM): A budget augmentation of \$11,600 is recommended in accordance with the annual review of the City Manager.
- Salary & Benefits -General Fund organizational reclassification: A budget augmentation of \$25,280 is recommended in accordance with staff's recommendation to reclassifiy employees currently working out of class into an appropriate salary band.
- Salary and Benefits – Public Works: A budget augmentation of \$30,763 is recommended to adjust public works salary and benefits due to the reallaction of staff time from the wastewater treatment plant and north point assessment district.
- Contractual Services: A \$48,000 budget reduction is recommended due to savings from the Fee Study contract award and lower than budgeted cost of Animal Services but offset by the inclusion of \$12,000 to support the Community Choice Energy program previously approved by Council.

### Capital Projects

#### Revenues:

- Trolley Replacement Programmed Use of Fund Balance: A budget augmentation of \$2,300 is recommended due to bids for the purchase of the new trolley coming in slightly above budget.

#### Expenditures:

- Transfer to Capital Improvement Fund: A budget augmentation of \$2,300 is recommended to transfer funds from the Transit fund to the Trolley Replacement Capital project for the purchase of the new trolley.
- Other Vehicles – Trolley Replacement: A budget augmentation of \$2,300 is recommended to appropriate additional funds for the purchase of the new trolley given bids for the purchase were slightly higher than the approved budget.

## Other Funds

### Expenditures:

- Parks In-Lieu: A budget adjustment of \$12,769 is recommended to fund the installation of artificial turf at Centennial park.
- Morro Bay Tourism Business Improvement District: A budget augmentation of \$65,000 is recommended to appropriate fund balance as previously directed by Council for Amgen.
- WasteWater Treatment Plant - Salary and Benefits: A budget reduction of \$33,763 is recommended due to the overallocation of administrative staff time to the treatment plant.
- Harbor Equipment Replacement: A budget augmentation of \$25,584 to revenues is recommended to recognize receipt of a Department of Boating and Waterways grant to purchase two rescue watercraft, rescue sled and trailer. The grant was approved and accepted by the City Council on August 28, 2018.
- Harbor Equipment Replacement: A budget augmentation of \$1,091 to revenues is recommended to transfer funds in from the Harbor Operating fund to support the difference between the grant award amount and the rescue equipment total of \$26,675.
- Harbor Equipment Replacement: A budget augmentation of \$26,675 to expenditures is recommended to purchase two rescue watercraft, rescue sled and trailer as previously approved by Council.
- Harbor Operating Fund: A budget augmentation to expenditures of \$1,091 is recommended to transfer funds into the Harbor Equipment Replacement fund to support the purchase of the rescue equipment.
- North Point Assessment District – Salary and Benefits: A budget augmentation of \$3,000 is recommended to support the previously approved assessments for the District and Engineers report.
- North Point Assessment District – Electricity: A \$500 budget augmentation is recommended for appropriation of utilities within the District.
- North Point Assessment District – Water: A \$1,500 budget augmentation is recommended for appropriation of utilities within the District.
- North Point Assessment District – Disposal: A \$200 budget augmentation is recommended for appropriation of utilities within the District.
- North Point Assessment District – Contractual Services: A budget augmentation of \$3,003 is recommended for professional surveying work to complete in-house design of site improvements which will include, but is not limited to, additional parking lot lighting, a 4 foot high retaining wall around the existing parking lot, and miscellaneous signage modifications. Sufficient funds currently exist in the assessment district reserves. This is Phase 1 of the project.
- Cloisters Park Maintenance Assessment District – Uniforms/Safety Equipment: A budget augmentation of \$2,000 is recommended to support the previously approved assessments for the District and Engineers report.
- Cloisters Park Maintenance Assessment District – Miscellaneous Operating Supplies: A budget augmentation of \$100 is recommended to support the previously approved assessments for the District and Engineers report.
- Cloisters Park Maintenance Assessment District – Ground Maintenance Supplies: A budget augmentation of \$500 is recommended to support the previously approved assessments for the District and Engineers report.
- Cloisters Park Maintenance Assessment District – Electricity: A \$1,100 budget augmentation is recommended for appropriation of utilities within the District.
- Cloisters Park Maintenance Assessment District – Water: A \$25,000 budget augmentation is recommended for appropriation of utilities within the District.

- Cloisters Park Maintenance Assessment District – Disposal: A \$1,600 budget augmentation is recommended for appropriation of utilities within the District.
- Cloisters Park Maintenance Assessment District – Contractual Services: A budget augmentation of \$55,000 is recommended for a landscape architect and shade structure.
- Facilities Maintenance Fund: A budget augmentation to rental income revenue is recommended in the amount of \$9,000 to recognize unplanned rental of the 741 Market Street Building.
- Facilities Maintenance Fund: A budget augmentation to expenditures totaling \$11,500 is recommended to support mold remediation at the community center (\$7,500) and auditorium room wood floor refinishing at the community Center (\$4,000).
- Information Technology Fund – Maintenance Contracts: A budget augmentation of \$3,995 is recommended for the purchase of new remote management software which will allow IT staff to remotely log-into the City's systems to provide user support and service.

## CONCLUSION

The financial results from the FY 2018/19 first quarter data, confirms that the City is trending well and on track for the year. The first quarter report highlights that the City must continue to monitor the sales tax revenues into the mid-year update as well as striving to contain costs as much as possible. As the fiscal year progresses, staff will continue to closely monitor revenue and expenditure activity and work to identify opportunities to enhance revenue to support current and future operating and capital needs.

**RESOLUTION NO. 95-18**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
APPROVING AMENDMENTS TO THE CITY'S FISCAL YEAR 18/19 BUDGET  
TO AUTHORIZE VARIOUS ADDITIONAL REVENUES AND EXPENDITURES**

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

**WHEREAS**, first-quarter adjustments were discussed and approved during the November 29, 2018 Council meeting; and

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

1. The operating budgets of the City are amended by the additional revenues and expenditures, as shown on the attached Exhibit 1, that were discussed at the November 29, 2018 Council Meeting.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a special meeting thereof held on the 29<sup>th</sup> day of November 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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JAMIE L. IRONS, Mayor

ATTEST:

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DANA SWANSON, City Clerk

<b>GENERAL FUND</b>				
<b>Fund</b>	<b>Acct</b>	<b>Sub</b>	<b>General Fund Revenues</b>	
001	3510	3730	Rental Income	(10,400)
			<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ (10,400)</b>
001			<b>General Fund Expenditures</b>	
001	3110	4110-4911	Salary & Benefits - CM	11,600
001		4110-4911	Salary & Benefits	25,280
001	5205	4110-4911	Salary & Benefits - PW	30,763
001	3115	6106	Contractual Services	(48,000)
001			<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 19,643</b>
<b>CAPITAL PROJECTS</b>				
920	9922	3996	Programmed Use of Fund Balance	2,300
303			<b>TOTAL CAPITAL FUND REVENUES</b>	<b>\$ 2,300</b>
<b>CAPITAL PROJECTS</b>				
301	7710	8540	Transfer to Capital Improvement Fund	2,300
920	9922	7204	Other Vehicles	2,300
			<b>TOTAL CAPITAL PROJECTS EXPENDITURES</b>	<b>\$ 4,600</b>
<b>OTHER FUNDS</b>				
			<b>Other Funds Expenditures</b>	
904			<b>Parks In-Lieu</b>	
904	6160	6106	Contract Services	12,769
904				12,769
007			<b>Morro Bay Tourism Business Improvement District</b>	
007	3170	6106	Contract Services	65,000
007				65,000
599			<b>Wastewater Treatment Plant</b>	
599	5255	4110	Regular Pay	(22,079)
599	5255	4599	Other Pay	(150)
599	5255	4910	Employer Paid Benefits	(9,214)
599	5255	4911	Pension Normal Cost	(2,320)
599				(33,763)
565			<b>Harbor</b>	
055	1111	3370	State Grant	25,584
055	1111	7205	Equipment Purchase	26,675
055	7710	3802	Intrafund Transfer In	1,091
331	7710	8410	Intrafund Transfer Out	1,091
				54,441
565			<b>North Point Assessment District</b>	
565	6162	4110-4911	Salary & Benefits	3,000
565	6162	6301	Electricity	500



565	6162	6303	Water	1,500
565	6162	6305	Disposal	200
565	6162	6106	Contract Services	3,003
430				<u>8,203</u>
570			<b><i>Cloisters Park Maintenance Assessment District</i></b>	
570	6167	5109	Uniform/Safety Equipment	2,000
570	6167	5199	Miscellaneous Operating Supplies	100
570	6167	5501	Grounds Maintenance Supplies	500
570	6167	6301	Electricity	1,100
570	6167	6303	Water	25,000
570	6167	6305	Disposal	1,600
570	6167	6106	Contract Services	55,000
				<u>85,300</u>
052			<b><i>Facilities Maintenance Fund</i></b>	
052	3510	3730	Rental Income	9,000
052	6150	6106	Contract Services	11,500
052				<u>20,500</u>
450			<b><i>Information Technology Fund</i></b>	
450	3520	6640	Maintenance Contracts	3,995
450				<u>3,995</u>
<b><i>TOTAL OTHER FUNDS EXPENDITURES</i></b>				<b><u>\$ 216,445</u></b>

## **CITY OF MORRO BAY**

### **RECREATION COORDINATOR**

#### **DEFINITION**

Under general supervision, plan, organize, coordinate and direct a variety of City recreation programs: supervise the work of part-time recreation personnel; and, perform related work as required.

#### **ESSENTIAL DUTIES AND RESPONSIBILITIES**

1. Plans, organizes, coordinates and directs a variety of assigned recreation activities.
2. Responsible for assisting in the use, scheduling, and reservation of City and other agency facilities.
3. Recruits, directs, trains, and evaluates the work of part-time employees and summer program staff.
4. Provides field and site preparation for recreation activities.
5. Prepares new releases and bulletins and performs public relations duties.
6. Monitors and prepares reports regarding program participant attendance.
7. Evaluates program activities and prepares proposals for future programming.
8. Observes and enforces City safety policies.
9. Assists the Recreation Manager in budget preparation of assigned program activities.
10. Supervises, trains, and evaluates staff to ensure program goals.
11. Prepares a variety of budgets, plans, records, and reports. Reviews all program paperwork (accident/incident reports, timecards, enrollment documents, etc).
12. Coordinates program billing, payments, and contracts.
13. Assesses equipment and supply needs and approves purchases.
14. Responds to public inquires, suggestions, and complaints while maintaining a positive customer service environment.
15. Meets with, and organizes, advisory boards who make recommendations for improvements on programs.
16. Participates and engages in local, State and National initiatives and trends affecting recreation programs.
17. Performs computer work to include desk top publishing, word processing, and computer registration.
18. Performs related duties as required.

#### **Additional Duties for Recreation Coordinator assigned Sports/Aquatics**

1. Ensures aquatics programs follow local, state, and federal regulations and requirements; monitors changes in laws, regulations, and technology that may affect programs.
2. Maintains accurate and current certification records for all lifeguard staff.
3. Provides staff with necessary safety equipment and training.

4. Plans, organizes and coordinates recreational sports programs for youth, adults, and Seniors.
5. Programs and coordinates the annual Rock to Pier Run and Half Marathon.

### **Additional Duties for Recreation Coordinator assigned to Community Services**

1. Ensures childcare programs comply with State of California Department of Social Services Community Care Licensing regulations for school-age child care sites.
2. Obtains, writes, and maintains necessary records, reports, waivers, and agreements by State regulations (sign in/out agreements, attendance records, health background, etc.).
3. Monitors behavior of children to ensure reinforcement of socially acceptable behavior. Creates and implements behavioral modification plans for children in need.
4. Designs and implements curriculum and program enhancements for the ongoing development of youth programs.
5. Coordinates teen activities and oversees the daily activities at the Teen Center.
6. Supervise and coordinates Teen Action Committee.
7. Oversees Counselor in Training Program.
8. Coordinates contract classes including soliciting new classes, coordinating publicity for classes through flyers, press releases, and social media.
9. Coordinates special events relating to recreational activities and provides the public with ongoing community activities promoting healthy lifestyle.
10. Designs and creates promotional information (flyers, brochures, press releases, presentations) and the Activity Guide.

### **QUALIFICATIONS:**

#### **Knowledge of:**

Methods and techniques of recreation programming, supervision of children, and early childhood education.

Methods and techniques of planned recreation, major sports, and other recreational activities suitable for youth, adults, and seniors; playground safety; and first aid methods.

Methods and techniques of computer operations, including desk top publishing, and registration software; general office practices and procedures.

#### **Ability to:**

Supervise and direct the activities of recreation employees; plan, organize, conduct, promote, evaluate and document a variety of recreational programs; establish and maintain cooperative work relationships with employees and community; understand, communicate, and follow oral and written directions.

**Education and Experience:**

Associates degree in recreation or a related field.

Two years of full time experience in organized recreation work in a responsible leadership capacity of a similar agency, recreation center, or a comparable unit.

Possession of a Valid Driver's License.

First Aid and CPR certification.

**The following additional Education and Experience is required for Recreation Coordinators assigned to Sports/Aquatics:**

1. Current Lifeguard Training Certification
2. Certified Pool Operator (desired).

**The following additional Education and Experience is required for Recreation Coordinators assigned to Community Services:**

1. Three college level units in Child Care Administration.
2. Twelve college level units in Early Child Education, Child Development, or Recreation Administration.

**PHYSICAL DEMANDS**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to walk, sit and talk or hear. The employee is occasionally required to use hands to handle, feel, or operate objects, tools, or controls; reach with hands and arms. The employee is occasionally required to climb, balance, stoop, kneel, crouch or crawl.

The employee must occasionally lift and/or move up to 50 pounds.

Approved by the Morro Bay City Council \_\_\_\_\_, 2018.

## **CITY OF MORRO BAY**

### **ENGINEERING TECHNICIAN III**

#### **DEFINITION**

Under general supervision, to perform responsible sub-professional engineering office and field work; and to do related work as required.

#### **DISTINGUISHING CHARACTERISTICS**

Employees in this class normally perform engineering work in the office or in the field including the following activities: Designs and prepares engineering drawings; makes engineering estimates; performs field inspections of new construction work to determine conformance to specification, or heads a survey crew; assists in developing and monitoring the storm water management plan, water systems, wastewater collection systems, street and traffic programs; assists in developing, updating and maintaining the engineering drawings, files and data systems; assists in the building permit and plan check process; or assists in the planning review process. This class is distinguished from the lower class of Engineering Technician I and Engineering Tech II by responsibility for (1) performing both engineering duties and lower level building inspection and plan check reviews; and/or (2) assisting in the development and maintenance of advanced engineering analysis tools of all the major public works infrastructure systems

#### **ESSENTIAL DUTIES & RESPONSIBILITIES**

1. Inspects construction of public works projects -(such as curbs, gutters, overlays, and sidewalks) and residential dwellings (such as single-family residences) for adherence by contractors to specifications, drawings, codes and contractual terms.
2. Assists in Preparations of designs, specifications, construction drawings, and cost estimates for formal and informal bid proposals for public works projects.
3. Confers with property owners to ascertain adherence of proposed improvements to appropriate specifications, codes, and contractual terms.
4. Issues encroachment permits for sidewalk, curb and gutter, drive approaches, sewer connections, and public utilities.
5. Develops and maintains paper and electronic files of departmental data, maps and charts.
6. Makes traffic counts and performs traffic studies.
7. Conducts plan checks.
8. Reviews subdivision maps and legal descriptions.
9. Provides information to citizens, contractors, engineers, and other governmental agencies at the counter, by telephone and by mail.
10. Provides technical support to other City departments.
11. Prepares staff reports and grant applications.

12. Assists in the review of building permit submittals.
13. Assists in monitoring the City's water quality program, including sampling of the municipal water system, for compliance with Department of Health and Safety standards, and prepares DOHS required reports.
14. Provides contract management of out-sourced services such as tree-trimming, street repair, etc.
15. Assists in the maintenance/updating of the engineering library, infrastructure records, as-built records, and other documents necessary for the operations and maintenance programs.
16. Assists in the development and maintenance of an electronic engineering drawing and information system.
17. Assist in the development of computer models and databases of the water, wastewater, storm water, streets, and traffic systems.
18. Attend City meetings (such as City Council, Planning Commission, and Public Works Advisory Board) to present project related information and respond to questions.
19. Performs related duties as required.

## **QUALIFICATIONS**

### Knowledge of:

Drafting methods, techniques and equipment; surveying methods and practices; construction materials and equipment and their uses; principles and techniques of construction inspection; principles and practices of all facets of civil engineering; principles and practices of building inspection; trigonometry.

### Ability to:

Read and interpret engineering plans and specifications; make arithmetical calculations with speed and accuracy; prepare plans and drawings neatly and accurately; maintain records and submit reports; maintain cooperative working relationships with engineers, architects, contractors, other governmental agencies, and the general public.

### Education and Experience (minimum requirements):

Associate of Arts degree in the Field of Engineering or related curriculum.

~~Five-Three~~ years of experience in engineering, surveying or office-engineering work; ~~including at least two years in street and sewer inspection work.~~ [Bachelor of Science

Degree in civil engineering or related curriculum from an accredited college or university equates to two (2) years of the ~~five~~ three (35) years of engineering experience required.]

~~Ability to obtain ICBO Building Certification as a Building Inspector within one (1) year of hire.~~

~~Ability to obtain Water Treatment Operator, Grade 1, certification within one (1) year of hire.~~

Possession of a valid and appropriate California Driver's License.

### **TOOLS & EQUIPMENT USED**

Personal computer including word processing, spreadsheet, and data base; civil engineering application software; standard surveying tools; standard drafting tools; pipe locator; engineering calculator; motor vehicle; telephone; mobile radio.

### **PHYSICAL DEMANDS**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Work is performed mostly in office settings. Outdoor work is required in the inspection of various land use developments, construction sites, public works facilities, or water system sampling. Hand-eye coordination is necessary to operate drafting instruments, computers and various pieces of office equipment. While performing the duties of this job, the employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear.

The employee must occasionally lift and/or move up to 50 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

### **WORK ENVIRONMENT**

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee occasionally works in outside weather conditions. The employee occasionally works near moving mechanical parts and in traffic; and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, risk of electrical shock, and vibration.

The noise level in the work environment is usually quiet to moderate.

### **SELECTION GUIDELINES**

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on \_\_\_\_\_, 2018.



## CITY OF MORRO BAY

### ASSISTANT ~~CIVIL ENGINEER~~ ~~(ENGINEER IN TRAINING)~~

#### **DEFINITION**

Under general supervision of the Public Works Director/City Engineer or designee ~~or Capital Projects Manager~~, perform responsible engineering office and field work for environmental, water, sewer, street, and other public works projects and programs ensuring technical competence and compliance with all current codes and criteria; serve as project manager or assists the project manager for ~~minor~~ capital projects; and to do related work as required.

#### **ESSENTIAL DUTIES & RESPONSIBILITIES**

1. Assists in the review of private project development plans and maps for compliance with codes, regulations, and standards; ensures adequacy of applications for permits and compliance with City Standards and Specifications and good engineering practice.
2. Inspects construction of public works projects (such as curbs, gutters, overlays, and sidewalks) and residential dwellings (such as single-family residences) for adherence by contractors to specifications, drawings, codes and contractual terms.
3. Assists in the coordination for the preparation of, or development of engineering plans and specifications; coordinates required advertising for bids; reviews construction bids and makes necessary recommendations based on lowest and best bids, competency of vendors and consultants, and the selection criteria.
4. Issues encroachment permits for sidewalk, curb and gutter, drive approaches, sewer connections, and public utilities.
5. Develops and maintains paper and electronic files of departmental data, maps and charts.
6. Makes traffic counts and performs traffic studies.
7. Provides information to citizens, contractors, engineers, and other governmental agencies at the counter, by telephone and by mail verbally or in writing.
8. Provides technical support to other City departments.
9. Prepares staff reports and grant applications.
10. Provides contract management of out-sourced services such as tree-trimming, street repair, etc.
11. Assists in the maintenance/updating of the engineering library, infrastructure records, as-built records, and other documents necessary for the operations and maintenance programs.
12. Assists in the development and maintenance of an electronic engineering drawing and information system.
13. Assists in the development of computer models and databases of the water, wastewater, storm water, streets, and traffic systems.
14. Attends City meetings (such as City Council, Planning Commission, and Public Works Advisory Board) to present project related information and respond to questions.
15. Maintains National Flood Insurance Program (NFIP) records, reviews elevations certificates and prepares annual review.

~~15,16.~~ Performs related duties as required.

## **QUALIFICATIONS**

### Knowledge of:

Civil engineering principles, practices and methods as applicable to a municipal setting, including mathematics, design methods, uses and strengths of construction materials, and effects of soil conditions as they relate to the design and construction of public works; hydrology, hydraulics, and structural design practices and procedures; knowledge of applicable City policies, laws, and regulations; skill in preparation of at cost estimates; skill in operating the listed tools and equipment including computer systems and applicable software programs. Have basic knowledge of the principles and practices of surveying and construction inspection, including applicable laws and safety requirements.

### Ability to:

Apply knowledge gained from education in the performance of professional level engineering. Have the ability to communicate effectively, orally and in writing, with employees, consultants, other governmental agency representatives, City officials and the general public; ~~assist in~~ perform engineering research and compilation of engineering reports and to follow written and oral directions.

### Education and Experience:

~~Graduation from a four year college or university with a degree in civil engineering or Bachelor's~~ Bachelor's degree in Civil Engineering or ~~closely~~ closely-related field; or three ~~five~~ years of engineering work ~~experience and~~ experience and possession of registration as an Engineer in Training (EIT); or any equivalent combination of education and experience.

~~Possession of a valid certificate of registration as an Engineer in Training (EIT).~~

Must be physically capable of moving about on construction work sites and under adverse field conditions.

Must possess a valid California driver's license.

## **TOOLS & EQUIPMENT USED**

Personal computer, including word processing, spreadsheet, and data-base, geographic information system and computer-aided-design software; ~~standard drafting tools~~; surveying equipment ~~including level, theodolite and electronic distance measuring devices~~; motor vehicle; telephone; mobile radio; fax and copy machine.

|

## **PHYSICAL DEMANDS**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Work is performed mostly in office settings. Some outdoor work is required in the inspection of various land use developments, construction sites, or public works facilities. Hand-eye coordination is necessary to operate drafting instruments, computers and various pieces of office equipment.

While performing the duties of this job, the employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell.

## **WORK ENVIRONMENT**

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee occasionally works in outside weather conditions. The employee occasionally works near moving mechanical parts and in high, precarious places and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, risk of electrical shock, and vibration.

The noise level in the work environment is usually quiet to moderate.

## **SELECTION GUIDELINES**

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on \_\_\_\_\_, 2018.

## CITY OF MORRO BAY

### ASSOCIATE CIVIL ENGINEER

#### **DEFINITION**

Under administrative direction of the ~~Capital Projects Manager~~City Engineer to perform professional engineering work for environmental, water, sewer, and other public works projects and programs ensuring technical competence and compliance with all current codes and criteria; assist in the selection and supervision of consultants; may supervise support staff; serve as project manager for capital improvement projects as needed; and to do related work as required.

#### **ESSENTIAL DUTIES & RESPONSIBILITIES**

1. Determines applicable codes, regulations, and requirements for assigned projects.
2. Coordinates the preparation of, or develops, engineering plans, specifications and cost estimates; coordinates required advertising for bids; reviews construction bids and makes necessary recommendations based on lowest and best bids, competency of vendors and consultants, and the selection criteria.
3. Assists in project management for the construction of municipal public works projects; oversees consultants and/or contractors on assigned projects to ensure compliance with specifications, time and budget parameters for the project.
4. Assists in the preparation of sanitary sewer, water, and related system maps, databases, comprehensive resource and infrastructure plans and acquisition of outside sources of funding including State and Federal grants.
5. Reviews private project development proposals and plans for compliance with codes, regulations, and standards; ensures adequacy of applications for permits and compliance with approved plans in coordination with the Planning and Building Division; performs inspections.
6. Maintains an engineering library and infrastructure records.
7. Assures as-built records of projects, and documents necessary changes for the operation and maintenance programs.
8. Responds to public or other inquiries relative to engineering procedures on specific projects and other information.
9. Reviews utility and encroachment permits, franchise utility permits, etc.
10. Maintains regular contact with consulting engineers, construction project engineers, City, County, State and Federal agencies, professional and technical groups and the general public regarding division activities and services.
11. Assists in the development of construction standards.
12. Coordinates water system inspection, maintenance and enforcement programs.
13. Monitors inter-governmental actions affecting public works operations.
14. Assists in the training of other city personnel in public works design and construction techniques.
15. Assists in managing departmental personnel including interviews, selection, training, evaluations, and discipline.
16. Performs related duties as required.

## **QUALIFICATIONS**

### Knowledge of:

~~C~~Knowledge of civil engineering principles, practices and methods as applicable to a municipal setting, with a desired emphasis upon potable water systems; considerable knowledge of applicable City policies, Federal, State and local laws, and regulations affecting Division activities; considerable skill in preparation of plans, specifications and cost estimates on complex projects; considerable knowledge of design, construction and development of private and public works, considerable skills for water and wastewater collection and treatment, distribution and disposal systems, principals of project management, scheduling and contract administration, skill in operating the listed tools and equipment. Have knowledge of the principals and practices of surveying and construction inspections, including applicable laws and safety requirements.

### Ability to:

Ability to communicate effectively, orally and in writing, with employees, consultants, other governmental agency representatives, City officials and the general public; ability to conduct necessary engineering research and compile comprehensive reports.

### Education and Experience:

~~Graduation from a four year college or university with a degree in civil engineering~~Bachelors' degree in Civil Engineering or ~~closely~~-related field and minimum of ~~two-three~~ years previous ~~professional~~-civil engineering experience; or any equivalent combination of education and experience.

Registration as a Registered Civil Engineer in the State of California is required.

Must be physically capable of moving about on construction work sites and under adverse field conditions.

Must possess a valid California driver's license.

## **TOOLS & EQUIPMENT USED**

Personal computer including word processing, spreadsheet, and data base and computer-aided-design software; standard drafting tools; surveying equipment including level, theodolite and electronic distance measuring devices; motor vehicle; telephone; mobile radio; fax and copy machine.

## **PHYSICAL DEMANDS**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable

accommodations may be made to enable individuals with disabilities to perform the essential functions.

Work is performed mostly in office settings. Some outdoor work is required in the inspection of various land use developments, construction sites, or public works facilities. Must be physically capable of moving about on construction work sites and under adverse field conditions. Hand-eye coordination is necessary to operate drafting instruments, computers and various pieces of office equipment.

While performing the duties of this job, the employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell.

### **WORK ENVIRONMENT**

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee occasionally works in outside weather conditions. The employee occasionally works near moving mechanical parts and in high, precarious places and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, risk of electrical shock, and vibration.

The noise level in the work environment is usually quiet to moderate.

### **SELECTION GUIDELINES**

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on \_\_\_\_\_, 2018.

## **CITY OF MORRO BAY**

### **EXECUTIVE ASSISTANT/DEPUTY CITY CLERK**

#### **DEFINITION**

Under general direction, performs a wide variety of assignments related to projects that require experience in government administration, as well as ability to effectively interact with the general public; handle confidential materials and complex citizen and employee relations; provides administrative support for the City Clerk, City Manager and the City Council; serves as Deputy City Clerk; maintains official City records; participates in planning and coordinating the operation of the administrative support functions; serves as a liaison with City departments, staff, outside agencies and the general public; attends meetings and prepares reports; and performs related work as required.

#### **DISTINGUISHING CHARACTERISTICS**

The incumbent whose position is allocated to this class performs exercises a considerable degree of initiative, tact, and judgment in performing a variety of administrative duties for the City Clerk, City Manager and City Council. This class is distinguished from other City office administrative positions in that it requires a thorough knowledge of laws, rules, and regulations related to the duties and responsibilities of the City.

#### **ESSENTIAL DUTIES & RESPONSIBILITIES**

1. Performs a wide variety of responsible, confidential, and complex administrative duties for the City Clerk, City Manager and City Council.
2. Serve as Deputy City Clerk; assisting in the maintenance of official City records including resolutions, ordinances, minutes of meetings, contracts and agreements, and other files; notarize, certify, record and transmit City documents; may administer Oaths of Office; participates in City Council agenda process; participates in organizing and conducting municipal or special City elections; assists in reviewing and filing of campaign statements and conflict of interest documents of City Council, advisory boards, and designated employees; may process liability claims; attends City Council and other public meetings as needed and record actions taken.
3. Serves as liaison between the City Manager, City Council, City staff, the general public, and outside agencies; screens calls, visitors, and mail; receives and distributes incoming mail; may assist in responding to complaints and sensitive requests for information and assistance; prepares comprehensive reports, agendas and minutes of meetings; researches information related to City regulations and departmental policies, procedures, systems, and precedents; assists the public and other staff in interpreting and applying City policies, procedures, codes, and ordinances.
4. Assists in the administration of the City's records management program including filing; following established records retention guidelines and operating and maintaining the document imaging system.



5. Assists in the preparation of agendas and minutes of meetings, and support material for City Council meetings with City Administrator.
6. Performs related duties and responsibilities as required.

## **QUALIFICATIONS**

### Knowledge of:

- Basic organization and function of public agencies, including the role of an elected City Council and appointed boards, commissions and committees.
- Clerk functions and statutory obligations and applicable laws; pertinent policies, rules and regulations governing the actions of an Elected City Council including the Ralph M. Brown Act, the Maddy Act, the Political Reform Act and the California Elections Code.
- Principles and practices of records management, including retention and destruction policies.
- Standard office practices and procedures including business letter writing and formatting for reports and correspondence.
- Computer applications related to work, including Microsoft Office and website applications.
- Techniques for providing a high level of customer service to the public and City staff, both in person and by telephone.
- Proper English usage, spelling, grammar and punctuation;

### Ability to:

- Provide varied, complex, responsible, and often confidential secretarial and office administrative work requiring the use of independent judgment, tact and discretion.
- Interpret and implement policies, procedures, technical processes and computer applications related to the Administration Department and City-wide functions.
- Compose correspondence and reports independently or from brief instructions.
- Use tact, initiative and sound independent judgment within established policy and procedural guidelines.
- Organize own work, setting priorities, working independently on a day-to-day basis, meeting critical deadlines and balancing multiple objectives
- Establish and maintain effective working relationships with those contacted in the course of work.
- Understand and carry out complex legal requirements and oral and written instructions;
- Disseminate information clearly and tactfully to the public and City staff;
- Read printed materials and a computer screen.

### Education and Experience:

- Valid and appropriate California Driver's License.
- High School Diploma or G.E.D. with two years of college level course work in public administration, business administration or related field.

**and**

Two years of responsible administrative and/or clerical experience involving frequent public contact, records management, legal assistance, and/or Council/Board support functions.

**or**

An equivalent combination of education and experience.

In addition to the above the following are highly desirable:

Two years of increasingly responsible experience involving records management, legal assistance, and/or Council/Board support functions.

- A Certified Municipal Clerk (CMC) designation is highly desirable.
- Possession of a Notary Public certification is preferred.

### TOOLS & EQUIPMENT USED

Typewriter, personal computer, including word processing, spreadsheet and data base software; 10-key calculator; telephone; copy machine; fax machine.

### PHYSICAL DEMANDS

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to sit and talk or hear, use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to walk.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

## **WORK ENVIRONMENT**

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The noise level in the work environment is usually quiet.

## **SELECTION GUIDELINES**

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on \_\_\_\_\_, 2018.

## **CITY OF MORRO BAY**

### **HUMAN RESOURCES ANALYST I/II**

#### **DEFINITION**

Under supervision of the Human Resources Manager/Director, designs, develops, implements and administers a wide variety of human resources activities, including recruitment and selection; classification; performance management; employee/employer relations activities including interpretation, participation in administration and negotiation of labor agreements; compensation and benefit administration; organizational development; administrative support for employee training and development; personnel records; assists with worker's compensation administration and Safety Committee administrative support; and related work as required.

#### **CLASS CHARACTERISTICS**

Human Resources Analyst I is an entry-level into this professional class series. Initially, working closely with the Human Resources Manager/Director, incumbents with fundamental knowledge of human resources theories, laws, practices, and procedures research, analyze and make recommendations regarding the solution of moderately complex human resources issues. This class is distinguished from other professional classes by the knowledge of and emphasis upon human resources functions, including the application of employment law and organizational development theories.

Human Resources Analyst II is the experienced level class in this series, capable of performing a wide variety of human resources assignments, is comfortable filling in for more senior positions in the department, including the Human Resources Manager/Director, on an as needed basis.

#### **ESSENTIAL DUTIES & RESPONSIBILITIES**

- Designs and coordinates the recruitment, selection and orientation of City employees ensuring equal opportunity. Evaluates the effectiveness of recruitment and selection methods.
- Advises on and administers the total compensation program including salaries, benefits, health insurance, retirement, and may assist with Worker's Compensation claims.
- Oversees the implementation and monitoring of a variety of legal and administrative regulations regarding equal employment opportunity compliance, Americans with Disability Act, FMLA/CFRA, etc.
- Serves as a member of the City's labor negotiations team and assists in resolving sensitive and controversial issues for all human resources services and activities.
- Assists staff in resolving human resource problems, often of a sensitive or confidential nature, by facilitating differences, providing conflict resolution tools, and suggesting mutually acceptable solutions.
- Conducts organizational, classification, salary and benefit surveys within labor markets

to determine competitive wage rates and benefits; prepares new or modified job analysis documentation and class descriptions.

- Responsible for a variety of documents including but not limited to Personnel Action forms, employee evaluations, employment contracts and other legal agreements. Composes and/or edits a variety of letters, memoranda, reports, resolutions, and agreements, often containing confidential material.
- Develops and implements various employee training programs including administrative support to City Safety Committee.
- Assists in annual budget preparation.
- Performs related duties as required.

## **QUALIFICATIONS**

### **Knowledge of:**

- Principles and practices of human resources administration, including recruitment selection and benefit administration.
- Job analysis, classification and compensation principles.
- Employment law, labor relations, employee relations and the meet-and-confer process.
- Standard office practices and procedures including business letter writing and formatting for reports and correspondence;
- Proper English usage, spelling, grammar and punctuation.
- Windows-based computers and related software including word processing and spread sheets;
- Understanding of laws, regulations, and ordinances affecting the City's operation;
- Filing, indexing, and record keeping methods and practices.

### **Ability to:**

Perform assigned duties without close supervision; analyze, prepare and maintain accurate and complete records and reports and devise improvements as necessary; make routine decisions regarding issues of human resource management, employee relations and employee law; understand and carry out oral and written directions; make effective oral presentations; make arithmetical calculations with speed and accuracy; maintain cooperative working relationships with employees as well as the public.

### **Education and Experience:**

Equivalent to graduation from a four-year college or university with major course work in a field related to the work;

**and**

two years of professional experience in a centralized human resources system that includes experience in one or more major functional area, such as recruitment, selection, classification, compensation, or labor relations;

**or**

equivalent combination of education and progressively responsible experience, with additional work experience substituting for the required education on a year for year basis.

Experience in a public agency setting is desirable.

### **PHYSICAL DEMANDS**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

### **WORK ENVIRONMENT**

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The noise level in the work environment is usually quiet; occasionally moderately loud.

### **SELECTION GUIDELINES**

Formal application, rating of education and experience; oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

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Approved by Morro Bay City Council on \_\_\_\_\_, 2018.

## **CITY OF MORRO BAY**

### **CITY CLERK/HUMAN RESOURCES MANAGER**

#### **DEFINITION**

Under administrative direction, plans, organizes, manages, and provides administrative direction and oversight for the activities of the City Clerk's office, Human Resources and Risk Management. Coordinates assigned activities with other City departments, officials, outside agencies, and the public; fosters cooperative working relationships among City departments with intergovernmental and regulatory agencies and various public and private groups; provides assistance to the City Manager in areas of expertise and performs related work as required.

#### **ESSENTIAL DUTIES & RESPONSIBILITIES.**

1. Provides prompt, professional and courteous customer service to the public, elected and appointed officials and City employees.
2. Ensures the legislative process, including City elections and City Council meetings are open and public pursuant to State law and the Brown Act.
3. Administers recruitment and selection process for members of City boards, commissions and advisory bodies; ensures advisory body members receive proper orientation and training; administer and files oaths.
4. Coordinates the production of Council agendas and supporting materials; attends Council meetings and records actions taken; disseminates information related to Council actions; ensures legal notification has been given.
5. Acts as City's election official to administer and conduct municipal elections when required and coordinates with the County for certain responsibilities during consolidated elections.
6. Administers City elections for candidates and City ballot measures (including initiative, referendum and recall action), including preparing candidate guidelines, administering the candidacy and nomination process, providing information to candidates regarding procedural and disclosure requirements and publishing election notices and results within legal guidelines.
7. Administers the provisions of various State laws, including the California Elections Code, Political Reform Act, Brown Act, Maddy Act, and Public Records Act.
8. Serves as the Filing officer for State and City mandated campaign statements, statements of economic interest, certification of ethics training and other similar filings; facilitates the biennial review and update of the City's Conflict of Interest Code.
9. Updates, maintains and oversees the City's Records Retention Schedule and Destruction Policy to assure schedules and procedures are adhered to and statutory requirements are met; recommends improvements and modifications; assists staff City-wide in properly responding to Public Records Act requests.
10. Manages the processing, indexing, codification, certification, recordation and

maintenance of vital records including ordinances, resolutions, deeds, contracts and other documents in accordance with statutory requirements.

11. Updates and maintains a variety of Council and City regulations, policies and handbooks, interprets said documents for staff and the general public, and facilitates training to ensure compliance with these documents.
12. Plans, assigns, supervises and reviews the work of the City's Human Resources activities, including maintenance of employee records, recruitment and selection of City employees, ensuring equal opportunity.
13. Advises on and administers the total compensation program, including salaries, benefits, health insurance, retirement and Workers' Compensation.
14. Participates in and advises on matters concerning labor relations, including negotiations.
15. Consults with and assists department heads in solving personnel and risk problems.
16. Accepts and processes legal claims, liability claims, accepts all subpoenas and summons for City records and lawsuits.
17. Plans, organizes, and manages self-insured programs for the City's property, liability, and workers' compensation programs.
18. Establishes and reviews insurance requirements and makes recommendations for the level of risk transfer and safety measures needed to assure reasonable balance of risk for the City and its contracts and agreements.
19. Coordinates activities involving claims related to the City's property, liability and workers' compensation insurance, including but not limited to administering claim processing and maintaining communications with claimant, insurance adjuster, Authority management and legal counsel, as appropriate.
20. Performs related duties similar to the above in scope and function as required.

## **QUALIFICATIONS**

### **Knowledge of:**

Principles and practices of municipal government administration sufficient to perform the assigned functions; applicable Federal, State and local laws, regulatory codes, ordinances and procedures relevant to assigned area of responsibility; principles, practices and techniques of human resources in a public agency setting; general personnel and risk management principles and practices; laws, regulations and ordinances affecting City operations; principles of supervision and training; standard office practices and procedures including business correspondence, filing, and standard office equipment operation; statistical and record keeping methods; correct English usage, spelling, and punctuation;

### **Ability to:**

Develop and implement goals, policies, procedures, work standards and internal controls for assigned program areas; plan, organize, direct, and coordinate the work of technical and administrative personnel; prepare clear and concise reports, correspondence, policies, procedures



and other written materials; maintain confidentiality of sensitive personal information of applicants, employees, former employees, and other matters affecting employee relations; interpret, apply and ensure compliance with Federal, state and local policies, procedures, laws and regulations; maintain accurate files and records; organize and prioritize a variety of projects and multiple tasks in an effective and timely manner; organize own work, set priorities and meet critical time deadlines; use modern office equipment including computer equipment and specialized software applications programs; use English effectively to communicate in person, over the telephone and in writing; use tact, initiative, prudence and independent judgement within general policy and legal guidelines in politically sensitive situations; establish, maintain and foster positive and harmonious working relationships with those contacted in the course of work.

#### Education and Experience:

Equivalent to graduation from an accredited four-year college or university with major work in public or business administration, human resources, or closely related field. Job-related experience may be substituted for the require education on a year-for-year basis.

Three years of professional level administrative experience in a progressively responsible capacity requiring knowledge of municipal administration, risk management and personnel management principles.

Qualifications for appointment to City Clerk - Certified Municipal Clerk or two (2) years of experience as Municipal Clerk including experience in records management.

Valid and appropriate California Driver' s License.

#### **TOOLS & EQUIPMENT USED**

Requires frequent use of personal computer, including word processing, and spreadsheet programs; calculator; telephone; copy machine; and fax machine.

#### **PHYSICAL DEMANDS**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to sit and talk or hear, use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to walk.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

## **WORK ENVIRONMENT**

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The noise level in the work environment is usually quiet.

## **SELECTION GUIDELINES**

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on \_\_\_\_\_, 2018.

## **CITY OF MORRO BAY**

### **FIRE DEPARTMENT ADMINISTRATIVE TECHNICIAN**

#### **DEFINITION**

Under general supervision of the department head to perform and coordinate the varied clerical activities of the department; perform a variety of routine and complex administrative and technical work; and do related work as required.

#### **DISTINGUISHING CHARACTERISTICS**

The class of Administrative Technician is assigned and performs independently a wide variety of difficult clerical and technical duties including coordination of the clerical activities for the assigned office with the remainder of the department, other City departments, and outside agencies. Incumbents in positions allocated to this class must have a wide knowledge of the current operations, rules and policies of the department. The class relieves the City department head of routine administrative details involving independent judgment and provides technical departmental support in providing information to the public and staff.

#### **ESSENTIAL DUTIES & RESPONSIBILITIES**

1. Coordination of department clerical tasks, including personnel, payroll, purchasing, inventory, and receipt of fees collected.
2. Screens and routes telephone and public counter inquiries to appropriate personnel, other City departments, and other agencies, exercising independent judgment and initiative.
3. Communicates official plans, policies, and procedures to staff, the general public, and other agencies.
4. Types and/or composes a variety of letters, memoranda, reports, resolutions, ordinances, agreements, and minutes, often containing confidential material.
5. Establishes and maintains a variety of files within the department, filing and logging data as necessary.
6. Maintains a variety of statistical, financial, payroll, personnel, and confidential records.
7. Coordinates the departmental purchasing function by determining available funding and monitoring purchase orders; may assist in annual budget preparation.
8. Assembles background materials, prepares agendas, and records action item for various meetings.
9. May represent department to various individuals, commissions, boards, and other groups.

10. May assist in monitoring, receiving, and dispatching routine and emergency radio communications.
11. Assists in selecting, training, supervising, and evaluating clerical personnel.
12. May prepare and/or monitor grant application and compliance.
13. Coordinates computer repair, maintenance, and hardware/software issues of departmental network server and/or personal computers.
14. Assists in preparation of departmental publications and hand-outs.
15. Cross-trained in other departmental divisions to perform duties as necessary.
16. May monitor contracts for evaluation, coordination, enforcement, and/or payment.
17. Performs related duties as required.
18. Coordinates RUOK caller program
19. Coordinates all Mutual Aid reimbursement and cost recovery payments and establishes administration rate through an accounting process.
20. Coordinates California diesel tax returns.
21. Maintains, distributes, and inventories badges, collar brass, and uniforms
22. Coordinates department pre-employment assessment testing and grading.
23. Assists Human Resources with hiring of part-time employees.
24. May serve on a variety of department or city-wide project teams or committees.
25. Assist Fire Marshal by billing invoices and citations for permits and weed abatement.
26. Enroll Firefighters into classes for the State Fire Marshal and local Community Colleges.
27. Oversees the submission of mandated reports to National Fire Administration through NIFRS reports.
28. Reviews reports requested by the public for violations in HIPAA and confidential information for Fire Chief's approval.
29. Coordinates California Fire Fighter Joint Apprenticeship Committee enrollment, distribution, reimbursement and funding.

## **QUALIFICATIONS**

### **Knowledge of:**

Modern office methods, machines, procedures and practices; business English including vocabulary, correct grammatical usage and punctuation; MS-DOS based computers and related software including word processing and spread sheets; laws, regulations, and ordinances affecting the City's operation; modern filing, indexing, and record keeping methods and practices.

Ability to:

Perform assigned duties without close supervision; make arithmetical calculations with speed and accuracy; prepare and maintain accurate and complete records and reports and devise improvements as necessary; make routine decisions regarding procedural matters; understand and carry out oral and written directions; effectively meet and deal cooperatively with the public; maintain cooperative working relationships; type at a speed of 50 words per minute, corrected copy; be computer literate.

Education and Experience:

Equivalent to AA degree and two years of related experience; or any equivalent combination of education and progressively responsible experience, with additional work experience substituting for the required education on a year for year basis.

Two years performing similar duties in the City of Morro Bay or another agency.

**TOOLS AND EQUIPMENT USED**

Telephone, network server, personal computer including word processing, spreadsheet and department specific software, copy machine, fax machine, base radio, calculator, and credit card terminal.

**PHYSICAL DEMANDS**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

**WORK ENVIRONMENT**

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The noise level in the work environment is usually quiet; occasionally moderately loud.

### **SELECTION GUIDELINES**

Formal application, rating of education and experience; oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job changed.

Approved by Morro Bay City Council on \_\_\_\_\_, 2018

## **UTILITY OPERATOR**

### **DEFINITION**

Under direct or general supervision, operates equipment, treatment facilities, pump/lift stations, and related appurtenances as found in a water/wastewater treatment plant, water distribution system, and wastewater collection system; takes periodic samples and performs standardized tests to ensure proper operation within established guidelines; performs preventive maintenance and repairs; and related work as required.

### **SUPERVISION RECEIVED AND EXERCISED**

Receives direct or general supervision from Lead Utility Operators, along with other City Managers and Supervisors. Utility Operators (Operators) will have the responsibilities for supervising and training less experienced personnel. Operators will be expected to perform the function of shift supervisor when they are the highest certified operator on shift.

### **CLASS CHARACTERISTICS**

This classification encompasses entry level operator to journey-level class in the utility operations series performing the full range of duties required to ensure that the water/wastewater treatment and their associated collection and distribution facilities and systems operate effectively and are maintained in a safe and effective working condition. Persons in this position are required to have a working knowledge appropriate to their certification level of the City's utilities. Responsibilities include performing standardized laboratory testing, operations of equipment, and performing a wide variety of tasks including preventative maintenance and repair of the facilities and systems.

Advancement in this class through the five steps are accomplished by:

- years of experience
- demonstration of knowledge and skill
- Advanced licenses, and certifications

### **EXAMPLES OF ESSENTIAL FUNCTIONS (Illustrative Only)**

*Management reserves the right to add, modify, change, or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.*

- Monitors plant operations equipment and processes to ensure compliance with environmental and public health standards, including monitoring and adjusting to optimize efficiency, making chemical dosage changes, changing pumping rates, and monitoring all equipment.
- Operates valves, pumps, and automated controls to regulate the flow of water/wastewater through the system.
- Reviews and analyzes automated information and control system data and revises equipment settings as appropriate; notifies supervisor of unusual situations and makes inspections or corrects system problems as necessary.
- Reads, records, and calculates readings of meters and gauges; interprets information into operational characteristics; makes process adjustments per information gathered, samples collected, readings, and records.
- Collects water/wastewater, sludge, and other samples from various phases of the treatment process; performs standard chemical and physical tests on these samples to ensure that the treatment process is operating effectively and that regulatory requirements are being met.
- Interprets and performs routine laboratory and process tests to optimize treatment plant performance, monitors the results, and recommends potential operational changes to the Lead.
- Performs proper usage and handling of chemicals per industry standards.



- Performs preventive maintenance on a variety of equipment, such as electric motors, engines, gas and electric powered pumps, drive units, emergency systems, power generation systems, pressure and flow regulators, and other fixtures and appliances.
- Lubricates pumps, motors, chains, conveyors, blowers, chlorinators, sprinklers, rotation distributors, scrapers, filter screens, and other machinery and equipment; removes blockages; replaces worn parts; participates in determining equipment problems and suggesting methods of minimizing such problems in an operational setting.
- Performs fabrication of piping and other systems as necessary to maintain operation of treatment plant facilities and equipment.
- Performs inspection, construction, maintenance, and repair activities of water distribution and wastewater collection systems; checks, cleans, and repairs systems and treatment plant lines, pits, screens, tanks, and mechanisms; shuts down appropriate parts for repair and returns to service once repair is completed.
- Operates a variety of vehicles and heavy equipment; including but not limited to pick-up trucks, Hydro-Vac; front end loader, and forklift.
- Operates a Hydro-Vac and trailer mounted jetter for hydro-flushing City sewer lines.
- Operates and maintains a variety of hand and power tools and equipment related to work assignments as instructed.
- Locates and marks underground utilities in accordance with Underground Service Alert (USA) regulations.
- Performs pretreatment inspections and tests of industrial and commercial waste disposal systems to ensure compliance with ordinances and permit requirements.
- Performs a variety of general and ground maintenance activities, including mowing, edging, and trimming landscaped areas as scheduled, weed abatement, and painting facilities and equipment when needed; assists in maintenance painting of plant machinery, equipment, piping, and other structures; maintains work areas in a clean and orderly condition, including securing equipment at the close of the workday.
- Responds to operations, maintenance, and repair emergency situations as required.
- Maintains records and logs of daily activities; prepares reports as necessary.
- Observes safe work methods and makes appropriate use of related safety equipment as required.
- Performs related duties as assigned.

## **QUALIFICATIONS**

### **Knowledge of:**

- Basic principles, practices, tools, and materials as they relate to the operation, cleaning, and preventive maintenance of water/wastewater treatment plants, water distribution systems, and wastewater collection systems, and their associated facilities, and equipment.
- Basic principles and practices of record-keeping methods.
- Safe driving rules and practices.
- Basic computer software related to work.
- English usage, spelling, vocabulary, grammar, and punctuation.
- Operation and preventive maintenance of piping systems, including pipes, valves, and related appurtenances.
- Standard chemical and physical tests of water, wastewater, sludge, and related materials.
- Applicable Federal, State, and local laws, regulatory codes, ordinances, and procedures.
- Basic equipment troubleshooting principles and practices.
- Basic mechanical, electrical, and hydraulic principles.
- Basic arithmetic and statistical techniques.
- Use computers and a variety of computer software programs. record and log data.

- Safe work methods and safety practices pertaining to the work, including the handling and storage of hazardous chemicals.

**Appropriate to certification level ability to:**

- Safely and effectively use and operate hand tools, mechanical equipment, power tools, and light to heavy equipment required for the work.
- Perform routine equipment maintenance.
- Maintain accurate logs, records, and basic written records of work performed.
- Operate a motor vehicle safely.
- Understand and follow oral and written instructions.
- Organize own work, set priorities, and meet critical time deadlines.
- Use English effectively to communicate in person, over the telephone, and in writing.
- Establish, maintain, and foster positive and harmonious working relationships with those contacted in the course of work.
- Be on standby duty and respond to after-hours emergencies.
- Operate, maintain, and repair a variety of water/wastewater treatment plants, water distribution systems, and wastewater collection systems.
- Recognize and correct or report unusual, inefficient, or dangerous operating conditions.
- Read a variety of gauges, charts, and meters, record data accurately and make appropriate process adjustments.
- Perform the daily duties of the lab analyst.
- Conduct standard chemical and physical tests of water, wastewater, sludge, and related materials.
- Handle hazardous chemicals in a safe manner.
- Interpret and apply the policies, procedures, laws, codes, and regulations pertaining to assigned programs and functions.
- Assist in the development and implementation of all safety programs.
- Set up and operate traffic area construction zones, including cones, barricades, and flagging.
- Locate underground utilities by use of blue prints and electronic locating equipment in accordance with Underground Service Alert (USA) regulations.
- Read, interpret, and apply technical information from manuals, drawings, specifications, layouts, blueprints, and schematics.
- Make accurate mathematical calculations.
- Diagnose operating problems and take effective courses of action.
- Follow department policies and procedures related to assigned duties.
- Use tact, initiative, prudence, and independent judgment within general policy, procedural, and legal guidelines.
- Perform duties of shift supervisor as required by the certification held when you hold the highest certification of employees on shift.

**Education and Experience:**

*Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:*

Equivalent to the completion of the twelfth (12<sup>th</sup>) grade.

Supplemental specialized training in water/wastewater treatment plants, water distribution systems, and wastewater collection systems and/or maintenance or related field and the years of experience relevant to the required state certifications.

## **Licenses, Certifications and Minimum Step requirements:**

The following two list demonstrate the minimum requirement to advance to the next pay step. The two list allow for an operator's assigned area of concentration.

**Note:** Currently only the Wastewater Treatment Plant Operator Certification has a time experience requirement attached to its obtainment. The state certification board has given every indication that they are working remove this requirement for the lower grade levels allowing both water and wastewater certification time experience requirement to be equal.

### **List A Wastewater**

#### **Step 2**

- Possession of a valid Class B California driver's license with appropriate endorsements.
- Possession of a Wastewater Treatment Plant Operator in Training certificate issued by the SWRCB.
- Possession of a Collection System Maintenance Grade I or Laboratory Analyst Grade I or above Certification from the California Water Environment Association.

#### **Step 3**

- All Step 2 requirements.
- Possession of a Grade I or above Wastewater Treatment Plant Operator certificate issued by the SWRCB.

#### **Step 4**

- All Step 3 requirements.
- Possession of a Grade II or above Wastewater Treatment Plant Operator certificate issued by the SWRCB.

#### **Step 5**

- Based on performance

### **List B Water**

#### **Step 2**

- Possession of a valid Class B California driver's license with appropriate endorsements.
- Possession of a D-1 or above Water Distribution Operator certificate issued by the SWRCB

#### **Step 3**

- All Step 2 requirements.
- Possession of a D-2 or above Water Distribution Operator certificate issued by the SWRCB.
- Possession of a T-1 or above Water Treatment Operator certificate issued by the SWRCB

#### **Step 4**

- All Step 3 requirements.
- Possession of a T-2 or above Water Treatment Operator certificate issued by the SWRCB

#### **Step 5**

- Based on performance

## **PHYSICAL DEMANDS**

Must possess mobility to work in and around standard water/wastewater treatment plants, water distribution systems, and wastewater collection systems, strength, stamina, and mobility to perform medium to heavy physical work, to work in confined spaces, around machines and to climb and descend ladders, and to operate varied hand and power tools and equipment; vision to read printed materials and a computer screen; color vision to read gauges and identify appurtenances; and hearing and speech to communicate in person and over the telephone or radio. The job involves frequent walking in operational areas to identify problems

or hazards. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or calculator and to operate above-mentioned tools and equipment. Positions in this classification bend, stoop, kneel, reach, and climb to perform work and inspect work sites. Employees must possess the ability to lift, carry, push, and pull materials and objects up to 50 pounds, and heavier weights with the use of proper equipment.

#### **ENVIRONMENTAL ELEMENTS**

Employees work partially indoors and partially in the field and are exposed to loud noise levels, cold and hot temperatures, inclement weather conditions, road hazards, vibration, confining workspace, chemicals, mechanical and/or electrical hazards, and hazardous physical substances, odors, and fumes. Employees interact with staff and/or public and private representatives in interpreting and enforcing departmental policies and procedures.

#### **WORKING CONDITIONS**

Required to be on-call as needed and to work various shifts evenings, weekends, holidays, and emergencies. Must maintain a 30-minute distance and 45-minute response time when assigned to on-call duties.

**On-call assignments will be based on City needs and state requirements and are a requirement of this position.**

#### **TOOLS & EQUIPMENT USED**

Motor vehicle, heavy equipment, commercial rated vehicles, generators, pumps, gauges, common hand and power tools, shovels, wrenches, detection devices, mobile radio, telephone, calculator, and a variety of lab equipment.

#### **SELECTION GUIDELINES**

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on \_\_\_\_\_

## **UTILITY OPERATOR MC (Multiple Certification)**

### **DEFINITION**

Under direct or general supervision, operates equipment, treatment facilities, pump/lift stations, and related appurtenances as found in a water/wastewater treatment plant, water distribution system, and wastewater collection system; takes periodic samples and performs standardized tests to ensure proper operation within established guidelines; performs preventive maintenance and repairs; and related work as required.

### **SUPERVISION RECEIVED AND EXERCISED**

Receives direct or general supervision from Lead Utility Operators, along with other City Managers and Supervisors. Utility Operators (Operators) will have the responsibilities for supervising and training less experienced personnel. Operators will be expected to perform the function of shift supervisor when they are the highest certified operator on shift.

### **CLASS CHARACTERISTICS**

This classification encompasses entry level operator to journey-level class in the utility operations series performing the full range of duties required to ensure that the water/wastewater treatment and their associated collection and distribution facilities and systems operate effectively and are maintained in a safe and effective working condition. Persons in this position are required to have a working knowledge appropriate to their certification level of the City's utilities. Responsibilities include performing standardized laboratory testing, operations of equipment, and performing a wide variety of tasks including preventative maintenance and repair of the facilities and systems.

Advancement in this class through the five steps are accomplished by:

- years of experience
- demonstration of knowledge and skill
- Advanced licenses, and certifications

### **EXAMPLES OF ESSENTIAL FUNCTIONS (Illustrative Only)**

*Management reserves the right to add, modify, change, or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.*

- Monitors plant operations equipment and processes to ensure compliance with environmental and public health standards, including monitoring and adjusting to optimize efficiency, making chemical dosage changes, changing pumping rates, and monitoring all equipment.
- Operates valves, pumps, and automated controls to regulate the flow of water/wastewater through the system.
- Reviews and analyzes automated information and control system data and revises equipment settings as appropriate; notifies supervisor of unusual situations and makes inspections or corrects system problems as necessary.
- Reads, records, and calculates readings of meters and gauges; interprets information into operational characteristics; makes process adjustments per information gathered, samples collected, readings, and records.
- Collects water/wastewater, sludge, and other samples from various phases of the treatment process; performs standard chemical and physical tests on these samples to ensure that the treatment process is operating effectively and that regulatory requirements are being met.
- Interprets and performs routine laboratory and process tests to optimize treatment plant performance, monitors the results, and recommends potential operational changes to the Lead.
- Performs proper usage and handling of chemicals per industry standards.

- Performs preventive maintenance on a variety of equipment, such as electric motors, engines, gas and electric powered pumps, drive units, emergency systems, power generation systems, pressure and flow regulators, and other fixtures and appliances.
- Lubricates pumps, motors, chains, conveyors, blowers, chlorinators, sprinklers, rotation distributors, scrapers, filter screens, and other machinery and equipment; removes blockages; replaces worn parts; participates in determining equipment problems and suggesting methods of minimizing such problems in an operational setting.
- Performs fabrication of piping and other systems as necessary to maintain operation of treatment plant facilities and equipment.
- Performs inspection, construction, maintenance, and repair activities of water distribution and wastewater collection systems; checks, cleans, and repairs systems and treatment plant lines, pits, screens, tanks, and mechanisms; shuts down appropriate parts for repair and returns to service once repair is completed.
- Operates a variety of vehicles and heavy equipment; including but not limited to pick-up trucks, Hydro-Vac; front end loader, and forklift.
- Operates a Hydro-Vac and trailer mounted jetter for hydro-flushing City sewer lines.
- Operates and maintains a variety of hand and power tools and equipment related to work assignments as instructed.
- Locates and marks underground utilities in accordance with Underground Service Alert (USA) regulations.
- Performs pretreatment inspections and tests of industrial and commercial waste disposal systems to ensure compliance with ordinances and permit requirements.
- Performs a variety of general and ground maintenance activities, including mowing, edging, and trimming landscaped areas as scheduled, weed abatement, and painting facilities and equipment when needed; assists in maintenance painting of plant machinery, equipment, piping, and other structures; maintains work areas in a clean and orderly condition, including securing equipment at the close of the workday.
- Responds to operations, maintenance, and repair emergency situations as required.
- Maintains records and logs of daily activities; prepares reports as necessary.
- Observes safe work methods and makes appropriate use of related safety equipment as required.
- Performs related duties as assigned.

## **QUALIFICATIONS**

### **Knowledge of:**

- Basic principles, practices, tools, and materials as they relate to the operation, cleaning, and preventive maintenance of water/wastewater treatment plants, water distribution systems, and wastewater collection systems, and their associated facilities, and equipment.
- Basic principles and practices of record-keeping methods.
- Safe driving rules and practices.
- Basic computer software related to work.
- English usage, spelling, vocabulary, grammar, and punctuation.
- Operation and preventive maintenance of piping systems, including pipes, valves, and related appurtenances.
- Standard chemical and physical tests of water, wastewater, sludge, and related materials.
- Applicable Federal, State, and local laws, regulatory codes, ordinances, and procedures.
- Basic equipment troubleshooting principles and practices.
- Basic mechanical, electrical, and hydraulic principles.
- Basic arithmetic and statistical techniques.
- Use computers and a variety of computer software programs. record and log data.

- Safe work methods and safety practices pertaining to the work, including the handling and storage of hazardous chemicals.

**Appropriate to certification level ability to:**

- Safely and effectively use and operate hand tools, mechanical equipment, power tools, and light to heavy equipment required for the work.
- Perform routine equipment maintenance.
- Maintain accurate logs, records, and basic written records of work performed.
- Operate a motor vehicle safely.
- Understand and follow oral and written instructions.
- Organize own work, set priorities, and meet critical time deadlines.
- Use English effectively to communicate in person, over the telephone, and in writing.
- Establish, maintain, and foster positive and harmonious working relationships with those contacted in the course of work.
- Be on standby duty and respond to after-hours emergencies.
- Operate, maintain, and repair a variety of water/wastewater treatment plants, water distribution systems, and wastewater collection systems.
- Recognize and correct or report unusual, inefficient, or dangerous operating conditions.
- Read a variety of gauges, charts, and meters, record data accurately and make appropriate process adjustments.
- Perform the daily duties of the lab analyst.
- Conduct standard chemical and physical tests of water, wastewater, sludge, and related materials.
- Handle hazardous chemicals in a safe manner.
- Interpret and apply the policies, procedures, laws, codes, and regulations pertaining to assigned programs and functions.
- Assist in the development and implementation of all safety programs.
- Set up and operate traffic area construction zones, including cones, barricades, and flagging.
- Locate underground utilities by use of blue prints and electronic locating equipment in accordance with Underground Service Alert (USA) regulations.
- Read, interpret, and apply technical information from manuals, drawings, specifications, layouts, blueprints, and schematics.
- Make accurate mathematical calculations.
- Diagnose operating problems and take effective courses of action.
- Follow department policies and procedures related to assigned duties.
- Use tact, initiative, prudence, and independent judgment within general policy, procedural, and legal guidelines.
- Perform duties of shift supervisor as required by the certification held when you hold the highest certification of employees on shift.

**Education and Experience:**

*Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:*

Equivalent to the completion of the twelfth (12<sup>th</sup>) grade.

Supplemental specialized training in water/wastewater treatment plants, water distribution systems, and wastewater collection systems and/or maintenance or related field and the years of experience relevant to the required state certifications.

## **Licenses, Certifications and Minimum Step requirements:**

The following list demonstrate the minimum requirement to advance to the next pay step.

### **Step 2**

- Possession of a valid Class B California driver's license with appropriate endorsements.
- Possession of a Wastewater Treatment Plant Operator in Training certificate issued by the SWRCB.
- Possession of a Collection System Maintenance Grade I or Laboratory Analyst Grade I or above Certification from the California Water Environment Association.
- Possession of a D-1 or above Water Distribution Operator certificate issued by the SWRCB

### **Step 3**

- All Step 2 requirements.
- Possession of a Grade I or above Wastewater Treatment Plant Operator certificate issued by the SWRCB.
- Possession of a T-1 or above Water Treatment Operator certificate issued by the SWRCB

### **Step 4**

- All Step 3 requirements.
- Possession of a D-2 or above Water Distribution Operator certificate issued by the SWRCB.

### **Step 5**

- All Step 4 requirements.
- Possession of a T-2 or above Water Treatment Operator certificate issued by the SWRCB.
- Possession of a Grade II or above Wastewater Treatment Plant Operator certificate issued by the SWRCB.

## **PHYSICAL DEMANDS**

Must possess mobility to work in and around standard water/wastewater treatment plants, water distribution systems, and wastewater collection systems, strength, stamina, and mobility to perform medium to heavy physical work, to work in confined spaces, around machines and to climb and descend ladders, and to operate varied hand and power tools and equipment; vision to read printed materials and a computer screen; color vision to read gauges and identify appurtenances; and hearing and speech to communicate in person and over the telephone or radio. The job involves frequent walking in operational areas to identify problems or hazards. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or calculator and to operate above-mentioned tools and equipment. Positions in this classification bend, stoop, kneel, reach, and climb to perform work and inspect work sites. Employees must possess the ability to lift, carry, push, and pull materials and objects up to 50 pounds, and heavier weights with the use of proper equipment.

## **ENVIRONMENTAL ELEMENTS**

Employees work partially indoors and partially in the field and are exposed to loud noise levels, cold and hot temperatures, inclement weather conditions, road hazards, vibration, confining workspace, chemicals, mechanical and/or electrical hazards, and hazardous physical substances, odors, and fumes. Employees interact with staff and/or public and private representatives in interpreting and enforcing departmental policies and procedures.

## **WORKING CONDITIONS**

Required to be on-call as needed and to work various shifts evenings, weekends, holidays, and emergencies. Must maintain a 30-minute distance and 45-minute response time when assigned to on-call duties.

**On-call assignments will be based on City needs and state requirements and are a requirement of this position.**



**TOOLS & EQUIPMENT USED**

Motor vehicle, heavy equipment, commercial rated vehicles, generators, pumps, gauges, common hand and power tools, shovels, wrenches, detection devices, mobile radio, telephone, calculator, and a variety of lab equipment.

**SELECTION GUIDELINES**

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on \_\_\_\_\_

## **LEAD UTILITY OPERATOR**

### **DEFINITION**

Under general supervision, operates equipment, treatment facilities, pump/lift stations, and related appurtenances as found in a water/wastewater treatment plant, water distribution system, and wastewater collection system; takes periodic samples and performs standardized tests to ensure proper operation within established guidelines; performs preventive maintenance and repairs; and related work as required.

### **SUPERVISION RECEIVED AND EXERCISED**

Receives direct or general supervision from Wastewater Systems Supervisor and/or Utilities Manager along with other City Managers and Department Heads. Lead Utility Operators have the responsibility to regularly direct and lead the Utility Operators in water/wastewater treatment plant, water distribution system, and wastewater collection system functions and projects. Assists the Utility Manager in exercising technical and functional supervision over operations staff.

### **CLASS CHARACTERISTICS**

This is the lead worker class in the Utilities operations series and serves as a senior member of the utilities systems crew. This position is required to have a complete working knowledge and understanding of the utility area of the City they are assigned water/wastewater treatment plant, water distribution system, or wastewater collection system. Responsibilities include assisting the Utility Manager and Wastewater Systems Supervisor in planning, organizing, supervising, reviewing, and evaluating the work of operations and maintenance staff. Incumbents are expected to independently perform the full range of operations and maintenance duties for their area of responsibility, including a complete working knowledge. Incumbents in this class are required to perform qualitative and quantitative analysis. Performance of the work requires the use of considerable independence, initiative, and discretion within established guidelines.

### **EXAMPLES OF ESSENTIAL FUNCTIONS (Illustrative Only)**

*Management reserves the right to add, modify, change, or rescind the work assignments of different positions and to make reasonable accommodations so that qualified employees can perform the essential functions of the job.*

- Monitors plant operations equipment and processes to ensure compliance with environmental and public health standards, including monitoring and adjusting to optimize efficiency, making chemical dosage changes, changing pumping rates, and monitoring all equipment.
- Operates valves, pumps, and automated controls to regulate the flow of water/wastewater through the system.
- Reviews and analyzes automated information and control system data and revises equipment settings as appropriate; notifies supervisor of unusual situations and makes inspections or corrects system problems as necessary.
- Reads, records, and calculates readings of meters and gauges; interprets information into operational characteristics; makes process adjustments per information gathered, samples collected, readings, and records.
- Collects water/wastewater, sludge, and other samples from various phases of the treatment process; performs standard chemical and physical tests on these samples to ensure that the treatment process is operating effectively and that regulatory requirements are being met.
- Interprets and performs routine laboratory and process tests to optimize treatment plant performance, monitors the results, and recommends potential operational changes to the Lead.
- Performs proper usage and handling of chemicals per industry standards.

- Performs preventive maintenance on a variety of equipment, such as electric motors, engines, gas and electric powered pumps, drive units, emergency systems, power generation systems, pressure and flow regulators, and other fixtures and appliances.
- Lubricates pumps, motors, chains, conveyors, blowers, chlorinators, sprinklers, rotation distributors, scrapers, filter screens, and other machinery and equipment; removes blockages; replaces worn parts; participates in determining equipment problems and suggesting methods of minimizing such problems in an operational setting.
- Performs fabrication of piping and other systems as necessary to maintain operation of treatment plant facilities and equipment.
- Performs inspection, construction, maintenance, and repair activities of water distribution and wastewater collection systems; checks, cleans, and repairs systems and treatment plant lines, pits, screens, tanks, and mechanisms; shuts down appropriate parts for repair and returns to service once repair is completed.
- Operates a variety of vehicles and heavy equipment; including but not limited to pick-up trucks, Hydro-Vac; front end loader, and forklift.
- Operates a Hydro-Vac and trailer mounted jetter for hydro-flushing City sewer lines.
- Operates and maintains a variety of hand and power tools and equipment related to work assignments as instructed.
- Locates and marks underground utilities in accordance with Underground Service Alert (USA) regulations.
- Performs pretreatment inspections and tests of industrial and commercial waste disposal systems to ensure compliance with ordinances and permit requirements.
- Performs a variety of general and ground maintenance activities, including mowing, edging, and trimming landscaped areas as scheduled, weed abatement, and painting facilities and equipment when needed; assists in maintenance painting of plant machinery, equipment, piping, and other structures; maintains work areas in a clean and orderly condition, including securing equipment at the close of the workday.
- Responds to operations, maintenance, and repair emergency situations as required.
- Maintains records and logs of daily activities; prepares reports as necessary.
- Observes safe work methods and makes appropriate use of related safety equipment as required.
- Leads trains and participates with assigned operators in the operation and maintenance of the city water/wastewater treatment plant, water distribution system, or wastewater collection system.
- Makes inspections and reports conditions to assure adherence to maintenance and operations procedures; assures and assists in work necessary to keep work areas in a clean and orderly condition.
- Requisitions materials, supplies, and equipment; reports the need for unusual items; may recommend repairs and improvements.
- Provides for the instruction of new operators and is responsible for safe working conditions.
- Maintains surveillance of the operating efficiency of mechanical and electrical systems.
- Assists in the development and implementation of goals, objectives, policies, and priorities; works closely with contractors and engineers on improvement projects.
- Utilizes computerized asset management and maintenance software (i.e. CityWorks or equal); issues and monitors work orders and closes work orders when complete; maintains employee work time and schedules; keeps records; prepares necessary reports, logs, and activities.
- Reviews work projects in process and at completion, including contractor coordination and direction.
- Keeps records and makes reports on materials, equipment used, and employees' time spent on various projects.
- Responds to customer inquiries; evaluates situations; makes determinations.
- Develops, implements and oversees a variety of safety programs. Facilitates safety meetings and

enforces safety regulations.

- Operates heavy equipment as needed.
- Assures all operations are conducted in conformance with established policies, procedures, and standards established by the City and Cal OSHA.
- Keeps records and prepares reports.
- Reports activities and conditions to utilities division manager.
- Performs related work as required.

## **QUALIFICATIONS**

### **Knowledge of:**

- Basic principles, practices, tools, and materials as they relate to the operation, cleaning, and preventive maintenance of water/wastewater treatment plants, water distribution systems, and wastewater collection systems, and their associated facilities, and equipment.
- Basic principles and practices of record-keeping methods.
- Safe driving rules and practices.
- Basic computer software related to work.
- English usage, spelling, vocabulary, grammar, and punctuation.
- Operation and preventive maintenance of piping systems, including pipes, valves, and related appurtenances.
- Standard chemical and physical tests of water, wastewater, sludge, and related materials.
- Applicable Federal, State, and local laws, regulatory codes, ordinances, and procedures.
- Basic equipment troubleshooting principles and practices.
- Basic mechanical, electrical, and hydraulic principles.
- Basic arithmetic and statistical techniques.
- Use computers and a variety of computer software programs. record and log data.
- Safe work methods and safety practices pertaining to the work, including the handling and storage of hazardous chemicals.
- Basic principles and practices of qualitative and quantitative chemistry, mathematics, biology, and bacteriology; sampling procedures and equipment; safe work practices.
- Knowledge of principles and practices of effective supervision.

### **Appropriate to certification level ability to:**

- Safely and effectively use and operate hand tools, mechanical equipment, power tools, and light to heavy equipment required for the work.
- Perform routine equipment maintenance.
- Maintain accurate logs, records, and basic written records of work performed.
- Operate a motor vehicle safely.
- Understand and follow oral and written instructions.
- Organize own work, set priorities, and meet critical time deadlines.
- Use English effectively to communicate in person, over the telephone, and in writing.
- Establish, maintain, and foster positive and harmonious working relationships with those contacted in the course of work.
- Be on standby duty and respond to after-hours emergencies.
- Operate, maintain, and repair a variety of water/wastewater treatment plants, water distribution systems, and wastewater collection systems.
- Recognize and correct or report unusual, inefficient, or dangerous operating conditions.
- Read a variety of gauges, charts, and meters, record data accurately and make appropriate process adjustments.
- Perform the daily duties of the lab analyst.
- Conduct standard chemical and physical tests of water, wastewater, sludge, and related materials.

- Handle hazardous chemicals in a safe manner.
- Interpret and apply the policies, procedures, laws, codes, and regulations pertaining to assigned programs and functions.
- Assist in the development and implementation of all safety programs.
- Set up and operate traffic area construction zones, including cones, barricades, and flagging.
- Locate underground utilities by use of blue prints and electronic locating equipment in accordance with Underground Service Alert (USA) regulations.
- Read, interpret, and apply technical information from manuals, drawings, specifications, layouts, blueprints, and schematics.
- Make accurate mathematical calculations.
- Diagnose operating problems and take effective courses of action.
- Follow department policies and procedures related to assigned duties.
- Use tact, initiative, prudence, and independent judgment within general policy, procedural, and legal guidelines.
- Establish and maintain effective working relationships.
- Organize time, staff and materials to meet deadlines.
- Identify problems, research and analyze relevant information, develop and present recommendations, and justification for solution.

### **Education and Experience:**

*Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:*

Equivalent to the completion of the twelfth (12<sup>th</sup>) grade.

Supplemental specialized training in an area of water/wastewater treatment plants, water distribution systems, and/or wastewater collection systems and/or maintenance or related field and (5) years of experience relevant to the required state certifications.

One (1) year of lead or supervisory experience preferred.

### **Licenses, Certifications and Minimum Step requirements:**

- Possession of a valid Class B California driver's license with appropriate endorsements.
- Possession of (at a minimum) one the following Certifications (Dependent on City need, and area assigned)
  - Grade III Wastewater Treatment Plant Operator certificate issued by the State Water Resources Control Board (SWRCB).
  - Grade III Water Treatment Plant Operator certificate T3 issued by the State Water Resources Control Board (SWRCB).
  - Grade III Water Distribution Operator certificate D3 issued by the State Water Resources Control Board (SWRCB).
  - Grade III Collection System Maintenance certificate issued by the California Water Environment Association

All certifications for assigned areas must be continuously maintained

Advancement in this class through steps one to four are accomplished by:

- job performance
- years of experience
- demonstration of knowledge and skill

To be eligible for step five requires one of the following:

- State or CWEA certification at the highest level for the city area the Lead Utility Operator is assigned
- Dual certification in water/wastewater at a minimum of Grade II
- Water Treatment and Distribution Certification at the highest reasonably attainable level within the City of Morro Bay. (Currently T2 and D4)

### **PHYSICAL DEMANDS**

Must possess mobility to work in and around standard water/wastewater treatment plants, water distribution systems, and wastewater collection systems, strength, stamina, and mobility to perform medium to heavy physical work, to work in confined spaces, around machines and to climb and descend ladders, and to operate varied hand and power tools and equipment; vision to read printed materials and a computer screen; color vision to read gauges and identify appurtenances; and hearing and speech to communicate in person and over the telephone or radio. The job involves frequent walking in operational areas to identify problems or hazards. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or calculator and to operate above-mentioned tools and equipment. Positions in this classification bend, stoop, kneel, reach, and climb to perform work and inspect work sites. Employees must possess the ability to lift, carry, push, and pull materials and objects up to 50 pounds, and heavier weights with the use of proper equipment.

### **ENVIRONMENTAL ELEMENTS**

Employees work partially indoors and partially in the field and are exposed to loud noise levels, cold and hot temperatures, inclement weather conditions, road hazards, vibration, confining workspace, chemicals, mechanical and/or electrical hazards, and hazardous physical substances, odors, and fumes. Employees interact with staff and/or public and private representatives in interpreting and enforcing departmental policies and procedures.

### **WORKING CONDITIONS**

Required to be on-call as needed and to work various shifts evenings, weekends, holidays, and emergencies. Must maintain a 30-minute distance and 45-minute response time when assigned to on-call duties.

**On-call assignments will be based on City needs and state requirements and are a requirement of this position.**

### **TOOLS & EQUIPMENT USED**

Motor vehicle, heavy equipment, commercial rated vehicles, generators, pumps, gauges, common hand and power tools, shovels, wrenches, detection devices, mobile radio, telephone, calculator, and a variety of lab equipment.

### **SELECTION GUIDELINES**

Formal application, rating of education and experience, oral interview and reference check; job related tests may be required.

The duties listed above are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the position.

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Approved by the Morro Bay City Council on \_\_\_\_\_

**RESOLUTION NO. 96-18**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
APPROVING THE FISCAL YEAR 2018-2019 SALARY SCHEDULE; AND  
RESCINDING RESOLUTION NO. 67-18**

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

**WHEREAS**, The California Public Employees' Retirement System (CalPERS), has requested all CalPERS employers list their compensation levels on one document, approved and adopted by the governing body, in accordance with Title 2, California code of Regulations (CCR), section 570.5, and meeting all of the following requirements thereof:

1. Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
2. Identifies the position title for every employee position;
3. Shows the pay rate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
4. Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
5. Is posted as the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
6. Indicates an effective date and date of any revisions;
7. Is retained by the employer and available for public inspection for not less than five years; and
8. Does not reference another document in lieu of disclosing the pay rate; and

**WHEREAS**, Council adopted Resolution No. 67-18 on August 28, 2018 to approve the Fiscal Year 2018-19 Salary Schedule; and

**WHEREAS**, the Council has authorized various new and revised job classifications as presented with the FY 2018/19 1<sup>st</sup> Quarter Budget report; and

**WHEREAS**, the formal approval of the pay schedules requires that they are duly approved and adopted by the City Council, such as 2 CCR 570.5 regulation requires the adoption of the Salary Schedule for Fiscal Year 2018-19, incorporated in Exhibit A attached hereto; and

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

1. Resolution No. 67-18 is hereby rescinded; and
2. The Combined Salary Schedules, attached hereto as Exhibit A, are hereby approved and adopted.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a special meeting thereof held on the 29<sup>th</sup> day of November 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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JAMIE L. IRONS, Mayor

ATTEST:

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DANA SWANSON, City Clerk



**CITY OF MORRO BAY  
COMBINED SALARY SCHEDULE  
FISCAL YEAR 2018-19**

TITLE	GROUP	STEP 1 Annual	STEP 2 Annual	STEP 3 Annual	STEP 4 Annual	STEP 5 Annual	STEP 6 Annual
ACCOUNT CLERK IN-TRAINING	S	31,824	33,415	35,086	36,840	38,682	
ACCOUNT CLERK I	S	38,474	40,398	42,418	44,538	46,765	
CONSOLIDATED MAINTENANCE WRK I	S	38,474	40,398	42,418	44,538	46,765	
OFFICE ASST. III	S	38,474	40,398	42,418	44,538	46,765	
OFFICE ASST. IV	S	41,596	43,676	45,860	48,153	50,560	
ACCOUNT CLERK II	S	43,215	45,376	47,645	50,027	52,528	
COLLECTION SYS OPERATOR II	S	—43,215	—45,376	—47,645	—50,027	—52,528	
CONSOLIDATED MAINTENANCE WRK II	S	43,215	45,376	47,645	50,027	52,528	
WATER SYSTEM OPERATOR I	S	—43,215	—45,376	—47,645	—50,027	—52,528	
WASTEWATER SYSTEMS OIT	S	—43,215	—45,376	—47,645	—50,027	—52,528	
PERMIT TECHNICIAN	S	44,258	46,470	48,794	51,234	53,795	
ACCOUNT CLERK III	S	46,284	48,598	51,028	53,580	56,259	
COLLECTION SYS OPERATOR III	S	—46,284	—48,598	—51,028	—53,580	—56,259	
CONSOLIDATED MAINTENANCE WRK III	S	46,284	48,598	51,028	53,580	56,259	
WASTEWATER SYSTEM OP I	S	—46,284	—48,598	—51,028	—53,580	—56,259	
ADMINISTRATIVE TECHNICIAN	S	47,102	49,457	51,930	54,526	57,253	
FIRE - ADMINISTRATIVE TECHNICIAN	S	47,102	49,457	51,930	54,526	57,253	*
PERMIT TECHNICIAN - CERTIFIED	S	47,102	49,457	51,930	54,526	57,253	
SUPPORT SERVICES TECHNICIAN	S	47,102	49,457	51,930	54,526	57,253	
PROPERTY EVIDENCE CLERK	S	47,102	49,457	51,930	54,526	57,253	
MECHANIC	S	48,609	51,039	53,591	56,270	59,084	
RECREATION COORDINATOR	S	48,609	51,039	53,591	56,270	59,084	*
LEGAL ASSISTANT/DEPUTY CITY CLERK	C	—51,062	—53,615	—56,296	—59,110	—62,066	
WATER SYSTEM OPERATOR II	S	—51,487	—54,062	—56,765	—59,603	—62,583	
WASTEWATER SYSTEMS OP II	S	—51,487	—54,062	—56,765	—59,603	—62,583	
WWTP OPERATOR II	S	—51,487	—54,062	—56,765	—59,603	—62,583	
HUMAN RESOURCES ANALYST I	C	53,618	56,299	59,114	62,070	65,173	
SUPPORT SERVICES COORDINATOR	C	53,618	56,299	59,114	62,070	65,173	
HARBOR PATROL OFFICER	S	53,703	56,389	59,208	62,168	65,277	

CONSOLIDATED MAINT LW	S	53,858	56,551	59,379	62,348	65,465	
ENGINEERING TECHNICIAN III	S	<del>53,858</del>	<del>56,551</del>	<del>59,379</del>	<del>62,348</del>	<del>65,465</del>	
WATER SYSTEM OPERATOR III	S	<del>54,061</del>	<del>56,764</del>	<del>59,603</del>	<del>62,583</del>	<del>65,712</del>	
WASTEWATER SYSTEMS OP III	S	<del>54,061</del>	<del>56,764</del>	<del>59,603</del>	<del>62,583</del>	<del>65,712</del>	
WWTP OPERATOR II/LAB ANALYST	S	<del>54,061</del>	<del>56,764</del>	<del>59,603</del>	<del>62,583</del>	<del>65,712</del>	
ENGINEERING TECHNICIAN III	S	55,057	57,810	60,700	63,735	66,922	*
RECREATION SUPERVISOR	S	55,057	57,810	60,700	63,735	66,922	
UTILITY OPERATOR	S	55,142	57,899	60,794	63,833	67,025	*
ASSISTANT PLANNER	S	55,400	58,170	61,079	64,133	67,339	
ASSISTANT CIVIL ENGINEER	S	<del>57,613</del>	<del>60,494</del>	<del>63,519</del>	<del>66,694</del>	<del>70,029</del>	
BUILDING INSPECTOR	S	57,613	60,494	63,519	66,694	70,029	
ENGINEERING TECHNICIAN IV	S	<del>57,613</del>	<del>60,494</del>	<del>63,519</del>	<del>66,694</del>	<del>70,029</del>	
WASTEWATER SYSTEMS LEADWORKER	S	<del>57,613</del>	<del>60,494</del>	<del>63,519</del>	<del>66,694</del>	<del>70,029</del>	
EXECUTIVE ASSISTANT/DEPUTY CLERK	C	57,613	60,494	63,519	66,694	70,029	*
FIREFIGHTER	F	57,907	60,802	63,842	67,034	70,386	
UTILITY OPERATOR MC (MULTIPLE CERT)	S	59,002	61,952	65,050	68,302	71,717	*
HUMAN RESOURCES ANALYST	C	<del>59,890</del>	<del>62,884</del>	<del>66,028</del>	<del>69,330</del>	<del>72,796</del>	
SENIOR ACCOUNTING TECHNICIAN	C	59,890	62,884	66,028	69,330	72,796	
POLICE SUPPORT SERVICES MANAGER	M	59,890	62,884	66,028	69,330	72,796	
HARBOR BUSINESS COORD	S	59,970	62,968	66,117	69,422	72,894	
POLICE OFFICER	P	62,616	65,746	69,034	72,485	76,110	79,915
HARBOR PATROL SUPERVISOR	S	63,257	66,420	69,741	73,228	76,890	
FIRE ENGINEER	F	63,307	66,473	69,796	73,286	76,950	
ASSOCIATE CIVIL ENGINEER	S	<del>64,476</del>	<del>67,699</del>	<del>71,084</del>	<del>74,639</del>	<del>78,371</del>	
ENGINEERING TECHNICIAN IV	S	64,476	67,699	71,084	74,639	78,371	*
ASSISTANT ENGINEER	S	64,476	67,699	71,084	74,639	78,371	*
ASSOCIATE PLANNER	S	64,476	67,699	71,084	74,639	78,371	
BUILDING INSPECTOR/PLANS EXAMINER	S	64,476	67,699	71,084	74,639	78,371	
COLLECTION SYSTEM SUPERVISOR	S	<del>64,476</del>	<del>67,699</del>	<del>71,084</del>	<del>74,639</del>	<del>78,371</del>	
CONSOLIDATED MAINT FIELD SUPV	S	64,476	67,699	71,084	74,639	78,371	
WATER SYSTEM SUPERVISOR	S	<del>64,476</del>	<del>67,699</del>	<del>71,084</del>	<del>74,639</del>	<del>78,371</del>	
HUMAN RESOURCES ANALYST II	C	64,476	67,699	71,084	74,639	78,371	*
LEAD UTILITY OPERATOR	S	65,765	69,053	72,505	76,131	79,937	*
MANAGEMENT ANALYST	M	65,836	69,128	72,584	76,213	80,024	
POLICE DETECTIVE	P	65,747	69,034	72,486	76,111	79,916	83,912
POLICE SCHOOL RESOURCE OFFICER	P	65,747	69,034	72,486	76,111	79,916	83,912

POLICE SENIOR OFFICER	P	65,747	69,034	72,486	76,111	79,916	83,912	
POLICE CORPORAL	P	66,357	69,675	73,159	76,817	80,658	84,691	
FIRE CAPTAIN	F	72,772	76,410	80,231	84,242	88,455		
ASSOCIATE CIVIL ENGINEER	S	74,146	77,853	81,746	85,833	90,125		*
WASTEWATER SYSTEMS SUPV	S	74,146	77,853	81,746	85,833	90,125		
BUDGET/ACCOUNTING MANAGER	M	76,992	80,841	84,883	89,127	93,584		
SENIOR CIVIL ENGINEER	M	—76,992	—80,841	—84,883	—89,127	—93,584		
CONSOLIDATED MAINTENANCE SUPT	M	76,992	80,841	84,883	89,127	93,584		
ENVIRONMENTAL PROGRAMS MANAGER	M	76,992	80,841	84,883	89,127	93,584		
INFORMATION SERVICES TECHNICIAN	M	76,992	80,841	84,883	89,127	93,584		
RECREATION SERVICES MANAGER	M	76,992	80,841	84,883	89,127	93,584		
SENIOR PLANNER	M	76,992	80,841	84,883	89,127	93,584		
TOURISM MANAGER	M	76,992	80,841	84,883	89,127	93,584		
POLICE SERGEANT	P	78,089	81,993	86,093	90,398	94,918	99,664	
PLANNING MANAGER	M	84,693	88,927	93,374	98,042	102,945		
SENIOR CIVIL ENGINEER	M	84,693	88,927	93,374	98,042	102,945		
CITY CLERK / RISK MANAGER	M	—85,105	—89,360	—93,828	—98,519	—103,445		
FIRE MARSHAL	F	86,386	90,706	95,241	100,003	105,003		
CITY CLERK/HR MANAGER	M	98,630	103,561	108,739	114,176	119,885		*
COMMUNITY DEVELOPMENT MANAGER	M	99,812	104,802	110,043	115,545	121,322		
UTILITY DIVISION MANAGER	M	99,812	104,802	110,043	115,545	121,322		
WASTEWATER DIVISION MANAGER	M	—99,812	—104,802	—110,043	—115,545	—121,322		
POLICE COMMANDER	M	112,058	117,661	123,544	129,722	136,208		
DEPUTY CITY MANAGER	E	122,339	128,455	134,878	141,622	148,703		
COMMUNITY DEVELOPMENT DIRECTOR	E	122,339	128,455	134,878	141,622	148,703		
FINANCE DIRECTOR	E	122,339	128,455	134,878	141,622	148,703		
PUBLIC WORKS DIRECTOR	E	126,901	133,246	139,908	146,903	154,249		
ADMINISTRATIVE SERVICES DIRECTOR	E	126,901	133,246	139,908	146,903	154,249		
HARBOR DIRECTOR	E	129,268	135,731	142,518	149,643	157,126	sworn	
FIRE CHIEF	E	129,268	135,731	142,518	149,643	157,126	sworn	
POLICE CHIEF	E	129,268	135,731	142,518	149,643	157,126	sworn	
ASSISTANT CITY MANAGER	E	131,912	138,508	145,433	152,705	160,340		
CITY MANAGER	E	171,044	175,320	179,703	184,195	188,800		

Updated 11/29/18

Effective FY 12/01/2018



# Staff Report

**TO:** Honorable Mayor and City Council **DATE:** November 21, 2018

**FROM:** Jennifer Callaway, Finance Director

**SUBJECT:** First Quarter Investment Report (period ending September 30, 2018) for Fiscal Year 2018/19

## **RECOMMENDATION**

Council receive the attached First Quarter Investment Report (period ending September 30, 2018) for Fiscal Year 2018/19.

## **FISCAL IMPACT**

There is no fiscal impact associated with this recommendation.

## **DISCUSSION**

Attached for your consideration is the First Quarter Investment Report for FY 2018/19.

As of September 30, 2018, the City's weighted portfolio yield of 1.660% was below the Local Agency Investment Fund (LAIF) yield of 2.16%. With interest rates increasing staff will work to remain more vigilant in monitoring rates closely and as investments mature replace those investments with an appropriate maturity and credit rating equivalent investment.

During the quarter, yields have generally been increasing anticipating continued economic growth. With four investments reaching maturity, the FHLM Corp on September 30, 2018, BMW Bank and Synchrony Bank both on October 25, 2018 and State Farm Bank of October 21, 2018 it is imperative that staff purchase certificates of deposits to appropriately invest the city's funds. Staff's strategy will be to focus on the purchase of short-term (two years or less in maturity) investments as the rewards for longer term investments in the three to five-year maturity do not have adequate spreads to justify the risk of holding longer term maturities.

This investment report was presented to the Citizen's Finance Advisory Committee (CFAC) on November 20, 2018 with consensus from the Committee on the report.

## **CONCLUSION**

Staff recommends that the Committee receive the First Quarter Investment Report (period ending September 30, 2018) for Fiscal Year 2018/19.

## **ATTACHMENT**

1. First Quarter Investment Report for FY 2018/19 (period ending September 30, 2018)

**CITY OF MORRO BAY**  
**QUARTERLY PORTFOLIO PERFORMANCE**  
**9/30/2018**

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	MARKET VALUE	COUPON INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 10,315,144	\$ 10,315,144	2.16%	DAILY	DAILY	1
<b>MONEY MARKET ACCOUNT:</b>							
MM	RABOBANK - MONEY MARKET	2,319,378	2,319,378	0.20%	DAILY	DAILY	1
SWEEP	RABOBANK - SWEEP	3,004,132	3,004,132	0.05%	DAILY	DAILY	1
MM	OPUS BANK	5,083,991	5,083,991	2.12%	DAILY	DAILY	1
<b>Government Agency</b>							
3134G8PD5	FHLM Corp	500,003	497,548	1.350%	3/30/2016	9/30/2019	
<b>CERTIFICATES OF DEPOSIT:</b>							
1404202A7	ZION BANK - CAPITAL ONE BANK	250,005	252,772	2.400%	4/12/2017	4/12/2022	1,290
902856	TBK BANK	250,000	250,000	2.050%	1/24/2017	1/11/2019	103
4100093030	LEADER BANK	250,000	250,000	1.551%	1/6/2014	1/6/2019	98
05568P5Y9	ZION BANK - BMW BANK	250,001	251,262	2.100%	10/25/2013	10/25/2018	25
36160NYZ6	ZION BANK - Synchrony Bank CD	250,001	251,661	2.150%	10/25/2013	10/25/2018	25
38148PGK7	ZION BANK - GOLDMAN SACHS BANK	250,003	245,243	1.550%	8/3/2016	8/3/2021	1,038
3090683803	STATE FARM BANK	250,000	250,000	1.980%	10/21/2013	10/21/2018	21
4923509568	PENTAGON FEDERAL CREDIT UNION	250,000	250,000	3.000%	2/5/2014	2/5/2019	128
		<u>\$ 23,222,657</u>	<u>\$ 23,221,130</u>				
					<b>% OF LIQUID PORTFOLIO HOLDINGS</b>	<b>WEIGHTED AVERAGE RATE OF EARNINGS</b>	<b>WEIGHTED AVERAGE MATURITY</b>
					<u>89.235%</u>	<u>1.660%</u>	<u>30</u>

Portfolio holdings as of the first quarter ended September 30, 2018, are in compliance with the current Investment Policy. With 89.235%

of the portfolio held in liquid instruments, the City's portfolio is well above the 65% to 70% target liquidity rate approved by the City Council in March 2018.

# Staff Report

**TO:** Honorable Mayor & City Council

**DATE:** November 19, 2018

**FROM:** Eric Endersby, Harbor Director

**SUBJECT:** Approval of Community Benefit Agreement between City of Morro Bay and Castle Wind, LLC and Authorize Rescission of the Memorandum of Cooperation with Trident Winds, LLC

## **RECOMMENDATION**

Staff recommend the City Council approve the Community Benefit Agreement (CBA) between the City of Morro Bay and Castle Wind, LLC (Castle), included with this staff report at Attachment 1 and authorize rescinding the current memorandum of cooperation between the City and Trident Winds, LLC (Trident).

## **ALTERNATIVES**

- The Council could opt not to approve the CBA as proposed, and direct changes as deemed appropriate (would likely require re-negotiation with Castle).
- Council could provide direction to discontinue working collaboratively with Castle on a wind farm proposal, including no further consideration of a CBA or other similar instrument memorializing such a partnership.
- The Council may direct staff to take a different approach, as deemed appropriate for this or similar potential wind farm proposals.

## **FISCAL IMPACT**

Upon execution of the CBA, Castle will make a one-time \$250,000 payment to the City in exchange for the City's commitment to an exclusive arrangement with Castle, as-outlined in the CBA. Since this payment is a one-time unbudgeted "windfall" for the City, staff recommends establishing a new fund to hold the money until such time that it can be brought back to Council at a future meeting for recommendation and decision on how to allocate it.

Assuming the proposed wind farm project is completed, long-term financial benefits from such a project based off the coast of Morro Bay would likely be realized (local jobs for residents, potential job training, local office for operations, and/or license fees, etc.), as indicated in the Economic and Fiscal Impact of the Castle Wind LLC Floating Offshore Wind Farm report by Stephen Hamilton of Cal Poly, San Luis Obispo. A summary of that report is included with this staff report as Attachment 2, while the full report is included as (Exhibit B) to the CBA.

## **BACKGROUND**

The Morro Bay Power Plant (MBPP) is a mothballed 650 MW gas-fired plant now owned by Vistra Energy, but still being managed by Dynegy, Inc. The MBPP has been closed and rendered inoperable since January 2013. The City has experienced significant negative economic impacts as a result of

expired MBPP operational agreements, including, but not limited to, a vacant power plant on the City's waterfront as a visual and economic detriment to the future growth and prosperity of the City. Since the closure of the MBPP, various parties have suggested site re-use concepts to the City.

For approximately three years, City staff and leaders worked cooperatively with Trident Winds (Trident) on their floating offshore wind farm project proposal. Trident has recently established Castle as a joint venture with EnBW, a German renewable energy company. When Castle began the long and complicated Bureau of Ocean Energy Management (BOEM) federal leasing process, it also came to the City and announced its was undertaking the project. With the PG&E electrical sub-station connection to the power grid located behind the MBPP, and with the disused power plant cooling water outfall conduit being an ideal way to bring an offshore wind farm power cable to the power grid, the Morro Bay region, with its abundant offshore wind resources, represents an ideal strategic location for offshore wind farm siting.

Castle and City staff understand the necessity to evaluate and address potential impacts to the marine ecosystem, specifically, water quality and migratory and resident species of concern and the commercial fishing industry, as well as other issues, such as visual resources, recreational opportunities, navigable channels and cultural resources for any proposed offshore wind farm and re-use of the MBPP. It is also well-known California has a public policy and legislative mandate to significantly increase the use of renewable power in the State and to significantly decrease the emission of carbon in the power, industrial and transportation sectors of the California economy. Additional local economic and power generation concerns also exist given the impending closure of the Diablo Canyon Nuclear Power Plant near Avila Beach, which may compound both issues absent additional mitigating measures.

Noting those issues and public policy considerations, on October 5, 2015, the City Council approved entering into a Memorandum of Cooperation (MOC) between the City of Morro Bay and Trident, included with this staff report at Attachment 3. The MOC was for both parties to cooperate regarding a possible wind turbine project located off-shore for the production of electricity with access to the existing distribution facilities at the MBPP.

As Castle's proposed project further progressed in the federal leasing process, staff and Castle negotiated a CBA for City Council consideration of approval to further memorialize the City's commitment to such a project and Castle Wind. That CBA was brought to the Council on August 8, 2017, for approval, and while supportive of Castle and its project, directed staff to work with Castle on the following areas before considering approval of a CBA:

1. Citing concerns for impacts to the commercial fishing industry, ensure that industry, by way of the Morro Bay Commercial Fishermen's Organization (MBCFO), supports Castle's proposed project by way of an agreement between Castle and the MBCFO.
2. Citing a desire to know what the economic and fiscal impacts to Morro Bay and the region may be, bring back an economic analysis of said impacts.

Trident previously approached the City to explore the possibility cooperating with the potential permitting of wind project and use of the City-owned outfall facility, with the MOC being authorized by Council to provide the parties a path for that cooperative effort. The MOC does not commit the City to any reuse of its outfall structure of the MBPP or position on the project.

Following execution of the MOC, the City and Trident/Castle have collaboratively negotiated the attached CBA, that meets the MOC intent:



- (i) to explore a long-term commercial relationship for the use of the City's outfall structure in order to interconnect an offshore wind project to the PG&E substation;*
- (ii) to consider supporting Trident's Plan of Permitting with respect to the federal, state and local permits it will need to construct an offshore wind project, and,*
- (iii) to work with Trident on such other activities as the Parties may wish to jointly consider.*

## **DISCUSSION**

Castle is a company formed to obtain permits and build clean, renewable energy projects, and has advised the City it is engaged in the permitting of a utility scale, deep water, anchored wind project on the central coast of California in the general vicinity offshore Morro Bay. Part of that potential project would require a means of transmitting electricity created by the wind project. The City owns and controls the cooling water outfall structure formerly utilized by the MBPP, which structure may be effectively re-utilized by an offshore wind project to provide the means for transferring the electricity generated by the wind project to the PG&E electric substation located adjacent to the MBPP. That substation provides for an interconnection to the high voltage transmission system operated by the California Independent System Operator located in Folsom, California.

In staff's opinion, the benefits to each party from moving forward with the CBA warrant execution of the CBA.

### **City benefits include:**

Subdivision 1(a) – Community Communications. Plan to ensure full and transparent communications with and information to the community. That would be outside the BOEM leasing process, which will have its own extensive public process.

Subdivision 1(b) – Commercial Fisherman's Agreement. Ensures impacts to the commercial fishing fleet are mitigated by way of an agreement with the Morro Bay Commercial Fishermen's Organization (which also includes the Port San Luis Commercial Fishing Association). A summary of the agreement with the fishermen is included with the CBA as Exhibit C.

Subdivision 1(c) – Local Economic Development Activities. The CBA sets the following economic goals:

- Promoting local hiring of qualified Morro Bay community residents
- Establishing internships/training programs with local schools and universities
- Establishing a maintenance and monitoring facility for the project in Morro Bay
- Promoting local accommodation during construction
- Promoting local supply chains during construction and maintenance activities
- Promoting opportunities for "green solutions" and sustainable energy
- Assisting Morro Bay with potential formation of Community Choice Aggregation

Section 4 –Outfall Conduit Lease Option. City shall receive a one-time \$250,000 payment for providing Castle an exclusive option to negotiate the lease of the MBPP outfall conduit for routing the wind farm power cable to the plant and PG&E power grid switch yard adjacent. Although the agreement provides Castle the exclusive option to negotiate with the City to lease the outfall structure, the City has reserved

all its authority as a landlord not to agree to a lease, except on terms and conditions acceptable to the City.

Benefits to Castle are primarily related to the exclusive, long-term conditional lease option of the MBPP outfall conduit, as well as potential BOEM credit in the lease award process to Castle as the result of having a CBA with a local government entity. Additional benefits to Castle include:

- City support of Castle's bid with BOEM to secure the leasing rights from BOEM for the offshore area under consideration
- Collaborative approach with Morro Bay community
- Exclusivity of agreement with Castle during the BOEM process and longer if Castle is successful in securing the BOEM lease

### **CONCLUSION**

Castle has proactively approached the City and community of Morro Bay in an open, transparent and collaborative fashion to present its wind farm proposal and gain community support for it by working with the community. As such, staff recommend the Council approve the attached CBA with Castle, noting the numerous mutual benefits of the agreement, and approach Castle is taking with regard to its project and the community.

### **ATTACHMENTS**

1. Community Benefit Agreement (CBA), City of Morro Bay and Castle Wind, LLC
2. Summary of Economic and Fiscal Impact of the Castle Wind LLC Floating Offshore Wind Farm report by Stephen Hamilton
3. Memorandum of Cooperation, City of Morro Bay and Trident Winds, LLC (October 5, 2015)

**COMMUNITY BENEFITS AGREEMENT  
CASTLE WIND MORRO BAY OFFSHORE WIND FARM PROJECT**

This COMMUNITY BENEFITS AGREEMENT (this “Agreement”) is entered into as of November \_\_, 2018 (the “Effective Date”), by and between the CITY OF MORRO BAY, a California municipal corporation, (“City”) and CASTLE WIND LLC, a Delaware limited liability company, (“Castle Wind”). Each of City and Castle Wind are sometimes referred to below individually as a “Party” or, collectively, as the “Parties.”

**RECITALS**

A. Castle Wind is in the process of developing an offshore wind project off the coast of San Luis Obispo County proximate to City (the “Project”), which process includes obtaining various federal, state and local permits, entitlements, and other approvals (“Governmental Agency Approvals”) and entering into related commercial contracts, including the lease described below;

B. Castle Wind and the Morro Bay Commercial Fishermen Organization and the Port San Luis Commercial Fishermen Association (the latter collectively the “Fishermen’s Organizations”) have engaged in extensive review of the potential economic and other impacts of the Project on commercial fishing activities in the vicinity of the Project, and have entered into the Fishermen’s Agreement; and

C. City acknowledges, in addition to the community benefits, described Section , the Parties anticipate the Project will provide significant economic benefits to City and County of San Luis Obispo, as shown in the “Economic Benefits Study” prepared by California Polytechnic Institute, a copy of which is attached as Exhibit B; and

D. This Agreement provides for a cooperative effort between Castle Wind and City for the economic and other benefits of the Project to the Morro Bay community.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby confirmed by each Party, the Parties have agreed to enter into this Agreement and to be bound by this Agreement’s terms and conditions set forth below.

## DEFINITIONS

“Agreement” is defined in the introductory paragraph of this Agreement. “BOEM” means the Bureau of Ocean Energy Management.

“BOEM Lease” is defined in Subsection 1(c).

“Castle Wind” means Castle Wind LLC, a Delaware limited liability company.

“CEQA” means the California Environmental Quality Act.

“City” means City of Morro Bay, a California municipal corporation.

“Community Benefits” means the benefits to the Morro Bay community described in Section 1.

“Community Communications Plan” is defined in Subsection 1(a).

“Covered Area” is defined as (1) the Wind Energy Area (WEA) off the coast of central California identified in Exhibit A, attached hereto, (the “Morro Bay WEA”); and (2) the Outfall Conduit.

“Cure Period” is defined in Section 6.

“Default” means any material or substantial failure by a Party to perform its obligations or responsibilities under this Agreement. Minor or technical breaches or deviations from the terms of this Agreement that do not materially affect the rights or obligations of the non-defaulting Party shall not constitute a Default. A Default shall not exist until expiration of the applicable notice and cure period under Section 6.

“Default Notice” is defined in Section 6.

“Defaulting Party” is defined in Section 6.

“Effective Date” is defined in the introductory paragraph of this Agreement.

“Environmental Review Process” means the Government Agencies’ compliance with environmental statutes, including NEPA and CEQA, which may include evaluation of potential impacts to the marine ecosystem, as well as impacts to visual resources, recreational opportunities, navigable channels, cultural resources and the fishing industry;

“Fishermen’s Agreement” is defined in Section 1(b).

“Fishermen’s Organizations.” is defined in Recital B.

“Force Majeure” is defined in Subsection 10(p).

“Government Agencies” refers to the federal, state, and local agencies that are involved in the permitting and approval of the Project, including the Environmental Review Process.

“Governmental Agency Approvals” is defined in Recital A

“Lease Execution Date” is defined in Subsection 4(c).

“Local Economic Development Activities” is defined in Subsection 1(c).

“NEPA” means the National Environmental Policy Act.

“Non-Defaulting Party” is defined in Section 6.

“Option” is defined in Subsection 4(b).

“Option Exercise Date” is defined in Subsection 4(c).

“Outfall Conduit” is defined in Section 4.

“Outfall Conduit Lease” is defined in Section 4.

“Party” or “Parties” is defined in the introductory paragraph of this Agreement.

“Project” is defined in Recital A.

“SAP” means the Site Assessment Plan submitted to BOEM for the Project pursuant to 30 CFR § 585.605 *et seq.*

“Third-Party Transferee” is defined in Subsection 10(b).

## **Section 1. Community Benefits**

(a) Community Communications: Upon the Effective Date, in order to promote (i) open communications and (ii) accountability with the Morro Bay community, Castle Wind shall develop and implement the Community Communications Plan reasonably acceptable to the City Manager, which shall include scheduling, as reasonably requested by City, a series of public meetings with residents and certain interest groups, including various local business concerns, to discuss all aspects of the Project, including potential environmental impacts. City may post timely updates on the Project on its website and social media channels, and provide such reasonable support as may be required in organizing, promoting, and recording such public meetings.

(b) Commercial Fishermen’s Agreement. The Parties acknowledge the Morro Bay community will benefit from the Fisherman’s Agreement, entered into between Fishermen’s Organizations and Castle Wind, dated October 6, 2018 (“Fishermen’s Agreement”). Under the Fishermen’s Agreement, Castle Wind has committed to minimize and mitigate the anticipated impacts to the commercial fishermen from the Morro Bay and Port San Luis communities who

operate within the Covered Area and area proximate to the Project. A summary of the Fishermen's Agreement is attached as Exhibit C.

(c) Local Economic Development Activities: Subject to receipt of a legally binding lease from BOEM for the Wind Energy Area (WEA) portion of the Covered Area ("BOEM Lease"), Castle Wind shall use its best efforts to achieve local economic development goals related to the development and long-term operations and maintenance of the Project ("Local Economic Development Activities"), including, but not limited to:

- (i) promoting local hiring of qualified residents from the Morro Bay community, including handicapped persons,
- (ii) establishing internships/trainee programs with locally located schools and universities;
- (iii) establishing a maintenance and monitoring facility for the Project in the Morro Bay community;
- (iv) promoting local accommodation and the hotel/housing sector during construction phase;
- (v) promoting the local supply chain for construction services (*e.g.* 24/7 construction office), maintenance services (*e.g.* facility management, transportation, catering, waste management, weather forecasts), parts, tools and supplies (*e.g.* personal protection equipment, fuel, auxiliaries);
- (vi) promoting opportunities to generate "green solutions" with electric cars, charging stations and other green sustainable energy solutions;
- (vii) to the extent opportunities arise Castle Wind and City shall work together to develop methods economically advantageous to both for reuse of the former Morro Bay Power Plant, while recognizing that property is under a third-party's ownership and
- (viii) assisting City with the potential formation or implementation of Community Choice Aggregation for the Morro Bay community.

(d) Binding Conditions: As part of the Outfall Conduit Lease, the Parties shall enter into a binding agreement, after negotiating in good faith, establishing priorities and legally enforceable conditions and timelines through and by which Castle Wind and the ultimate developer/owner/operator of the Project shall implement activities needed to accomplish the matters described in Subsection 2(c).

## **Section 2.     Reservation of Discretion by City**

The Parties understand, acknowledge and agree, notwithstanding the terms and conditions of this Agreement, certain discretionary actions incidental to matters described in this Agreement (including, without limitation, the grant by City, individually or in conjunction with

another Governmental Agency, of governmental approvals, permits or entitlements with respect to the Project) may require the exercise of discretion by one or more decision-making bodies at City and such discretionary actions cannot lawfully be committed to by contract pursuant to the constitution and laws of the State of California. Nothing in this Agreement is intended or shall be interpreted to limit City's exercise of discretion with respect to any actions needed from City as a Governmental Agency or as a lessor of the Outfall Conduit nor shall anything in this Agreement be construed to (a) grant or commit City to grant, Castle Wind, or any other person, any discretionary governmental approvals, permits or entitlements or leasehold rights with respect to the Project, (b) limit or restrict City's discretion to approve, if at all, or disapprove any term or terms of the Outfall Conduit Lease, or (c) limit or restrict City's discretion with respect to (i) the approval, conditional approval or denial of any development approvals or entitlements that may be required from City for the Project as a Governmental Agency or lessor of the Outfall Conduit Lease, (ii) exercise of any other discretionary authority with respect to the Project possessed by City under the police power, or (iii) any environmental approvals that may be required under CEQA, NEPA or any other federal or state environmental laws or regulations in conjunction with any development approval required for the Project (all such decisions or actions, collectively, "Discretionary Actions"). In the event City takes or fails to take one or more of the Discretionary Actions, any such action or inaction shall not constitute a breach of City's obligations under this Agreement or of any express or implied covenant herein.

### **Section 3. Mutual Cooperation and Assistance**

The successful implementation of this Agreement will require a coordinated effort by Castle Wind and City. The Parties understand, acknowledge and agree, while some of the Community Benefits (such as those set forth in the Fishermen's Agreement) are specific and well-defined, other Community Benefits, including Local Economic Development Activities, will require further delineation and refinement and the terms of the Community Communications Plan and the Outfall Conduit Lease remain to be developed and negotiated in the future. Without limiting the effect of the timing requirements of Subdivision 1 (d), each Party agrees to work together collaboratively with the other Party and to take such further actions and execute such additional documents as may be reasonably necessary to carry out the provisions of this Agreement while preserving, to the maximum extent possible, all material consideration to both Parties and (ii) Castle Wind agrees to use its best efforts, in good faith, to agree upon and implement the Local Economic Development Activities and the Community Communications Plan consistent with their purpose and intent as described in this Agreement, and in a manner that allows the Morro Bay community to realize the Community Benefits and to maximize the economic and other benefits of the Project. City agrees, subject to reservation of discretion with respect to any Discretionary Actions described in Section 2., to reasonably cooperate with, assist and support Castle Wind in the Environmental Review Process and the Governmental Agency Approvals process and to negotiate, in good faith, the terms and conditions of the Outfall Conduit Lease.

### **Section 4. Outfall Conduit Lease Option**

(a) Outfall Conduit. City owns and controls the submerged outfall structure formerly utilized by the Morro Bay Power Plant for discharge of cooling water into Estero Bay north of Morro Rock ("Outfall Conduit"). The Parties acknowledge the Outfall Conduit could be

effectively re-utilized to route the export cable that will electrically connect the Project to the Morro Bay substation owned and operated by PG&E, located adjacent to the former Morro Bay Power Plant property, and, thereby, interconnect with the high-voltage transmission system operated by the California Independent System Operator.

(b) Option, Consideration. Within 14 calendar days after the Effective Date, Castle Wind shall pay to City \$250,000 (“Option Consideration”), in consideration of which, and subject to, and without waiver or compromise of the reserved discretion of City described in Section 2, Castle Wind shall have the exclusive option (“Option”) to enter into a non-transferable, long-term, mutually agreeable lease of the Outfall Conduit (“Outfall Conduit Lease”).

(c) Exercise of Option, Expiration. If Castle Wind desires to exercise the Option, then it shall (i) within 12 months after having received the legally binding BOEM Lease, have submitted to BOEM a complete SAP and (ii) have delivered written notice to City of the desire to exercise the Option no later than 180 days after BOEM approves the SAP (“Option Exercise Date”). Following the Option Exercise Date, the Parties shall promptly, and in good faith, negotiate the terms and conditions of the Outfall Conduit Lease, subject to, and without waiver or compromise of the reserved discretion of City described in Section 2. If Castle Wind fails to provide timely notice of its desire to exercise the Option or the Parties fail to execute the Outfall Conduit Lease within 120 days after Castle Wind provides notice of its desire to exercise the Option (“Lease Execution Date”), then the Option shall expire and be of no further force or effect and neither Party shall have any rights or obligations pursuant to this Agreement arising from the Option.

## **Section 5. Term and Termination**

The Agreement shall become effective on the Effective Date and shall remain in full force and effect unless or until:

- (a) Notice from Castle Wind to City, Castle Wind has terminated the Project;
- (b) Castle Wind has surrendered the BOEM Lease, or the BOEM Lease has expired;
- (c) The Parties fail to enter into an Outfall Conduit Lease by the Lease Execution Date;
- (d) Castle Wind does not timely make the Option Consideration; or
- (e) The execution of the Outfall Conduit Lease.

## **Section 6.**

(a) Breach, Default and Cure. Before either Party may declare a Default and take any action based thereon (including, without limitation, commencing any administrative or judicial proceeding), the procedures in this Section 6 must be followed. The Party asserting a Default (“Non-Defaulting Party”) may elect to do so by providing written notice to the Party alleged to be in Default (“Defaulting Party”) specifying the nature of the Default and the actions, if any, to



be taken by the Defaulting Party to cure or remedy the Default (“Default Notice”). The Defaulting Party shall have 30 days from receipt of the Default Notice within which to cure the Default (the “Cure Period”) and, if it fails to do so within that period, it shall be deemed in Default, and the Non-Defaulting Party may exercise any rights or remedies available under this Agreement, in equity (including the right to specifically enforce this Agreement pursuant to Section 6(b)) or by law; provided, however, that if the nature of the Default is such that it cannot reasonably be cured within 30 days, the Defaulting Party shall be afforded reasonable additional time so long as it commences such cure within the Cure Period and diligently pursues such cure to completion. The provisions of this Subsection 6(a) shall be inapplicable to Section 5.

(b) Equitable Relief. The Parties acknowledge and agree that, in the event of any material breach of this Agreement, damages would be extremely difficult or impossible to determine and that a remedy at law alone would be inadequate and the breach would therefore result in irreparable injury to the non-breaching Party. Accordingly, the Parties agree that, in addition to any other available remedies for material breach, the non-breaching party shall be entitled to obtain both temporary and permanent injunctive relief to enforce the material provisions of this Agreement and to seek specific performance of the obligation as to which the Default exists.

## **Section 7. Exclusive Nature of Agreement**

As consideration for the binding commitment by Castle Wind to provide the Community Benefits and its assumption of the other obligations described herein, City agrees it shall not enter into any similar agreement with any third party to support an offshore wind project in the Covered Area other than the Project.

## **Section 8. Castle Wind’s Representations and Warranties**

Castle Wind represents and warrants to City:

(a) Castle Wind is a duly organized and existing limited liability company under the laws of the State of Delaware, and it has full right, power and authority to carry on its activities and to execute, deliver, perform, comply with and consummate this Agreement.

(b) Except as expressly set forth herein, Castle Wind is relying solely upon its own inspection, investigation and analysis of the foregoing matters and is not relying in any way upon any representations, statements, agreements or other information by or from City not expressly contained in this Agreement.

(c) The execution of this Agreement by Castle Wind, its delivery to City and the performance by Castle Wind of its obligations under this Agreement have been duly authorized by its management.

(d) The execution, delivery, performance of and compliance with this Agreement has not resulted and will not result in any violation of, or be in conflict with, any federal, state or local law, policy or regulation applicable to Castle Wind.

If Castle Wind becomes aware of any act or circumstance which would change or render incorrect, in whole or in part, any representation or warranty made by Castle Wind hereunder, whether as of the Effective Date or any time thereafter through the termination of the Agreement, then Castle Wind shall give immediate written notice of such changed fact or circumstance to City, but such notice shall not release Castle Wind of any liabilities or obligations with respect thereto.

## **Section 9. City's Representations and Warranties**

City represents and warrants to Castle Wind as follows:

(a) City is a duly organized and existing public entity by virtue of the laws of the State of California, and it has full right, power and authority to carry on its activities and to execute, deliver, perform, comply with and consummate this Agreement.

(b) Except as expressly set forth herein, City is relying solely upon its own inspection, investigation and analysis of the foregoing matters and is not relying in any way upon any representations, statements, agreements or other information by or from Castle Wind not expressly contained in this Agreement.

(c) The execution of this Agreement by City, its delivery to Castle Wind and the performance by City of its obligations under this Agreement have been duly authorized by its City Council.

(d) The execution, delivery, performance of and compliance with this Agreement has not resulted and will not result in any violation of, or be in conflict with, any federal, state or local law, policy or regulation applicable to City.

If City becomes aware of any act or circumstance which would change or render incorrect, in whole or in part, any representation or warranty made by City hereunder, whether as of the Effective Date or any time thereafter through the termination of the Agreement, then City shall give immediate written notice of such changed fact or circumstance to Castle Wind, but such notice shall not release City of any liabilities or obligations with respect thereto.

## **Section 10. Miscellaneous**

(a) Advice of Legal Counsel. Each Party acknowledges it has reviewed this Agreement with its own legal counsel, and based upon the advice of that counsel, has freely entered into this Agreement.

(b) Assignment; Successors. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by and against the Parties and their respective successors and permitted assigns. Castle Wind shall be permitted to assign this Agreement, or any portion thereof, to an affiliate or subsidiary of Castle Wind; provided, that Castle Wind remains in control of the affiliate or subsidiary. Castle Wind may also transfer its rights with respect to the Option to a third party in the event Castle Wind fails to secure the BOEM Lease ("Third-Party Transferee"); provided, that any transfer by Castle Wind of any right or obligation under this Agreement shall

require the prior written consent of City. Castle Wind shall provide City with written notice of any transfer of any rights or obligations under this Agreement within 10 calendar days after such transfer. City and Castle Wind shall each be entitled to 50 percent of the value received by Castle Wind from a Third-Party Transferee as consideration for the transfer.

(c) Controlling Law. This Agreement shall be enforced in accordance with the laws of the State of California and the United States.

(d) Notices. All notices to either Party under this Agreement shall be in writing and shall be addressed to the affected Party at the addresses set forth below. A Party may change its address by giving notice in compliance with this Subsection 10(d). The addresses of the Parties are:

If to Castle Wind:

Castle Wind LLC  
548 Market St #62641  
San Francisco, California 94104-540  
Tel: 206.300.7721  
Facsimile: 425.988.1977  
Email: allaw@castlewind.com  
Attn: Alla Weinstein, CEO

Copy to:

Perkins Coie, LLP  
11988 El Camino Real, Suite 350  
San Diego, CA 92130-2594  
Tel.: 858.720.5748  
Facsimile: 858.720.5799  
Email: lzagar@perkinscoie.com  
Attn.: Laura Zagar

If to City:

City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442  
Tel.: 805.772.6205  
Facsimile: 805.772.7329  
Email: scollins@morrobayca.gov  
Attn: City Manager

Copy to:

Joseph W. Pannone  
Aleshire & Wynder, LLP  
2361 Rosecrans Avenue, Suite 475  
El Segundo, CA 90245-4916  
Tel.: 310.527.6663  
Facsimile: 310.532.7395  
Email: jpannone@awattorneys.com

(e) Counterparts. This Agreement may be executed in counterparts, each of which may be deemed an original, but all of which shall constitute one and the same document, and signatures transmitted by facsimile or email/pdf shall in all respects be treated as originals.

(f) Entire Agreement. The Agreement contains the entire agreement between the Parties and supersedes any prior agreements, discussions, or commitments, written or oral, between the Parties.

(g) Further Assurances. The Parties hereto agree to take such actions and execute such additional documents as are reasonably necessary to carry out the provisions of this Agreement.

(h) Modification. This Agreement may not be altered, amended or modified except by an instrument in writing signed by the Parties to this Agreement.

(i) Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, but the remainder of the provisions can be enforced without failure of material consideration to either Party, then the remainder of the Agreement shall continue in full force and effect.

(j) Venue. Venue for all legal proceedings shall be in the Superior Court of California, County of San Luis Obispo or the United States District Court for Central District of California, if the matter involves federal law.

(k) Waiver. A waiver by any Party of any breach of any term, covenant or condition herein contained or a waiver of any right or remedy of such Party available hereunder at law or in equity shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

(l) Rules of Construction. In this Agreement, the singular includes the plural; “shall” is mandatory, and “may” is permissive. The Parties acknowledge and agree each of the Parties. In cases of uncertainty as to the meaning, intent or interpretation of any provision of this Agreement, the Agreement shall be construed without regard to which of the Parties caused, or may have caused, the uncertainty to exist. No presumption shall arise from the fact that particular provisions were or may have been drafted by a specific Party, and prior versions or drafts of this

Agreement shall not be used to interpret the meaning or intent of this Agreement or any provision hereof.

(m) Time of the Essence. Time is of the essence of each and every obligation of the Parties under this Agreement.

(o) Independent Contractors. Each Party is an independent contractor and shall be solely responsible for the employment, acts, omissions, control and directing of its employees. Except as expressly set forth herein, nothing contained in this Agreement shall authorize or empower a Party to assume or create any obligation or responsibility whatsoever, express or implied, on behalf of or in the name of the other Party or to bind the other Party or make any representation, warranty or commitment on behalf of any other Party. Nothing in this Agreement shall be deemed to create any form of business organization between the Parties, including, without limitation, a joint venture or partnership.

(p) Force Majeure. The obligations of any Party under this Agreement, and all deadlines by which any Party's obligations hereunder must be performed ("Delayed Obligation"), shall be excused or extended for a necessary period of time equal to any prevention, delay or stoppage in performance which results from any strike, lock-out or other labor or industrial disturbance, regulatory delay, civil disturbance, act of a public enemy, war, riot, sabotage, blockade, embargo, lightning, earthquake, fire, storm, hurricane, tornado, flood, explosion or other delays not within the control of the Party required to perform the Delayed Obligation ("Force Majeure"). Any Party relying on a Force Majeure shall give the other Party written notice of the Delayed Obligation within 30 days after becoming aware or it could have become aware of the Force Majeure; and the Parties shall use their reasonable, good faith efforts to minimize potential adverse effects from such Force Majeure.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

CITY OF MORRO BAY

By: \_\_\_\_\_  
Jamie Irons, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Dana Swanson, Clerk

\_\_\_\_\_  
Joseph W. Pannone, City Attorney

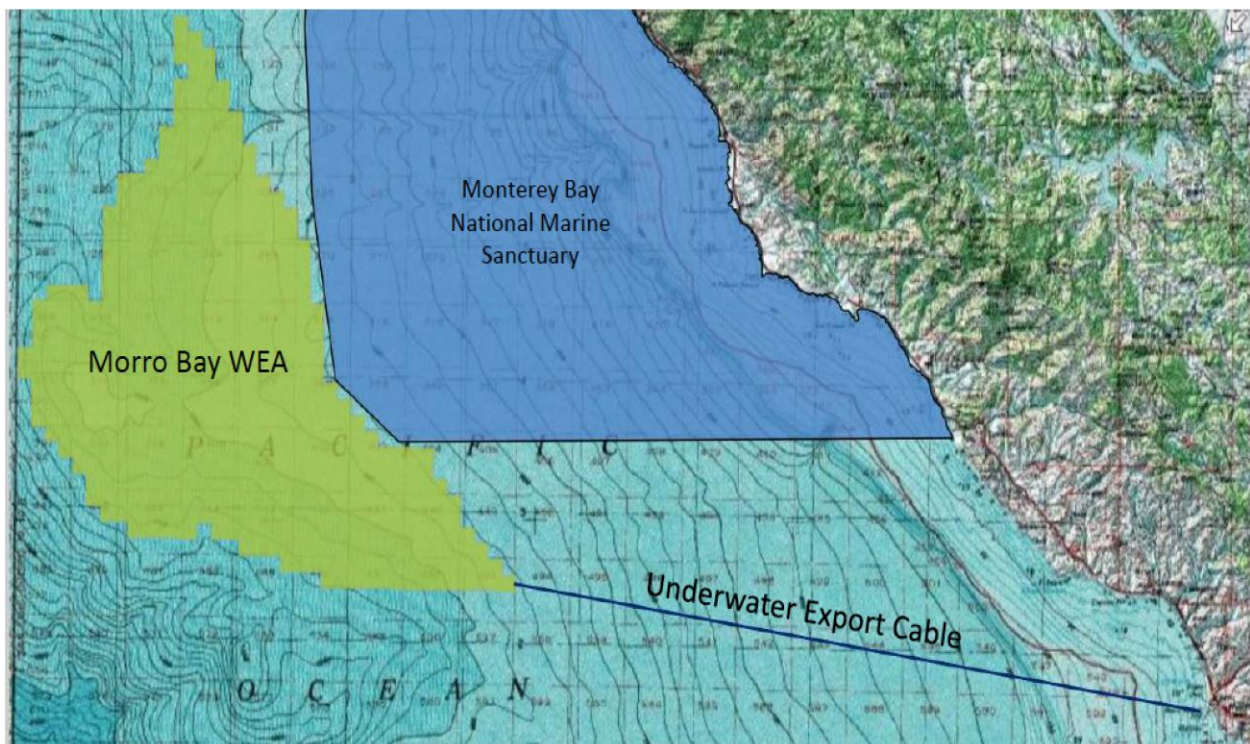
CASTLE WIND LLC

By: \_\_\_\_\_  
Alla Weinstein, CEO

By: \_\_\_\_\_  
Holger Grubel, COO

## **Exhibit A**

The Covered Area referred to in Sections 5(c) and 6 refers to: (1) the entire potential Wind Energy Area (WEA) designated as “Morro Bay WEA” and as referred to by BOEM and the California Energy Commission; and (2) the Outfall Conduit. The actual Project site location and Outfall Conduit will be defined by the BOEM issued lease and will be subject to potential adjustments during the Environmental Review Process.



**Exhibit B**

**Economic Benefits Study**

**(Immediately behind this page.)**



**Exhibit C**

**Summary of Fishermen's Agreement**

**(Immediately behind this page.)**

## **Economic and Fiscal Impacts of the Morro Bay Offshore (MBO) Wind Farm Project**

May 2, 2018

Stephen F. Hamilton  
Professor of Economics  
California Polytechnic State University

**Prepared for**

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## EXECUTIVE SUMMARY

This report calculates the economic and fiscal impacts of the proposed Morro Bay Offshore Wind Farm (MBOWF), a 765 megawatt<sup>1</sup> (MW) floating offshore wind farm proposed by Trident Winds.

Table E1 shows the annual local economic output that results from the direct spending in each year of the operation period. The entries in the table include only the benefits resulting from local spending on labor, materials and services and do not include any additional benefits resulting from the value of the energy created.

The *direct impact* reflects the initial change in economic activity from local payroll and construction expenditures over the construction and operation period. The *indirect impact* results from local "business-to-business" transactions necessary to support the direct activity, for instance local purchase of building materials, engineering and consulting services, and other goods purchased from supporting industries. The *induced impact* results when the increased earnings generated by the direct and indirect economic activity is spent on local goods and services, for example when workers at the facility purchase food, clothing, automobiles, real estate, and education, health and social services.

**Table E1: SLO County Economic Impact of MBOWF**

Impact	Economic Activity	Job Years (FTEs)[1]	Employee Compensation[2]	Economic Output[3]
<b>Operating Phase (Annual)</b>				
Direct	Project Development	28	\$1,734,259.63	\$11,053,280.00
Indirect	Local Supply Chain	23.7	\$1,188,398.63	\$3,928,857.77
Induced	Employee Spending	13	\$542,170.37	\$1,682,374.33
<b>Total Operating Phase</b>		<b>64.7</b>	<b>\$3,464,828.63</b>	<b>\$16,664,512.10</b>
<b>Total Economic Impact</b>		<b>64.7</b>	<b>\$3,464,828.63</b>	<b>\$16,664,512.10</b>

[1] Job estimates include part-time and full-time employment

[2] Employee compensation includes wages and fringe benefits paid for by employers

[3] Economic output includes all local spending on labor, materials, and services, and does not include the value of the energy created.

Source: Copyright 2011 Minnesota IMPLAN Group, Inc.

Based on the projected need for direct employment of employees making up 28 job-years for annual operations, it is estimated that MBOWF would create 64.7 full-time equivalent jobs during the operating period in the County.<sup>2</sup> The total local economic impact of MBOWF is \$16.6 million per year. The share of local benefits attributed to San Luis Obispo County will depend on the success of programs Trident Winds has put in place to emphasize employment in the county.

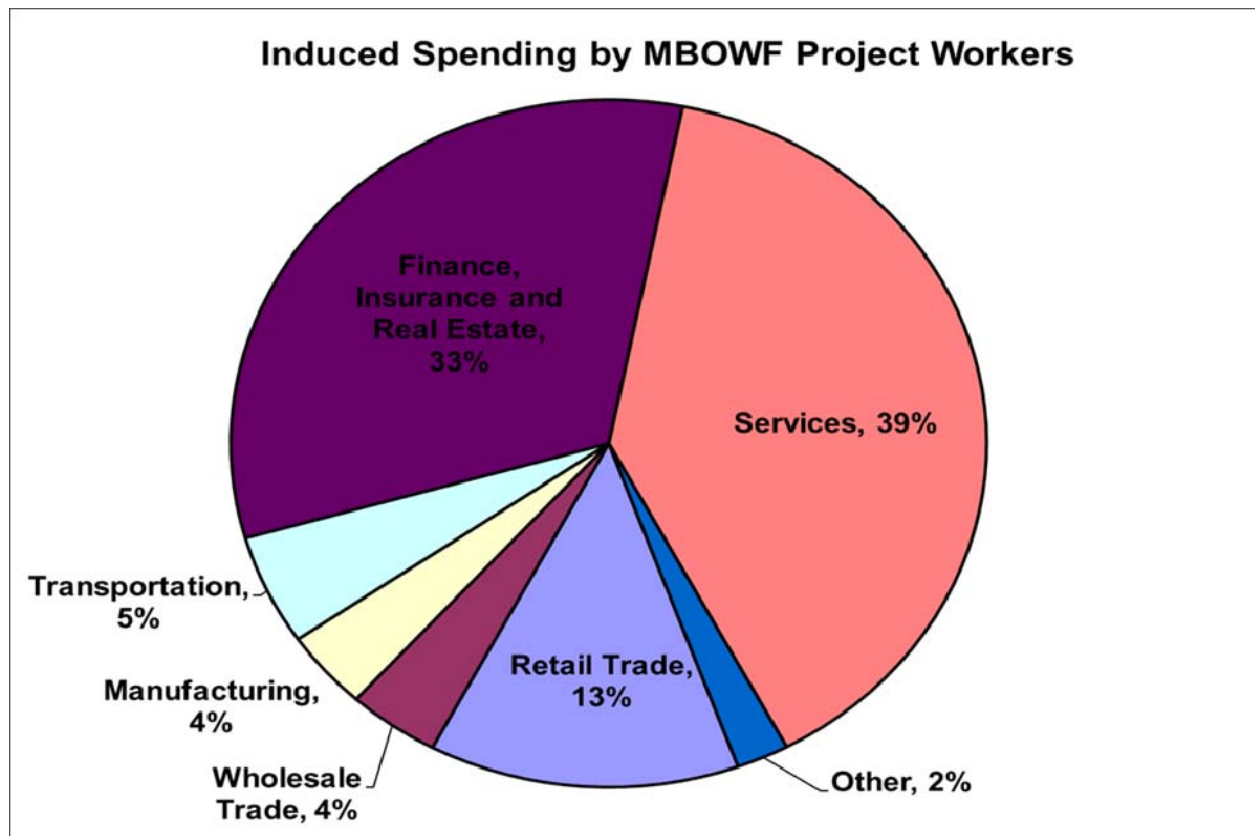
<sup>1</sup> Nameplate Capacity provided by Trident Winds.

<sup>2</sup> A full-time equivalent (FTE) job represents the equivalent of a single person employed for the entire fiscal year. An FTE is considered to be 2,080 hours of employment.

In addition to providing a local economic impact of over \$16 million annually, MBOWF is expected to produce a net fiscal benefit for the County of \$311,287 per year.

Figure E1 provides a breakdown of induced spending by MBOWF workers. The majority of induced spending is projected to occur in Finance, Insurance and Real Estate, Services and Retail Trade.

**Figure E1. Induced Spending by MBOWF**



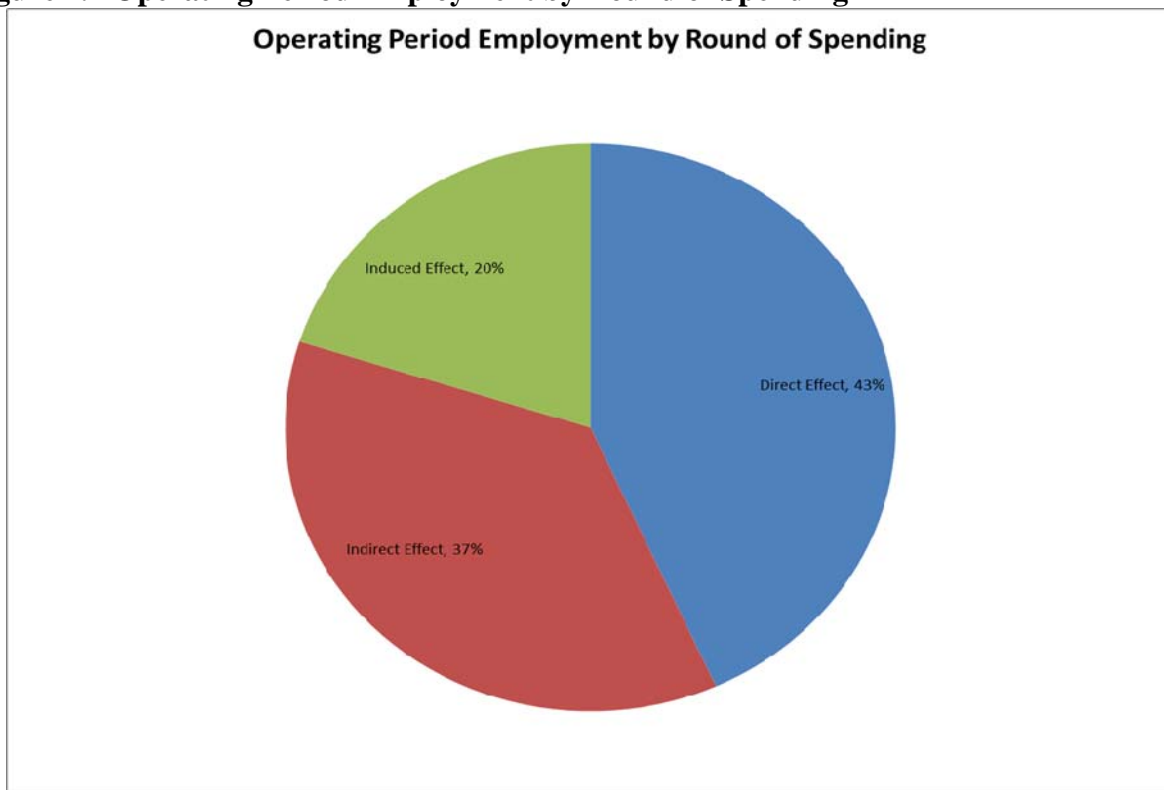
## I. INTRODUCTION

This report details the economic and fiscal impacts of the Morro Bay Offshore Wind Farm (MBOWF), a 765 megawatt (MW) offshore wind farm proposed for San Luis Obispo County by Trident Winds.

During the operating period, an estimated cost of \$95 per Kilowatt is projected for local operations and maintenance (O&M) over a 30-year operating period, which is the lifetime of the wind farm considered in this report. Approximately \$1.7 million annually will be spent over this period on the estimated 28 annual workers needed to operate and maintain the plant.<sup>3</sup> In total, MBOWF will generate an estimated 64.7 job-years annually over the 30-year operating period in San Luis Obispo County ("local economy").

Figure 1.1 presents a breakdown of the operating period employment created by round of spending in the local economy.

**Figure 1.1 Operating Period Employment by Round of Spending**



Earnings and output are based upon the local content assumptions recommended by BOEM.<sup>4</sup> The study creates cases for local share content. Scenario 0 assumes little infrastructure and supply chain to support the new facility. Scenario B assumes a robust infrastructure and supply chain to support the industry. Because of this, Scenario B can be thought of as the long run annual impact of the facility. The following analysis will focus primarily on Scenario 0 with a brief case study of Scenario B prior to the conclusion.

<sup>3</sup> Data provided by Trident Winds.

<sup>4</sup> Speers et al. 2016, pg. 19

## **II. BACKGROUND**

Morro Bay Offshore Wind Farm is a 765 MW alternating current (AC) wind farm currently being developed by Trident Winds. Each floating offshore wind system will consist of a commercially available floating support structure and a large offshore wind turbine generator. The proposed plant, located approximately 45 km offshore, is expected to have approximately 100 floating windmills<sup>5</sup>.

MBOWF relies on technology that requires no piling and is well suited for deep and variable seabed conditions. This unique method relies on anchoring and is completely reversible; no permanent damage will be done to the sea bed. The energy generated by the plant will help meet California's Renewable Portfolio Standard (RPS), which requires investor-owned utilities, electric service providers and community choice aggregators to increase procurement from eligible renewable energy resources by at least 1% of their retail sales annually to 33% by 2020. Conveying the energy produced at the plant will require interconnection to the transmission grid, an effort that will be undertaken by Trident Winds. Additional economic benefits created from construction of the interconnect are not considered in this report. The final project site will include windmills, as well as an electrical substation and maintenance facilities.

This report considers a minimum operating life of 30 years, which results in a conservative lower-bound on the economic benefits that will arise over the operating period of the project under the existing lease.

## **III. METHODOLOGY**

The economic analysis relies on IMPLAN (Impact analysis for Planning), an input-output model developed and maintained by the Minnesota IMPLAN Group ("MIG") that is used for economic impact analysis by over 2,000 public and private institutions.<sup>6</sup> The analysis draws on data collected from numerous state and federal sources, including the Bureau of Economic Analysis, Bureau of Labor Statistics (BLS), and the U.S. Census Bureau. The wind industry inputs for the analysis come from the National Renewable Energy Laboratory (NREL) and Jobs and Economic Development Impact Model (JEDI). The local share estimates come from Bureau of Ocean Energy Management (BOEM).

### **a. Description of IMPLAN**

The IMPLAN modeling system relies on a matrix representation of the economy that describes the relationships among industries, consumers, government and foreign suppliers in order to derive the economy-wide impacts of changes in a specific industry. This matrix representation is the so-called Leontief matrix, which contains average input (purchase) coefficients that describe the mix of goods, services and labor that are required to produce a unit of output; that is, how the output of one industry is used as an input in other related industries. The resulting input-output

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<sup>5</sup> Information provided by Trident Winds.

<sup>6</sup> MIG; [http://implan.com/V4/index.php?option=com\\_content&view=article&id=282:what-is-implan&catid=152:implan-appliance-&Itemid=2](http://implan.com/V4/index.php?option=com_content&view=article&id=282:what-is-implan&catid=152:implan-appliance-&Itemid=2)

coefficients represent what economists refer to as production functions.<sup>7</sup> The basic input-output model can be expressed in a straightforward equation:  $X = (I - A)^{-1} * dY$  where  $(I - A)$  is the inverse of the Leontief matrix,  $dY$  is a change in final demand and  $X$  is output.

The IMPLAN model refines the US economy into 440 unique sectors and allows for regional disaggregation down to the county level. The model can be used to estimate the direct, indirect and induced impacts on employment, earnings and output as a result of final demand changes that result from a new investment in a particular industry or compilation of industries.<sup>8</sup> The *direct effect* captures the initial change in economic activity resulting from the new investment. The *indirect effect* reflects new economic activity that is stimulated by the direct investment in industries that supply inputs to the sector of initial change. For example, increased spending on engineering consulting services to support the construction industry would be an indirect effect that arises during the construction phase of a plant. The *induced effect* captures the economic activity that results when the increased earnings generated by the direct and indirect economic activity is spent on local goods and services, for instance when workers hired to work on the wind farm spend income on groceries, clothing, financial services, real estate, and healthcare. The economic impact of the project is the sum of these direct, indirect and induced effects.

#### **b. Description of JEDI**

The Jobs and Economic Development Impact (JEDI) model, produced by National Renewable Energy Laboratory, is a screening tool that estimates the economic impacts of constructing and operating power plants, fuel production facilities, and other projects at the local and state level. Based on user-entered project data, JEDI estimates the direct, indirect, and induced effects by the creation of a new energy facility. JEDI methodology relies upon the MIG state-level data to estimate the local economic activity and the resulting impact from new energy generation plants.<sup>9</sup>

#### **c. IMPLAN Inputs**

The county-level economic impacts of the proposed 765MW MBOWF are estimated using IMPLAN v3. To maintain consistency with the National Renewable Energy Laboratory's (NREL's) Jobs and Economic Development Impact (JEDI) model, the 536 IMPLAN industries are aggregated into 14 sectors that correspond to distinct areas of investment related to power generation projects. The aggregated sectors are as follows: Agriculture; Construction; Electrical Equipment; Fabricated Metals; Finance, Insurance and Real Estate; Government; Machinery; Mining; Other Manufacturing; Other Services; Professional Services; Retail Trade; Transportation, Communication and Public Utilities; and Wholesale Trade.

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<sup>7</sup> The production functions used in IMPLAN are based on the US Bureau of Economic Analysis' (BEA's) Benchmark Input-Output Accounts.

<sup>8</sup> *Final Demand* is the demand of units external to the industrial sectors that constitute the producers in the economy, *e.g.*, households, government and foreign trade. (Miller and Blair, 1985). Output represents the value of industry production.

<sup>9</sup>JEDI Methodology



Economic value is generated from the direct labor requirement for operations and maintenance of the facility. The labor cost to Trident Winds is comprised of both employee wages and employee benefits. Trident Winds is projected to spend \$61,937.84<sup>10</sup> per worker in total compensation during the operations phase of the project (the compensation rate for maintenance and repair occupations in San Luis Obispo County).

The JEDI model was utilized to generate the direct impacts to the local economy given the initial input conditions provided by Trident Wind. The direct employment results from Jedi were then inputted into an analysis by parts template to calculate IMPLAN inputs for a nonexistent industry. These results in the nonexistent industry template were imputed using the output per worker estimate for all other renewable industries. This estimate is \$394,760 output per worker<sup>11</sup>. This created inputs for IMPLAN where the indirect and induced economic effects were generated. IMPLAN contains a zip code analysis allowing for results based on Morro Bay as well as SLO county.

The process was completed with two different scenarios, with different local share estimates for both SLO county and Morro Bay.

## IV. RESULTS

### a. Economic Impacts

The results of modeling in IMPLAN are displayed in Tables 4.1- 4.3. Tables 4.1 and 4.2, respectively, show the induced and indirect impacts of the MBO Wind Farm project on employment across the aggregated sectors underlying the study.

**Table 4.1: Induced Employment Generated by Direct Spending in the Local Economy**

Industry/Sector	Operation Phase	
	Jobs	% of Total
Agriculture	0	1%
Mining	0	0%
Transportation, Communication and Public Utilities	0	3%
Construction (Maintenance & Repair)	0	1%
Other Manufacturing	0	2%
Fabricated Metals	0	0%
Machinery	0	0%
Electrical Equipment	0	0%
Wholesale Trade	0	3%
Retail Trade	2	18%
Finance, Insurance and Real Estate	1	12%
Professional Services	1	6%
Services (except Public Administration)	6	55%
Government	0	0%
<b>Total Induced Employment</b>	<b>11</b>	<b>100%</b>

Source: Copyright 2011 Minnesota IMPLAN Group, Inc.

<sup>10</sup> Calculated by: Direct Labor Income ÷ Direct FTE Employment. The values can be found in Figure 4.3

<sup>11</sup> Source: 2011 Minnesota IMPLAN Group, Inc.

**Table 4.2: Indirect Employment Generated by Direct and Indirect Spending in the Local Economy**

Industry/Sector	Operation Phase	
	Jobs	% of Total
Agriculture	0	0%
Mining	1	2%
Transportation, Communication and Public Utilities	2	10%
Construction (Maintenance & Repair)	3	11%
Other Manufacturing	0	1%
Fabricated Metals	0	0%
Machinery	0	0%
Electrical Equipment	0	0%
Wholesale Trade	1	4%
Retail Trade	1	3%
Finance, Insurance and Real Estate	3	11%
Professional Services	9	36%
Services (except Public Administration)	5	21%
Government	0	0%
<b>Total Indirect Employment</b>	<b>24</b>	<b>100%</b>

Source: Copyright 2011 Minnesota IMPLAN Group, Inc.

Note that the employment figures generated by IMPLAN are converted into full-time equivalent jobs (job-years) to facilitate the comparison of employment effects across sectors for different compositions of part-time and full-time employees. The employment effects reported for the operating period represent the annual impacts of the project on local job creation in SLO County over the operating horizon.

Table 4.3 depicts the local economic impact of MBOWF in terms of employment, employee compensation, and total economic output.<sup>12</sup> The entries in the table indicate that the proposed project will create 64.7 job-years annually over the 30-year operating period in the local economy. In total, 43% of employment creation of the project arises through direct employment effects as a result of the MBOWF facility.

The resulting impact on local employee compensation and economic output are presented in the table in 2018 dollars. Development of MBOWF will generate \$3.5 million in local employee earnings and \$16.7 million in local economic output annually over the initial 30 year operating period.

<sup>12</sup> Local economic impacts reflect the assumption that the construction and O&M employment requirements are met by workers located in San Luis Obispo County.

**Table 4.3: SLO County Economic Impact of MBOWF**

Impact	Economic Activity	Job Years (FTEs)[1]	Employee Compensation[2]	Economic Output[3]
<b>Operating Phase (Annual)</b>				
Direct	Project Development	28	\$1,734,259.63	\$11,053,280.00
Indirect	Local Supply Chain	23.7	\$1,188,398.63	\$3,928,857.77
Induced	Employee Spending	13	\$542,170.37	\$1,682,374.33
<b>Total Operating Phase</b>		<b>64.7</b>	<b>\$3,464,828.63</b>	<b>\$16,664,512.10</b>
<b>Total Economic Impact</b>		<b>64.7</b>	<b>\$3,464,828.63</b>	<b>\$16,664,512.10</b>

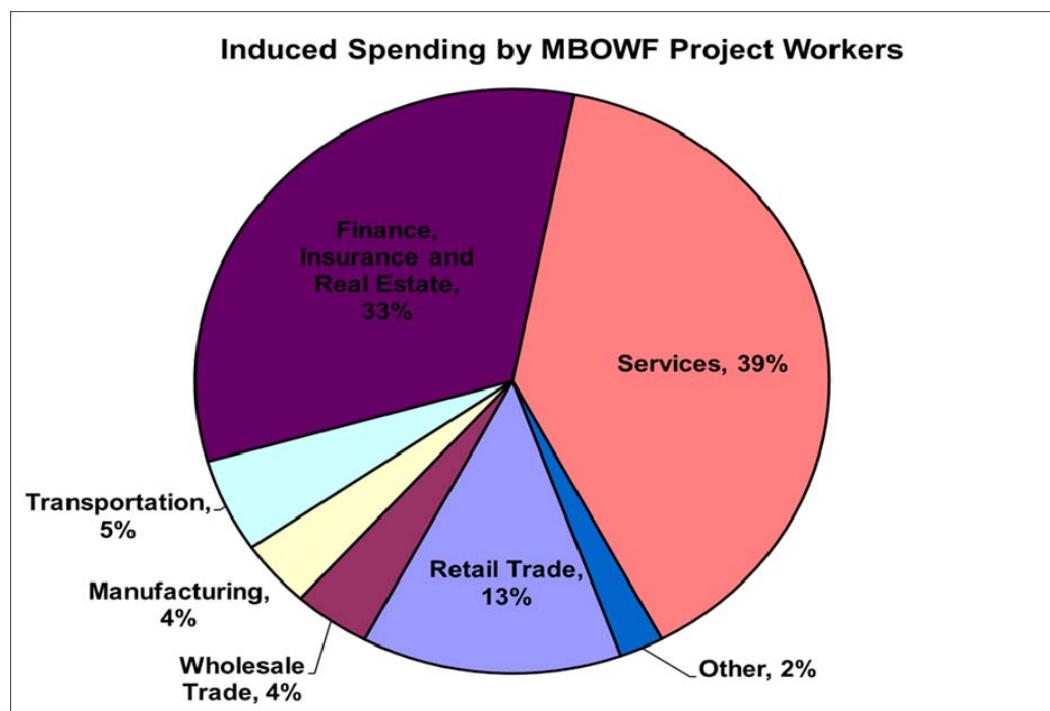
[1] Job estimates include part-time and full-time employment

[2] Employee compensation includes wages and fringe benefits paid for by employers

[3] Economic output includes all local spending on labor, materials, and services, and does not include the value of the energy created.

Source: Copyright 2011 Minnesota IMPLAN Group, Inc.

Figure 4.1 details the distribution of induced spending by MBOWF workers across industries. The largest shares of induced spending is projected to occur in the service sector, finance, insurance and real estate industries, and retail trade, where service industries include administrative and waste services, educational services, health and social services, entertainment and recreation, professional services, and accommodation and food services. Other industries, which together account for 2% of induced spending, include agriculture, mining, construction and wholesale trade, with wholesale trade accounting for about half of spending in the category.

**Figure 4.1. Induced Spending by MBOWF Project Workers**

**b. Fiscal Impacts**

Table 4.4 displays a detailed distribution of the California state sales and use tax. SLO County will collect a local sales tax of 1% on all materials and supplies spent for the MBOWF.

**Table 4.4 Distribution of Sales and Use Tax**

Purpose	Rate
State	6.00%
SLO County	0.25%
Local	0.50%
Special	1.00%
<b>Total</b>	<b>7.75%</b>

Source: <https://www.taxrates.com/state-rates/california/cities/morro-bay/>

Fiscal Impacts on SLO county are dependent on our percentage of local share attributed to materials and maintenance costs as well as indirect taxes from property and corporate taxes. The local share for Scenario 0 provides a smaller portion of local share value. Table 4.5 displays the aggregated sales and tax revenues collected by San Luis Obispo County in the operating phase of the project.

**Table 4.5: SLO County Tax Benefits For Scenario Year 0**

Description	Employee Compensation	Tax on Production and Imports	Households	Corporations	Total
Dividends				\$557	
Social Ins. Tax	\$7,158				
TOPI[1]		\$231,302			
Corporate Tax				\$9,927	
Personal Taxes[2]			\$62,343		
<b>Total County and Local Tax</b>	<b>\$7,158</b>	<b>\$231,302</b>	<b>\$62,343</b>	<b>\$10,484</b>	<b>\$311,287</b>

[1] Tax on Production and Imports includes Sales, Property, Severance, and Use taxes.

Also includes motor vehicle license and other S/L taxes.

[2] Includes Income Tax, Fines/Fees, and other licenses(Fish/Hunting)

Total state and local tax benefits total \$311,287 with 74% of revenue is generated from sales, property, severance, and use taxes. This is a conservative estimate for SLO county assuming tax revenues will take place annually during the startup period of the wind farm. This estimate is based off of IMPLAN's estimates of fiscal impacts. Direct spending and sales tax revenue will depend on Trident Wind's O&M estimates for materials and supply costs relative to local share of operating spending.

Scenario B for SLO county assumes a larger local share of spending for operating expenses based on a 30 year average. B implies Trident and SLO county has become a supplier for the

wind industry along the central coast and will increase indirect effects within the county. Scenario B county and local tax benefits total \$555,868 with 74.3% of revenue generated from sales, property, and use taxes.

## Morro Bay Fiscal Impacts Estimate

IMPLAN has the ability to run a zip code level estimate of tax revenues from the wind farm. Scenario 0 provides a conservative estimate for total tax benefits of \$119,091 and Scenario B provides an estimate for total tax benefits of \$214,191. Tax benefits consist of sales, property, and severance tax, but Morro Bay does not receive a use tax benefit. Table 4.6 displays the aggregated sales and tax revenues collected by Morro Bay in the operating phase of the project for scenario 0.

**Table 4.6: Morro Bay Tax Benefits For Scenario Year 0**

Description	Employee Compensation	Tax on Production and Imports	Households	Corporations	Total
Dividends					\$221
Social Ins. Tax	\$2,941				
TOPI[1]		\$82,871			
Corporate Tax					\$3,938
Personal Taxes[2]			\$29,120		
Total City and Local Tax	\$2,941	\$82,871	\$29,120	\$4,159	\$119,091

[1] Tax on Production and Imports includes Sales, Property, and Severance taxes.

Also includes motor vehicle license and other S/L taxes.

[2] Includes Income Tax, Fines/Fees, and other licenses(Fish/Hunting)

Note that the tax revenue generated by Morro Bay is a subset of tax revenue generated by SLO county.

### c. Scenario B

Scenario B looks at the potential local economic impact after the industry supply chain has had time to adjust to the introduction of the MBOWF. Over the lifespan of the wind farm, the local economy will develop to meet the needs of the facility. Scenario B estimates the impacts of the changes described above. It can be thought of as the long run annual effects of MBOWF to the local economy.<sup>13</sup> Table 4.7 depicts the updated figures for the annual local economic impact with amounts to a 68% increase in job-years, 78% increase in employee compensation, and 78% increase in economic output.

<sup>13</sup> Local shares for Scenario B comes from NREL Floating Offshore Wind in California: Gross Potential for Jobs and Economic Impacts from Two Future Scenarios

**Table 4.7: Total Economic Impact of MBOWF for Scenario B**

<b>Scenario B: O&amp;M Spending in San Luis Obispo County</b>				
<b>Impact</b>	<b>Economic Activity</b>	<b>Job Years (FTEs)</b>	<b>Employee Compensation</b>	<b>Economic Output</b>
Direct	Project Development	50	\$3,096,892	\$19,738,000
Indirect	Local Supply Chain	42	\$2,122,140	\$7,015,815
Induced	Employee Spending	20	\$968,161	\$3,004,239
<b>Total Economic Impact</b>		<b>112</b>	<b>\$6,187,193</b>	<b>\$29,758,055</b>

d. **Morro Bay Impacts**

Table 4.8 restricts the model to only the economic impact on the city of Morro Bay. The table shows an increase in 47 job-years for the local city with just under 60% of the job-years coming directly from the MBOWF over the initial 30-year operating period.

**Table 4.8 Morro Bay Economic Impact of the MBOWF**

Impact	Economic Activity	Job Years		
		(FTEs) <sup>1</sup>	Employee Compensation <sup>2</sup>	Economic Output <sup>3</sup>
Operating Phase (Annual)				
Direct	Project	28	\$5,145,744	\$11,053,280
	Development			
Indirect	Local Supply Chain	13	\$917,903	\$1,651,398
Induced	Employee	6	\$474,679	\$759,083
	Spending			
Total Economic Impact		47	\$6,538,326	\$13,463,762

[1] Job estimates include part-time and full-time employment

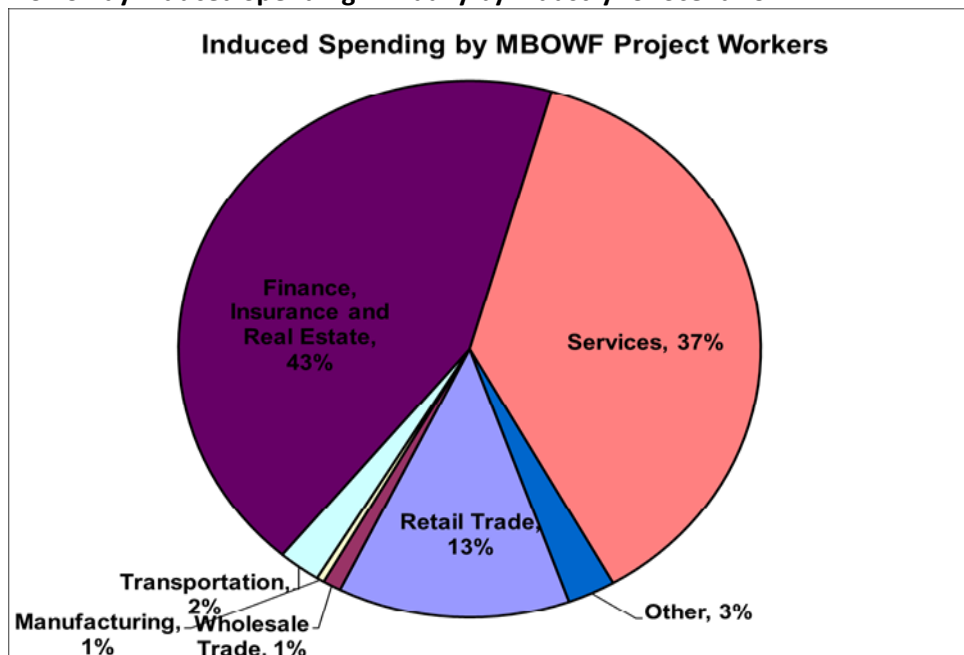
[2] Employee compensation includes wages and fringe benefits paid for by employers

[3] Economic output includes all local spending on labor, materials, and services, and does not include the value of the energy created.

Source: Copyright 2011 Minnesota IMPLAN Group, Inc.

The division of the \$759,083 annual induced spending by industry is shown in figure 4.2. Finance, Insurance and Real Estate, Services and Retail Trade making up 93% of the annual induced spending from the Trident Wind Farm.

**Figure 4.2: Morro Bay Induced Spending Annually by Industry for Scenario B**



#### e. **Commercial Fishery Impact**

The Bureau of Ocean Energy Management and US Department of the Interior funded an analysis on potential impacts to commercial fisheries due to offshore wind energy development<sup>14</sup>. The study used data collected from commercial fish tickets on over eight potential wind energy areas (WEA). The results grouped different permit subsets into five separate clusters. The study concluded with a loss of annual revenue net of variable costs (RNVC) of 2.2% in one of the five clusters, with the other four clusters having a RNVC change between a loss of 0.2% and a gain of 0.6%. All effects fell within the normal yearly deviation of the RNVC.

MBOWF could also cause an increase in potential danger to commercial fishermen due to the possibility of boats drifting into the wind farm zone during times with poor visibility such as fog and nighttime. A Danish study<sup>15</sup> has found increased collision frequency after the erection of an offshore wind farm. This increased collision frequency was usually due to a failure on propulsion machinery instead of human or steering failure.

There is also a worry on the effect of electromagnetic fields on the fish population. While some fish species use geomagnetic fields to navigate underwater, current studies have not shown an impact from underwater wind farm cables.<sup>16</sup>

<sup>14</sup>Kirkpatrick et al., 2017

<sup>15</sup> Christensen et al.

<sup>16</sup>Iyre et al., 2007

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## **Summary of the Mutual Benefits Agreement between**

### **Morro Bay Commercial Fisherman's Organization, Port San Luis Commercial Fishermen Association, and Castle Wind LLC**

The Morro Bay Commercial Fisherman's Organization (MBCFO), the Port San Luis Commercial Fishermen Association (PSLCFA), and Castle Wind LLC, a joint venture between Trident Winds Inc. and EnBW North America Inc., have entered into a Mutual Benefits Agreement to minimize the impacts of a future offshore wind project on the local commercial fishing community.

Castle Wind is planning to develop an offshore wind project with a grid connection in Morro Bay that will generate approximately 1,000 megawatts of clean energy for over 300,000 households and businesses. The commercial fishing industry represents a significant part of the Central Coast communities and economy. Castle Wind has been working closely with the local commercial fishing organizations for over two years to develop means to minimize the anticipated impacts in the vicinity of the planned offshore wind project.

The outcome of these negotiations is the Mutual Benefits Agreement, under which:

- MBCFO, PSLCFA, and Castle Wind will form a mutual benefits corporation in the event the Bureau of Ocean Energy Management (BOEM) issues a legally-binding lease to Castle Wind for the proposed offshore wind project.
- Castle Wind will make annual contributions to a fund, to be managed by representatives of MBCFO and PSLCFA, equal to a percentage of the annual operating fees that Castle Wind will be making to BOEM after the commercial operation date.
- The purpose of the fund is to mitigate the anticipated impacts of the offshore wind project on the local commercial fishing community and to help finance new business opportunities for their members.
- The fund will be used for improvements to the infrastructure at Morro Bay Harbor and Port San Luis, as well as to provide grants to reduce impacts to the commercial fishing industry. Those may include improvements to slips and unloading docks, safety equipment, equipment purchases or repair, improvements or repair of storage, fuel docks, or cold storage facilities, among others. The fund may also be used for activities that support the short- and long-term viability of the commercial fishing industry, including low-cost loans, community outreach, college scholarships, and internships.

In addition to the fund, the Mutual Benefits Agreement provides that:

- Members of MBCFO and PSLCFA will have the right of first offer to provide certain qualified services to Castle Wind during construction and operation of the offshore wind project.
- Castle Wind will provide training opportunities to qualified members of MBCFO and PSLCFA to apply their existing skills to the offshore wind industry.
- Castle Wind will consult with MBCFO and PSLCFA about the design of the offshore wind project and will also strive to minimize restrictions on commercial fishing in the project area.

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# **Economic and Fiscal Impact of the Castle Wind LLC Floating Offshore Wind Farm**

**Stephen F. Hamilton**

California Polytechnic State University, San Luis Obispo

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April 12, 2018

Steve Hamilton

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# Economic Impact Modeling

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- IMPLAN “Input/Output” Model –
  - Impacts measured in jobs, wages, and economic output
- “Direct Impacts” attributable to the activity on the site
  - Workers employed to operate plant
- “Indirect Impacts” are the inputs that support the direct activity (local supply chain effects)
  - Equipment transport; vessel/helicopter leasing; fuel
- “Induced Impacts” result from the spending of the direct and indirect employees
  - Workers buy food, cars, homes, medical services, etc.

# Background

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- Castle Wind LLC proposes to develop a floating offshore wind energy facility:
  - 765 MW offshore wind project
  - Utilizes PG&E interconnection in Morro Bay
- Examine benefits during operating period under two scenarios:
  - Current local infrastructure (baseline scenario)
  - Long-run supply chain development (scenario B)

# Direct Impacts: Scenario 0

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- Direct “life-cycle” spending based on NREL (JEDI) estimates for CA offshore wind:
  - \$1.7M for labor compensation (wages and benefits)
  - \$9.4M for transport, site facilities, materials, etc.
  - \$11.1M per year total local spending in SLO County
- Average annual O&M cost = \$91/kW
  - Total O&M cost = \$69.8 M per year
  - 15.8% of annual O&M projected for SLO County



# Direct Impacts: Scenario B

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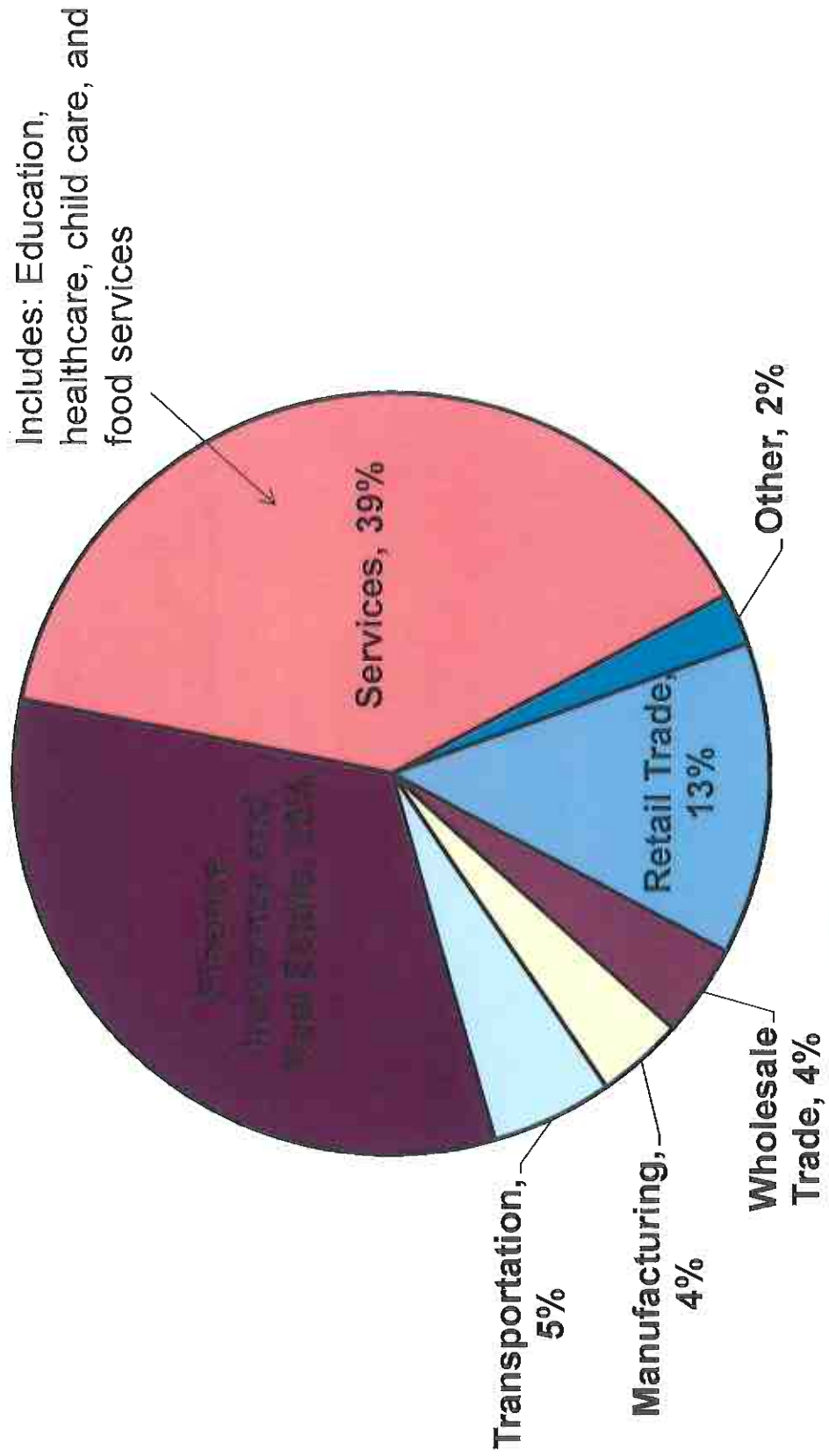
- Direct “life-cycle” spending based on NREL (JEDI) estimates with higher local shares:
  - \$3.1M for labor compensation (wages and benefits)
  - \$16.6M for transport, site facilities, materials, etc.
  - \$19.8M per year total local spending in SLO County
- SLO County share of annual O&M = 28.4%

## **Indirect Impacts – Inputs to On-Site Activity**

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- **Beneficiaries include providers of:**
  - Marine and helicopter transport equipment
  - Materials and equipment (e.g., piling, anchors, mooring)
  - Contracted services, etc.
- **Many indirect impacts are likely to accrue outside of SLO County**
  - Top local supply chain development opportunities:
    - Transportation, communication and public utilities (TCPU)
    - Maintenance & repair (construction trades)
    - Professional services

# Induced Spending by County Workers



April 12, 2018

Steve Hamilton



# Summary of Economic Impacts:

## SLO County Scenario 0

- Annual Jobs and Employee Compensation

Impact	Economic Activity	Job Years <sup>1</sup>	Employee Compensation	Economic Output <sup>2</sup>
Direct	Project Operations	28	\$1,734,260	\$11,053,280
Indirect	Local Supply Chain	24	\$1,188,399	\$3,928,858
Induced	Employee Spending	13	\$542,170	\$1,682,374
<b>Total Operating Phase</b>		<b>65</b>	<b>\$3,464,829</b>	<b>\$16,664,512</b>
<b>Tax Impacts</b>				<b>\$311,287</b>

[1] Job estimates include part-time and full-time employment on a FTE basis

[2] Economic output excludes the gross value of the power generated by the offshore wind facility.

# Summary of Economic Impacts: City of Morro Bay Scenario 0

- Annual Jobs and Employee Compensation

Impact	Economic Activity	Job Years <sup>1</sup>	Employee Compensation	Economic Output <sup>2</sup>
Direct	Project Operations	28	\$1,734,260	\$11,053,280
Indirect	Local Supply Chain	13	\$917,903	\$1,651,398
Induced	Employee Spending	6	\$474,679	\$759,083
<b>Total Operating Phase</b>		<b>47</b>	<b>\$3,126,842</b>	<b>\$13,463,762</b>
<b>Tax Impacts</b>				<b>\$119,091</b>

[1] Job estimates include part-time and full-time employment on a FTE basis

[2] Economic output excludes the gross value of the power generated by the offshore wind facility.

# Summary of Economic Impacts:

## SLO County Scenario B

- Annual Jobs and Employee Compensation

Impact	Economic Activity	Job Years <sup>1</sup>	Employee Compensation	Economic Output <sup>2</sup>
Direct	Project Operations	50	\$3,096,892	\$19,738,000
Indirect	Local Supply Chain	42	\$2,122,140	\$7,015,815
Induced	Employee Spending	20	\$968,161	\$3,004,239
<b>Total Operating Phase</b>		<b>112</b>	<b>\$6,187,193</b>	<b>\$29,758,055</b>
<b>Tax Impacts</b>				<b>\$555,868</b>

[1] Job estimates include part-time and full-time employment on a FTE basis

[2] Economic output excludes the gross value of the power generated by the offshore wind facility.

# Summary of Economic Impacts:

## City of Morro Bay Scenario B

- Annual Jobs and Employee Compensation

Impact	Economic Activity	Job Years <sup>1</sup>	Employee Compensation	Economic Output <sup>2</sup>
Direct	Project Operations	50	\$3,096,892	\$19,738,000
Indirect	Local Supply Chain	24	\$1,104,892	\$2,948,924
Induced	Employee Spending	9	\$416,387	\$1,343,120
<b>Total Operating Phase</b>		<b>83</b>	<b>\$4,618,171</b>	<b>\$24,030,045</b>
<b>Tax Impacts</b>				<b>\$214,191</b>

[1] Job estimates include part-time and full-time employment on a FTE basis

[2] Economic output excludes the gross value of the power generated by the offshore wind facility.



# **Additional Impacts – Commercial Fishery**

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- Potential loss of revenue from fish landings
  - Depends on ability to meet existing groundfish quotas after displacement
- Greater fishing effort raises cost of landings
  - Loss of area available to fish
  - Increased vessel days to maintain landings
- General risks and uncertainty:
  - Lost option value
  - Navigational hazards; gear entanglement
  - Turbine noise; electromagnetic fields

## **Additional Impacts – Environmental**

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- Furthers California's objective in meeting its ambitious renewable energy standard
  - Partially displaces loss of Diablo Canyon power
- Aligns with “clusters of opportunity” identified in SLO County Economic Strategy Project
  - Growth of green economy jobs in SLO County 5 times faster than rest of the economy 1995-2008
  - SLO County becoming a leader in green energy
  - Synergy with world-class engineering programs at Cal Poly

# Comments are Welcome

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Thank you!

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April 12, 2018

Steve Hamilton

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# **Additional Impacts – Tax Revenues**

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**Note: Does not include lease payments to City**

- **Property Taxes:**
  - Increased value of land and taxable improvements
  - Does not include taxable improvement of switchyards and substations in the City of Morro Bay
- **Sales and Use Tax:**
  - Taxes paid on materials and equipment
    - City of Morro Bay does not receive use tax
- **Personal Taxes: local income taxes**
- **Corporate Taxes**



## Direct Impacts: Jobs and Wages

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- Castle Winds LLC offshore wind project will generate good-paying jobs:
  - Technicians, administrative staff,
  - Annual wages equivalent to \$40-60K salaries
- Total Local Jobs and Wages in SLO County
  - Baseline: 28 “job years” and \$1.3M wages + benefits
  - Scenario B: 50 “job years” and \$2.3M wages + benefits

# **Δ Direct Impacts: Scenario B**

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- **Changes from baseline:**
  - Technician salaries: from 50% to 60% local labor
  - Management/Supervision: from 10% to 60% local
  - Transport: from 20% to 50% local
  - Materials/maintenance parts: from 5% to 10% local

# Total Indirect Impacts in SLO County

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- Scenario 0 (baseline): local supply chain impacts during operating phase
  - 24 “job years” and \$1.2M annual wages and benefits
  - \$3.9M total economic output (local spending on labor, materials and services, excluding value of energy)
- Scenario B: More developed supply chain
  - 42 “job years” and \$2.1M annual wages and benefits
  - \$7.0M total economic output per year

## **Induced Impacts – Spending “Multipliers”**

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- Spending by direct and indirect workers on:
  - Retail goods (food, clothing, vehicles, etc.)
  - Health care services
  - Housing and real estate services
  - Education and professional services, etc.
- Majority of induced impacts from direct workers likely to accrue within SLO County
  - Greatest impacts are in retail sector, finance, insurance, and real estate, and health care services, which will occur near workers' homes and workplaces

# Total Induced Impacts in SLO County

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- Scenario 0 (baseline):
  - 13 “job years” and \$0.6M annual wages and benefits
  - \$1.7M total economic output
- Scenario B:
  - 20 “job years” and \$1.0M annual wages and benefits
  - \$3.0M total economic output per year



**OCTOBER 5, 2015**

**MEMORANDUM OF COOPERATION BY AND BETWEEN THE CITY OF MORRO BAY CALIFORNIA (the "City") AND TRIDENT WINDS LLC ("Trident"), AN OFFSHORE WIND DEVELOPMENT COMPANY ORGANIZED IN WASHINGTON STATE, collectively (the "Parties")**

**Whereas,** The City of Morro Bay in San Luis Obispo County California is the location of an inoperable 650 MW gas and oil fired power plant (the "Plant") owned by Dynegy Morro Bay, LLC, a Delaware limited liability company, a wholly-owned affiliate of the publicly traded independent power company known as Dynegy Inc. ("Dynegy"), located in Houston Texas, that owns and operates a coal-fired dominated portfolio of power plants across the U.S.; and

**Whereas,** Dynegy representatives have advised the City Dynegy is actively attempting to sell and otherwise dispose of its portfolio of California power plants, including the Plant; and

**Whereas,** the Dynegy power plant located on the Morro Bay waterfront has been closed and rendered inoperable since January 2013, thereby producing significant negative economic impacts on the City's revenue streams as a result of expired plant operational agreements; and

**Whereas,** the Parties understand the necessity to evaluate and address potential impacts to the marine ecosystem, specifically, water quality and migratory and resident species of concern, as well as other issues, such as visual resources, recreational opportunities, navigable channels, cultural resources and the fishing industry; and

**Whereas,** a vacant power plant on the City's waterfront is a visual and economic detriment to the future growth and prosperity of a California coastal city; and

**Whereas,** since the Plant's closure, various parties have suggested Plant site re-use concepts to the City; and

**Whereas,** it is the public policy in the State of California to significantly increase the use of renewable power in the state and to significantly decrease the emission of carbon in the power, industrial and transportation sectors of the California economy; and

**Whereas,** Trident, an Offshore Wind Development ("OSD") company formed to permit clean, renewable energy projects, has advised the City that it is engaged in the permitting of a utility scale, deep water, anchored wind project on the central coast of California in the general vicinity of Morro Bay; and

**Whereas**, the City owns and controls the cooling water outfall structure formerly utilized by the closed and inoperable Plant which structure may be effectively re-utilized by an offshore wind project to electrically connect a wind project to the PG&E electric substation located adjacent to the Plant, and which substation provides for an interconnection to the high voltage transmission system operated by the California Independent System Operator located in Folsom, California; and

**Whereas**, the City may control or have influence over the use or re-use of other built infrastructure within its jurisdiction, that may be useful to facilitate the development of a renewable energy offshore wind project that could contribute to the economic prosperity and development opportunities for the City.

**Now**, in consideration of the mutual undertakings of the Parties set forth below, the Parties agree as follows:

1. Trident will, subject to any confidentiality agreements or applicable law and regulation, provide the City with progress reports concerning, among other matters:

- (i) its preparation of an application to the Bureau of Ocean Energy Management ("BOEM") to lease certain areas of the ocean floor off the coast of central California;
- (ii) its engagement with environmental and other non-governmental organizations that may be parties in interest with respect to a proposed offshore wind project;
- (iii) its engagement with commercial and recreational fishing interests that may be affected by a proposed offshore wind project;
- (iv) its engagement with Native American interests that may be affected or that may participate in the development of an offshore wind project;
- (v) its engagement with the California Coastal and Lands Commissions;
- (vi) its engagement with the California Energy Commission;
- (vii) its engagement with the California Public Utilities Commission;
- (viii) its engagement with the California Air Resources Board;
- (ix) its engagement with the California Independent System Operator;
- (x) its engagement with other state and local elected officials, community at large and local businesses; and,
- (xi) its engagement with Dynegy and/or others with respect to Trident's wind project development endeavors.

2, Trident will use its reasonable best efforts to help educate City representatives and the citizenry of Morro Bay about the technology of the proposed wind project, its various environmental impacts, its economic development attributes for the City and its ideas for the possible re-use of Plant facilities and property.

3. The City will, subject to its own rules and regulations and applicable law, and following significant public review and participation, cooperate with Trident to the extent it deems reasonable and in the public interest:

- (i) to explore a long-term commercial relationship for the use of the City's outfall structure in order to interconnect an offshore wind project to the PG&E substation;
- (ii) to consider supporting Trident's Plan of Permitting with respect to the federal, state and local permits it will need to construct an offshore wind project, and,
- (iii) to work with Trident on such other activities as the Parties may wish to jointly consider.

In witness thereto the below sign on behalf of their respective parties.

City of Morro Bay

Trident Winds LLC

By: Jamie L. Irons  
Jamie Irons, Mayor

By: [Signature]  
Its Member

ATTEST:

Dana Swanson  
Dana Swanson, City Clerk

APPROVED AS TO FORM:

[Signature]  
Joseph W. Pannone,  
City Attorney





AGENDA NO: V

MEETING DATE: November 29, 2018

## Staff Report

TO: Honorable Mayor and City Council

DATE: November 28, 2018

FROM: Scott Collins, City Manager  
Dana Swanson, City Clerk

SUBJECT: Discussion and Direction regarding Verification and Tabulation of All Purported Proposition 218 Written Protests related to 2018 WRF Water and Sewer Surcharge

### RECOMMENDATION

Staff recommends the City Council:

1. Direct staff to verify and tabulate 2,163 purported written protests and 5 written requests to withdraw the protests received prior to closing the September 11, 2018, Proposition 218 Public Hearing using all criteria established by Resolution No. 44-18, and
2. Additionally, verify and tabulate ~1,000 purported written protests submitted during the public comment period of the September 11, 2018, Proposition 218 Public Hearing using all criteria established by Resolution No. 44-18, except the date requirement.

### ALTERNATIVES

The Council may direct staff to conduct the tabulation in some other manner.

### BACKGROUND/DISCUSSION

On June 13, 2018, the City Council adopted Resolution No. 44-18 approving guidelines for the submission and tabulation of protests in connection with the Proposition 218 (218) process<sup>1</sup>. The intent of that Resolution was to ensure all utility customers and property owners, as well as the general public, were aware of the process prior to it being initiated. As stated in the Resolution, to be considered valid, a written protest must include all of the following information: (i) a statement it is a protest against the proposed rate that is the subject of the hearing, (ii) the name of the record owner or customer of record, (iii) identification of a parcel served by the City that would be subject to the proposed rate increase, (iv) an original signature of the record owner of, or customer of record with respect to, the parcel identified on the protest, (v) to be sure all pertinent information is provided and considered prior to a protest being filed, no protest shall be signed before the City has issued the formal notice that commences the 45-day protest period, and (vi) a certification affirming the contents of the protest are true and correct.

At its September 11, 2018, meeting, the City Council approved Water Reclamation Facility (WRF) surcharges (rate increases) of \$41/month for typical single-family homes to go into effect July 2019, adopting Resolution No. 71-18 (attached). That approval followed the requisite 218 public hearing notice period of 45 days, with the City mailing notices to all owners of record for all effected Morro

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<sup>1</sup> Proposition 218 and subsequent actions amended the California Constitution by adding Article XIIC and XIID.

Prepared By: SC/DS Dept Review: \_\_\_\_\_  
City Manager Review: SC City Attorney Review: JWP

Bay properties, as well as all Morro Bay water and sewer rate payers who are not property owners in Morro Bay. The City received 2,163 protests and five written requests to withdraw protests during the period between WRF Surcharge notices being mailed out and the close of the public hearing on September 11. The City needed to receive 2,794 or more written protests (50% plus one of the total eligible parcels in Morro Bay) to trigger a legally-required validation process. An insufficient number of protests were received by the City during the 218 process period to necessitate a validation process which would determine if all pertinent information was included with the protests and remove any duplicate protests. Per 218, no matter how many protests are submitted for an individual parcel, only one of the protests will counts toward the 50%+1 needed to prevent the surcharge from being imposed.

During the September 11, 2018, Council meeting under public comment, a member of the public submitted a bundle of a purported 1,000 written protests and stated those purported protests had been collected prior to the convening of the 218 public notice period, and most were not dated. Through Resolution 44-18, City Council established clear and reasonable requirements to govern the 218 process, in conformance with the Constitution of the State of California. Chief among the requirements were for written protests to contain pertinent information including a date which was during the public notice period. By submitting a protest during the 218 public hearing process with a valid date, it is more likely the individual submitting the protest had the information necessary to make an informed decision - most importantly, the actual rate increase amount, compared to an individual submitting a protest before the rate increase amount had been established. As the purported 1,000 written protests submitted by the constituent were collected prior to the convening of the 218 process, Council determined they were not valid protests and therefore were not counted, pursuant to Subdivision 4. d. of Resolution No. 44-18. Since there was an insufficient number of protests included in the tally of protests to be counted to determine whether the protests may prevent the surcharges from being imposed, Resolution No. 71-18 was adopted approving the water and sewer rate surcharges. Staff has since confirmed the bundle included nearly 1,000 written protests, most of which either had no date or had a date that was prior to the convening of the 218 process.

Following the September 11, 2018, Council meeting, the City has received public record requests related to the 218 process, as well as questions about the true, non-duplicative number of protests submitted. Staff has not attempted to validate the 2,163 protests. However, in response to a public record request regarding the written protests, during a cursory review, the City identified over 170 of the 2,163 protests have missing information that is required by Resolution 44-18 and, thus, are not valid. In conducting that review of those protests, staff also observed there are likely a significant number of duplicates—meaning there are many times when more than one protest is submitted for the same parcel. Duplicates are likely the result of parcel owners and rate payers receiving numerous mailers and flyers prior to and during the 218 process requesting they submit protests, in addition to receiving the City's 218 notice and related mailers. The total number of duplications are unknown at this time.

As the question of the number of valid protests remains unanswered, during the November 27, 2018, Council meeting future agenda discussion, City Council, by consensus, directed staff to bring back an item for discussion about the written protests. Council made it clear during the November 27<sup>th</sup> meeting the 218 process is complete as of September 11, 2018.

In order to create a clear record, staff recommends the 2,163 written protests and 5 written requests to withdraw protests included in the formal count established by Resolution No. 71-18 be

tabulated and verified using the criteria established by Resolution No. 44-18. The number of valid protests would then be the base used to tabulate and verify the additional 1,000 written protests using all of the same criteria except the date requirement.

The intent of the suggested review process would not change the outcome of the 218 process that was legally concluded on September 11, 2018. It may, however, help resolve some of the community questions and concerns surrounding the 218 process.

### **CONCLUSION**

Staff recommends the Council direct staff to conduct a validation of the 2,163 written protests and 5 written requests to withdraw protests, to determine the actual number of valid, non-duplicative protests. In addition, staff recommends the Council direct staff to review the 1,000 uncounted protests to determine how many would have been valid had they been submitted with a date that conformed with Resolution 44-18 and whether any are duplicative of other protests as to the parcels to which they relate. Staff will initiate this process on December 17, 2018, and will invite two community members to observe the process in its entirety. If more than two community members desire to view that count, then the names of all those interested will be placed in a container from which the Police Chief will pick two names. That entire process is suggested to solidify the City's commitment to transparency in this and all matters, while also providing a smooth and efficient review process. Following completion of the process, staff will prepare a report that will be made available to the public and City Council via the City's website.

### **ATTACHMENTS**

1. Resolution No. 44-18
2. Resolution No. 71-18

**RESOLUTION NO. 44-18**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA,  
APPROVING GUIDELINES FOR THE SUBMISSION AND TABULATION OF  
PROTESTS IN CONNECTION WITH RATE HEARINGS CONDUCTED PURSUANT TO  
ARTICLE XIID, SECTION 6 OF THE CALIFORNIA CONSTITUTION**

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

**WHEREAS**, Article XIID, Section 6 of the California Constitution requires the City Council to consider written protests to certain proposed increases to rates (fees or charges) for sewer (wastewater), water or refuse collection services; and

**WHEREAS**, that constitutional provision does not offer specific guidance as to who may submit protests, how written protests are to be submitted, or how the City is to tabulate protests.

**WHEREAS**, upon adoption of this resolution, any and all resolutions, rules or regulations of the City in conflict with it, shall be rescinded and of no further force or effect. This resolution supersedes all prior resolutions, rules or regulations of the City to the extent any or all of them established guidelines for the submission and tabulation of protests in connection with rate hearings conducted by the City pursuant to Article XIID, Section 6 of the California Constitution.

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

**SECTION 1: Definitions.**

Unless the context plainly indicates another meaning was intended, the following definitions shall apply in construction of these guidelines.

- A. "Parcel" means a San Luis Obispo County (County) Assessor's parcel the record owner or occupant of which is subject to the proposed rate that is the subject of the hearing.
- B. "Record customer" and "customer of record" mean the person or persons whose name or names appear on the City records as the customer who has contracted for, or is obligated to pay for, wastewater. water or refuse collection services to a particular utility account.
- C. "Record owner" or "parcel owner" means the person or persons whose name or names appear on the County Assessor's latest equalized assessment roll as the owner of a parcel.
- D. "Rate" means a fee or charge as understood by Article XIID, Section 6 of the California Constitution.

- E. A "rate protest proceeding" is not an election, but the City Clerk will maintain the confidentiality of protests as provided below and will maintain the security and integrity of protests at all times.

**SECTION 2: Notice.**

Notice of proposed rates and public hearing shall be as follows:

A. Notice Content.

1. Amount of rate proposed to be imposed on each parcel.
2. Basis upon which the amount of the proposed rate was calculated.
3. Reason for the rate.
4. The date, time, and location of a public hearing on the proposed rate.
5. If a combined public hearing is held for more than one proposed rate, then a combined notice for the combined public hearing must indicate an explanation any statement and protest shall clearly indicate which proposed change(s) is/are being protested.

B. Notice Delivery and Posting.

1. The City shall give notice of proposed rates via U.S. mail to all record owners and customers of record served by the City no less than 45 days before the public hearing upon the proposed rate.
2. The City will post the notice of proposed rates and public hearing at its official posting sites no less than 45 days before the public hearing upon the proposed rate.

**SECTION 3: Protest Submittal.**

- A. Any record owner or customer of record who is subject to the proposed utility rate that is the subject of the hearing who wants to protest the rate must submit a written protest to the City Clerk, by:

1. Delivery, to the City Clerk's Office at 595 Harbor Street, Morro Bay, CA 93442, during published business hours,
2. Mail to the City Clerk at 595 Harbor Street, Morro Bay, CA 93442, or
3. Submittal to the City Clerk at the public hearing for the rate increase.

- B. If more than one protest is delivered, mailed or submitted in one envelope or at one time, then at least one of the protests contained in that envelope or concurrently delivered, mailed or submitted shall be signed by the person delivering, mailing or submitting those protests.

- C. Each protest must be received by the end of the public hearing, including those mailed to the City. No postmarks will be accepted for proof of meeting the submission deadline; therefore, any protest not physically received by the close of the hearing, whether or not mailed prior to the hearing, shall not be counted.
- D. Because an original signature is required, emailed, faxed and photocopied protests shall not be counted.
- E. Although oral comments at the public hearing will not qualify as a formal protest, unless accompanied by a written protest, the City Council welcomes input from the community during the public hearing on the proposed rate.

#### **SECTION 4: Protest Requirements.**

- A. A written protest must include all the information described in subparagraphs 1. through 6., below.
  - 1. A statement it is a protest against the proposed rate that is the subject of the hearing. If a combined public hearing is held for more than one proposed change, then the statement and protest must clearly indicate which proposed change is being protested. The combined notice for the combined public hearing must indicate that as well. The protests for more than one proposed change from the same record owner or customer of record may be combined on one protest document,
  - 2. Name of the record owner or customer of record who is submitting the protest,
  - 3. Identification of assessor's parcel number, street address, or utility account number for the parcel with respect to which the protest is made,
  - 4. Original signature of the named record owner or customer of record and date the protest was signed,
  - 5. To be sure all pertinent information is provided and considered prior to a protest being filed, no protest shall be signed before the City has issued the formal notice that commences the 45-day protest period and
  - 6. A certification, by the named record owner or customer of record, as applicable, affirming the contents of the protest are true and correct.
- B. A protest shall not be counted if any of the required elements of this Section 4 are omitted.
- C. A protest must either be submitted on the ballot included with the notice of the protest period, or a ballot that includes all the information required by this Resolution.

#### **SECTION 5: Protest Withdrawal or Change.**

- A. Withdrawal of Protest. Any person who submits a protest may withdraw it by submitting to the City Clerk a written request the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the affected parcel and the name of the record owner or customer of record who submitted both the protest and the request it be withdrawn.

- B. Change to Protest. Any person who submits a protest may change it by submitting to the City Clerk a written request the protest be changed, and then either request another protest ballot and return the new protest ballot pursuant to the procedures provided herein, or submit a protest ballot that includes all the information required by this Resolution with the changes desired. The changed protest shall contain sufficient information to identify the affected parcel and the name of the record owner or customer of record who submitted both the protest and the request it be changed.

**SECTION 6: Multiple Record Owners or Customers of Record.**

- A. Each record owner or customer of record of a parcel served by the City may submit a protest. That includes when:
1. The fee interest in a parcel is owned by more than one record owner,
  2. More than one name appears on the City's records as the customer of record for a parcel,
  3. A customer of record is not the record owner,
  4. A parcel includes more than one customer of record, or
  5. Multiple parcels are served via a single utility account, as master-metered common interest developments.
- B. Only one protest will be counted per parcel as provided by Government Code subdivision 53755(b).

**SECTION 7: Transparency, Confidentiality, and Disclosure.**

- A. To ensure transparency and accountability in the fee protest tabulation, while protecting the privacy rights of record owners and customers of record, protests will be maintained in confidence until tabulation begins following the close of the public hearing.
- B. Once a protest is opened during the tabulation, it becomes a disclosable public record, as required by state law; and each original protest (or electronic copy) will be maintained in City files for two years.

**SECTION 8: City Clerk.**

The City Clerk shall not accept as valid any protest if she/he determines any of the following is true:

- A. The protest does not conform to any of the requirements of this Resolution or:
1. The protest does not bear original signatures of the named record owner of, or customer of record with respect to, the parcel identified on the protest. Whether a signature is valid shall be entrusted to the reasonable judgment of the City Clerk, who may consult signatures on file with County Officials or other appropriate public agencies,

2. The protest was altered in a way that raises a fair question as to whether the protest actually expresses the intent of a record owner or a customer of record to protest the rates or
  3. The protest was not received by the City Clerk before the close of the public hearing on the proposed rates.
- B. A request to withdraw or change the protest, pursuant to Section 5, above, was received prior to the close of the public hearing on the proposed rates.

**SECTION 9: City Clerk's Decisions Final.**

The City Clerk's decision a protest is not valid shall constitute a final action of the City and shall not be subject to any internal appeal.

**SECTION 10: Majority Protest.**

- A. A majority protest exists if written protests that comply with the requirements herein are timely submitted, and not withdrawn or changed, by the record owners of, or by the customers of record with respect to, a majority (50% plus one) of the parcels subject to the proposed charge.
- B. While the City may inform the public of the number of parcels and customers of record served by the City when a notice of proposed rates is mailed, the number of parcels with active customer accounts served by the City on the date of the hearing shall control in determining whether a majority protest exists.

**SECTION 11: Tabulation of Protests.**

At the conclusion of the public hearing, the City Clerk shall tabulate all valid protests received, including those received prior to the conclusion of the public hearing, and shall report the result to the City Council. If the number of protests received is insufficient to constitute a majority protest, then the City Clerk may determine the absence of a majority protest without validating the protests received, but may instead deem them all valid without further examination. Further, if the number of protests received is obviously substantially fewer than the number required to constitute a majority protest, then the City Clerk may determine the absence of a majority protest without opening the envelopes which contain the protests.

**SECTION 12: Report of Tabulation.**

If, at the conclusion of the public hearing, the City Clerk determines she/he will require additional time to validate and tabulate the protests because she/he has not made the determination described in Section 11, above, then she/he shall so advise the City Council, which may continue the related portion of the meeting to allow the validation and tabulation to be completed on another day or days. If so, then the City Council shall declare the time and place of tabulation, which shall be conducted in a place where interested members of the public may observe the tabulation, and the City Council shall



declare the time at which the meeting shall be continued to receive and act on the tabulation report of the City Clerk.

**SECTION 13:** This resolution will become effective immediately upon adoption.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a special meeting thereof held on the 13<sup>th</sup> day of June, 2018 on the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson  
NOES: None  
ABSENT: None

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

ATTEST:

  
\_\_\_\_\_  
Lori M. Kudzma, Deputy City Clerk



## 2018 WATER AND WASTEWATER PROTEST BALLOT

NAME OF THE PROPERTY OWNER OR CUSTOMER OF RECORD FILING THIS PROTEST (please print):

ASSESSOR PARCEL NUMBER (APN), WATER/WASTEWATER ACCOUNT NUMBER OR STREET ADDRESS OF THE PARCEL FOR WHICH THE PROTEST APPLIES (please print):

\_\_\_\_\_, Morro Bay CA

*Check each box for which you want to lodge a protest*

☐ I am protesting the proposed water rate.

☐ I am protesting the proposed wastewater rate.

*I certify I have personal knowledge of all the foregoing and it is true and correct.*

Signature \_\_\_\_\_

Dated: \_\_\_\_\_, 2018

**RESOLUTION NO. 71-18**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ESTABLISHING USER SURCHARGE RATES FOR  
A NEW WASTEWATER RECLAMATION FACILITY TO PROVIDE SAFE  
WATER AND SEWER (WASTEWATER) SERVICE**

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

**WHEREAS**, the City of Morro Bay's existing wastewater treatment plant was originally built in 1953, has reached the end of its useful life and needs to be rebuilt due to age and condition, as well as to meet current regulatory requirements; and

**WHEREAS**, the Regional Water Quality Control Board recently issued a Time Schedule Order (TSO) that gives the City a maximum of five years to build a new facility to meet the new, more stringent, permit requirements and failure to meet the deadline would put the City at risk for substantial fines; and

**WHEREAS**, in 2013, the California Coastal Commission unanimously denied the City's permit to build a new treatment plant near the existing site and locations near the existing facility site are also inconsistent with Coastal Commission policy and provisions of the Coastal Act and Local Coastal Program; and

**WHEREAS**, the community of Morro Bay seeks to replace its 65-year-old wastewater treatment plant with a new water reclamation facility (WRF) at the preferred site near the intersection of South Bay Boulevard and Highway 1, roughly one mile east of downtown Morro Bay; and

**WHEREAS**, the WRF Project represents the culmination of a 5-year public process that included identification of community goals, evaluation of project and site alternatives, and input from a number of professional and community-advisory groups; and

**WHEREAS**, in 2015, the City adopted 5 years of water and sewer rate increases designed to meet its contractual obligations, fund the cost of providing utility service and help fund capital improvements to the City's aging water and sewer systems; and

**WHEREAS**, the previously-adopted rates substantially strengthened the financial health of the City's water and sewer utilities, but do not provide adequate funding to support each utility's share of costs for the WRF Project; and

**WHEREAS**, The WRF Project surcharges were developed by an independent rate consultant with input from City staff, the City's engineering consultants, City Council, various citizen-advisory groups, and the City's Blue Ribbon Commission – a group of Morro Bay residents with substantial financial and business experience that was established to provide independent review and input regarding WRF Project costs and the proposed rate surcharges; and

**WHEREAS**, the proposed surcharge rates reflect the funding needed to pay the capital and financing costs for the WRF Project to provide service to all customers through the apportionment of costs based on customer, capacity, and demand characteristics; and

**WHEREAS**, it has been determined the recommended surcharge rates do not exceed the reasonable cost of providing water or sewer services and, as such, the proposed surcharge rates are not levied for general revenue purposes; and

**WHEREAS**, in accordance with Government Code section 50076, "As used in this article, "special tax" shall not include any fee which does not exceed the reasonable cost of providing the service or regulatory activity for which the fee is charged and which is not levied for general revenue purposes;" and

**WHEREAS**, notices of the public hearing regarding the proposed changes to the water and sewer surcharge rates were mailed to each rate payer and property owner not less than forty-five days prior to the public hearing, in compliance with Section 6 of Article XIII-D of the Constitution of the State of California; and

**WHEREAS**, that public hearing was held before the City Council on September 11, 2018; and

**WHEREAS**, during general public comment and at the public hearing on September 11, 2018, 9 persons were present and spoke in opposition to the surcharge rates and 13 persons were present and spoke in support of the surcharge rates; and

**WHEREAS**, on September 11, 2018, the City Clerk advised the Council 2,151 written protests of the surcharge rates and 5 written requests to withdraw their protest were received prior to the commencement of the public hearing; and

**WHEREAS**, on September 11, 2018, the City Council received 12 written protests against the surcharge rates that were submitted prior to the closing of the public hearing; and

**WHEREAS**, at the conclusion of the public hearing, the City Clerk tabulated the number of written protests received and reported there was not a majority protest of the proposed water or sewer surcharge rates by owners, customers of record or authorized representatives of identified parcels receiving such services; and

**WHEREAS**, based on the information presented, including the staff reports and comments from the members of the public, the City Council of the City finds the following:

- A. The purposes of the updated water rates established pursuant to this Resolution are to:
  - support funding for the sewer utility's share of costs for the new wastewater treatment plant and conveyance facilities, and
  - Help fund recycled water components of the WRF Project.
- B. The updated water and sewer service rates established pursuant to this Resolution are not levied for general revenue purposes.

- C. The primary purpose for the surcharges set forth in this Resolution are to help fund the WRF Project, whose significant environmental impacts were analyzed in that certain Final Environmental Impact Report (FEIR) for Morro Bay Water Reclamation Facility, which was certified by the City Council through Resolution No. 61-18, adopted on August 14, 2018 I (FEIR) and the Council has considered the impacts analyzed in the FEIR prior to adoption of this Resolution;

**WHEREAS**, in adopting the rates set forth in this Resolution, the City Council of the City of Morro Bay is exercising its powers under California Constitution Article XI, Section 7, which states: "A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws"; and

**WHEREAS**, the procedures followed and the rates adopted are in compliance with California Constitution Article XIII D, "Property-Related Fees and Charges"; and

**WHEREAS**, there is not a protest of the proposed water or sewer service rate increases by a majority of the owners, customers of record or authorized representatives, of identified parcels receiving such services; and

**WHEREAS**, rates shall apply to and be paid by the City customers at the times, and in the amounts and otherwise apply and be administered with the rates as prescribed in this Resolution to be effective July 1, 2019 and the July 1 of each fiscal year during which the debt incurred to finance the WRF Project remains due and payable; and

**WHEREAS**, the rates and all portions of this Resolution are severable and should any of the rates or any portion of this Resolution be proven to be invalid and unenforceable by a body of competent jurisdiction, then the remaining rates and/or Resolution portions shall be and continue in full force and effect except for those rates and/or Resolution that have been judged to be invalid; and

**WHEREAS**, this Resolution will become effective immediately upon adoption.

**NOW, THEREFORE**, the City Council of the City of Morro Bay hereby resolves the following:

**SECTION 1:** FINDINGS. The City Council hereby adopts all the above recitations as findings and conclusions, which are based on substantial evidence presented to the City Council through staff reports, professional studies and oral and written testimony received and considered by the City Council during the process of considering the rates and issues regarding the subject matter of this Resolution (the "Record of Proceedings").

**SECTION 2:** DETERMINATION. Based upon the findings and conclusions set forth above, the City Council determines: the Record of Proceedings establishes the costs listed Exhibit A, as those incurred by the City for installation of the WRF Project to provide water and sewer services to City customers are reasonable estimates of the costs of providing such infrastructure and services, to allocate such costs among City property owners/customers so they bear a fair and reasonable relationship to customers and to secure the financial stability of the City water or sewer systems in accordance with the analysis conducted in current and prior staff reports. There was no majority protest of the proposed water or sewer surcharge rates. Therefore, the surcharge rates as set forth in Exhibit A are approved and adopted and, effective July 1, 2019

and the July 1 of each fiscal year during which the debt incurred to finance the WRF Project remains due and payable.

**SECTION 3:** COLLECTION. The City Council hereby directs the surcharge rates established by this Resolution shall be billed and collected together with charges for other utility services rendered by the City of Morro Bay.

**SECTION 4:** ENFORCEMENT. In the enforcement of the collection of the surcharge rates established herein, the City of Morro Bay may use any available remedy at law or in equity; provided, however, that said rates and charges shall not be collected by means of the San Luis Obispo County Assessor's roll of real property taxes, nor shall any delinquent rates or charges be enforced by means of a lien on real property.

**PASSED AND ADOPTED** by the Morro Bay City Council at a regular meeting thereof held on the 11<sup>th</sup> day of September 2018 by the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson  
NOES: None  
ABSENT: None  
ABSTAIN: None

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

ATTEST:

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



### WRF Sewer Surcharges

The WRF Sewer Surcharges as shown on the adjacent table support funding for the sewer utility's share of costs for the new wastewater treatment plant and conveyance facilities. WRF Sewer Surcharges for residential customers are fixed monthly surcharges billed per residential dwelling unit. WRF Sewer Surcharges for non-residential customers vary by customer class and wastewater strength and are billed based on metered water use, subject to a minimum monthly charge. As proposed, the surcharges would be levied starting July 1, 2019 and would remain in effect until debt issued to finance the WRF Project is paid off. The City may be able to reduce the surcharges if it can further reduce WRF Project costs or obtain additional grants or low-interest-rate financing.

<b>Proposed WRF Sewer Surcharges</b>	
<b>Residential WRF Sewer Surcharges</b>	
<i>Fixed monthly surcharge per residential dwelling unit</i>	
Single Family Home	\$25.00
Multi-Family/Condominium Unit	20.00
<b>Non-Residential WRF Sewer Surcharges</b>	
<i>Volumetric surcharge per hcf of metered water use</i>	
Class A - Low Strength	\$3.43
Class B - Domestic Strength	4.10
Class C - Moderate Strength	4.77
Class D - Mod-High Strength	5.43
Class E - High Strength	6.77
<i>Minimum Monthly Charge</i>	20.00

Class A - Low Strength includes schools, laundromats, carwashes, city and public facilities, & water softener accounts.

Class B - Domestic Strength includes professional offices, retail stores, mobile home parks, and all other standard-strength commercial accounts.

Class C - Moderate Strength includes motels, retirement homes with dining facilities, and mortuaries.

Class D - Mod-High Strength includes hotels with dining rooms or restaurants, and mixed-use accounts where high-strength sewage accounts for between an estimated 25% to 75% of total wastewater flow.

Class E - High Strength includes restaurants, bakeries, and seafood processors.

*Note: The City reserves the right to estimate wastewater strength and assign customer class.*

### WRF Water Surcharges

The WRF Water Surcharges as shown on the adjacent table help fund recycled water components of the WRF Project. WRF Water Surcharges for residential customers are fixed monthly surcharges billed per dwelling unit. WRF Water Surcharges for non-residential customers are volumetric surcharges billed based on metered water use subject to a minimum monthly charge. As proposed, the surcharges would be levied starting July 1, 2019 and would remain in effect until debt issued to finance the WRF Project is paid off. The City may be able to reduce the surcharges if it can further reduce WRF Project costs or obtain additional grants or low-interest-rate financing.

<b>Proposed WRF Water Surcharges</b>	
<b>Residential WRF Water Surcharges</b>	
<i>Fixed monthly surcharge per residential dwelling unit</i>	
Single Family Home	\$16.00
Multi-Family/Condominium Unit	12.80
<b>Non-Residential WRF Water Surcharges</b>	
<i>Volumetric surcharge per hcf of metered water use</i>	
Surcharge per hcf of water use	\$3.64
<i>Minimum Monthly Charge</i>	12.80

*1 hcf = 100 hundred cubic feet = 748 gallons*

### Impacts on Monthly Utility Bills

Total WRF Water & Sewer Rate Surcharges for a single-family home will not exceed \$41 per month including a \$25 WRF Sewer Surcharge of and a \$16 WRF Water Surcharge. Combined surcharges per multi-family or condominium dwelling unit will not exceed \$32.80 per month. Surcharges for commercial and other non-residential customers vary based on customer class and water use and will not exceed the levels shown on the tables above.

With full implementation of the previously-adopted water and sewer rates and the proposed WRF Surcharges, the total combined monthly utility bill for a typical single-family home with 5 units ((i.e. 500 cubic feet per month which is the equivalent of 125 gallons per day) of monthly water use would not exceed \$191 accounting for all monthly utility rates and WRF Surcharges. Approximately two-thirds of single-family residential bills are at or below this level of use. Customer bills will vary based on level of water use.