

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – DECEMBER 9, 2014
VETERAN’S MEMORIAL HALL – 6:00P.M.

AGENDA NO: A-4
MEETING DATE: 1/13/2015

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	John Heading	Councilmember
	Matt Makowetski	Councilmember
	Noah Smukler	Councilmember
STAFF:	David Buckingham	City Manager
	Joe Pannone	City Attorney
	Jamie Boucher	City Clerk
	Dana Swanson	Deputy City Clerk
	Rob Livick	Public Services Director
	Joe Woods	Recreation & Parks Director
	Eric Endersby	Harbor Director
	Susan Slayton	Administrative Services Director
	Scot Graham	Planning Manager

ESTABLISH QUORUM AND CALL TO ORDER – the meeting was called to order at 6:00pm.
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT

City Attorney Joe Pannone reported that with regards to the Closed Session Items, the Council did not take any reportable action pursuant to the Brown Act. The City Council recessed the Closed Session to the conclusion of the regular City Council meeting. The City Council reconvened to Open Session.

MAYOR AND COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PUBLIC PRESENTATIONS

- Update on the Progress of the LEAP Program

City Manager David Buckingham stated that the City is planning a pilot parklet which will be located on the west side of Main Street between Harbor and Morro Bay Blvd; it will be using 2 parking spaces, will be low cost and will last for 6 months. This will go towards downtown revitalization and make the area more pedestrian friendly.

Don Maruska presented gave a status update on the progress of LEAP. He reviewed the strategic framework objectives and the focus areas. He went over the results of the 1st workshop – the November 19th Kickoff Workshop where the focus was on “who has a stake in the Morro Bay Economy”- residents, business owners, City government, educators, future residents, young people, absentee property owners, non-profit representatives, County, visitors, non-tourism related businesses, employees of businesses and fishermen; “what are the hopes for the Morro Bay Economy?” – this time it will work, retaining authenticity of community, more engagement

and collaboration, get key resources to help, strategy or vision for each segment of the City (Embarcadero, MB Blvd, North MB), more diverse tax base (green jobs), head of household jobs, achieve a healthy balance, affordable housing for workforce, fiscally thriving for next 50 years, commercial beautification of properties, attraction for businesses to come to Morro Bay by creating an environment that encourages business, more attractions for residents, clear assessment of challenges and strengths, organized and sustained resource that identifies commercial and retail parcels, boost business attitude, develop lasting infrastructure, and brand Morro Bay; “what issues need attention to fulfill these hopes?” – clear civic center, re-education in the city so that residents and others see benefits of a thriving economy, no “shelving”, more inviting entrances into Morro Bay, sustain the effort. He presented some draft LEAP Program Action Initiatives to include expediting processing for targeted businesses, assessing fiber optic connectivity opportunities, revitalizing and linking business districts to boost activity, reinvent events to better serve residents, businesses and visitors, promote environmental assets of the area for residents and visitors to enjoy and to expand business and tourism results, create inventory of commercial properties and their features to expand and attract targeted businesses, install a pilot parklet in business district to offer community spaces for residents and visitors to enjoy and stimulate business activity, reassess business incubator and enhance local business building efforts, and outreach to attract businesses. The next step is a LEAP Workshop for Merchants, Businesses, Tourism and Community Members being held on Wednesday, January 21st from 6-830pm at the Veteran’s Hall.

PUBLIC COMMENT

“Dead Air” Dave Sozinho gave the Morro Bay business spot. He informed the public about the best kept secret in Morro Bay – 97.3, The Rock. They have been on the air for 6+ months; they are an eclectic group of 54 air personalities. They serve everybody as best they can, are a 501(c)3 non-profit organization, everybody is a volunteer – nobody gets paid, they operate solely on donations. They are looking for business people to sponsor time and/or programs. They would also like to serve the community in promoting events.

Robert Davis spoke representing the County Bicycle Advisory Committee; they are updating the County Bikeway Plan and are asking for the City’s help and input. Their current goals are to connect communities, close gaps, break down barriers to bicycle commuting and prioritize projects that will accomplish those. Their list of projects to build in the next 20 years include the Morro Bay to Cayucos connector and the Chorro Valley Trail (SLO to Morro Bay) They also want to provide more bicycle parking.

Doug Claassen with Morro Dunes RV spoke on Item C-3 – consenting to the inclusion of the City to the SLO County TMD. He wasn’t happy that the RV Parks are being included in the TMD whether they like it or not. He has questions he wants addressed to Visit SLO. In our immediate area, there are only 4 Morro Bay parks that collect TOT, private parks don’t – for example, Morro Bay State Parks and Oceano Dunes don’t collect TOT, will they be involved or get advertising? He said it’s frustrating to do business, continually being asked to pay for things; he doesn’t feel this is a fair playing field. He hopes the RV Parks will be left out.

Arlene Orman with Bay Pines Travel Trailer Park knows that 1% doesn’t mean much but they are already at a 10% disadvantage compared to the State and County Parks. If there is any marketing or advertising done for RV Parks – will they benefit? She didn’t have the opportunity

to participate in the talks as RV Parks weren't invited. She feels this is taxation without representation.

Chanel Channing spoke on behalf of the Morro Bay 4th Committee. It is their hope to have fireworks on New Year's Eve and only need \$5,000 to make it happen. The goal is for the barge to be centrally located at the midpoint of the bay. They feel this will bring a trickledown effect to local businesses; events are the engine of Morro Bay. She urged people to drop off donations at the Library or to City Hall.

Trina Daugherty announced the upcoming Eco Rotary Event: Re-gifting for the Holidays Social and Silent Auction at the Morro Bay Community Center. The event is taking place on Thursday, December 11th from 6-8pm and monies raised helps fund their many community and international projects. She reminded us of the Hazardous Waste dropoff facility at the Treatment Plant which is open on Saturdays from 11am-3pm. IWMA has a website that lists items you can drop off to the center.

The public comment period was closed.

A. CONSENT AGENDA

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

A-1 APPROVAL OF MINUTES FOR THE SPECIAL CITY COUNCIL MEETING HELD ON NOVEMBER 6, 2014; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE SPECIAL CLOSED SESSION CITY COUNCIL MEETING HELD ON NOVEMBER 12, 2014; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE CITY COUNCIL MEETING HELD ON NOVEMBER 12, 2014; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 ADOPT PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY DECLARING NOVEMBER, 2014 AS "NATIONAL HOSPICE MONTH"; (ADMINISTRATION)

RECOMMENDATION: Adopt Proclamation.

A-5 ADOPT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA RECITING THE FACT OF THE GENERAL MUNICIPAL ELECTION HELD IN THE CITY OF MORRO BAY ON THE 4TH DAY OF NOVEMBER, 2014; DECLARING THE RESULTS THEREOF, AND SUCH OTHER MATTERS AS ARE PROVIDED BY LAW; (ADMINISTRATION)

RECOMMENDATION: Adopt Resolution 78-14.

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

RECOMMENDATION: Receive and file.

A-7 REVIEW AND ADOPT DRAFT FUNDING RECOMMENDATIONS FOR THE 2015 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM; (PUBLIC SERVICES)

RECOMMENDATION: Adopt draft funding recommendations for the 2015 Community Development Block Grant (CDBG) funds and forward recommendations to the San Luis Obispo County Board of Supervisors for inclusion with the other draft funding requests from the Urban County Consortium.

A-8 APPROVAL OF AMENDMENT #1 TO CONTRACT SERVICES AGREEMENT WITH ALESHIRE & WYNDER, LLP FOR CITY ATTORNEY SERVICES; (ADMINISTRATION)

RECOMMENDATION: Approve Amendment #1 as presented.

A-9 APPROVAL OF AN AMENDMENT TO THE CONTRACT WITH DAVID BUCKINGHAM FOR SERVICES AS THE CITY MANAGER; (CITY ATTORNEY)

RECOMMENDATION: Approve the amendment to the contract with David Buckingham, City Manager, and authorize the Mayor to sign the contract on behalf of the City.

A-10 ANNUAL REPORT ON UNFUNDED LIABILITIES; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Receive and file.

A-11 AMENDING RESOLUTION NO. 42-14, "ADOPTING THE 2014/15 FISCAL YEAR OPERATING BUDGETS," AND ADOPTION OF RESOLUTION NO. 79-14, REVISING SECTION 6 TO READ "CITY COUNCIL APPROVAL IS REQUIRED FOR ANY PROPOSED INCREASE TO THE NUMBER OF PERS BENEFITTED BUDGETED POSITIONS HIRED"; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution 79-14, amending Section 6. of Resolution No. 42-14 to read "City Council approval is required for any proposed increase to the number of PERS benefitted budgeted positions hired."

A-12 APPROVAL OF AMENDED BUSINESS LICENSE TAX RATE SCHEDULE REGARDING BUSINESS LICENSES; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Accept the proposed business license tax rate schedule for fiscal year 2014/15.

A-13 AUTHORIZATION TO AWARD CONTRACT FOR PROJECT NO. MB-2013-S2: MORRO CREEK MULTI-USE TRAIL AND BRIDGE PROJECT; (PUBLIC SERVICES)

RECOMMENDATION: Award the contract for the Morro Creek Multi-Use Trail and Bridge Project to CalPortland Construction of Santa Maria, CA in the amount of \$1,184,654.

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

Mayor Irons pulled Item A-10 and Councilmember Heading pulled Item A-4 from the Consent Calendar.

MOTION: Councilmember Johnson moved the City Council approve Items A-1, A-2, A-3, A-5, A-6, A-7, A-8, A-9, A-11, A-12 and A-13 from the Consent Calendar as presented. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

Ayes: Irons, Heading, Johnson, Makowetski, Smukler

No's: None

A-4 ADOPT PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY DECLARING NOVEMBER, 2014 AS "NATIONAL HOSPICE MONTH"; (ADMINISTRATION)

Councilmember Heading pulled the Hospice Proclamation in order to make some wording suggestions. In the third "Whereas" he suggested the following: "WHEREAS, hospice creates a compassionate atmosphere, where patients are able to **receive end of life care** with dignity..." and in the fourth "WHEREAS" he suggested adding "**pharmacists**" to the list of caregivers.

MOTION: Councilmember Heading moved the City Council approve Item A-4 with the suggested corrections. The motion was seconded by Mayor Irons and carried unanimously 5-0.

Ayes: Irons, Heading, Johnson, Makowetski, Smukler

No's: None

A-10 ANNUAL REPORT ON UNFUNDED LIABILITIES; (ADMINISTRATIVE SERVICES)

Mayor Irons pulled this item to allow Administrative Services Director Susan Slayton the opportunity to expand on the topic. Ms. Slayton presented a history of why this report came to be; it focuses on sick leave and vacation leave accruals equating to unfunded liabilities. The City has made improvements on our unfunded liabilities and we will continue to monitor our progress. Mayor Irons feels it appropriate to tie this report to our budget process.

MOTION: Mayor Irons moved the City Council approve Item A-10 to include the change in the calendar scheduling of the item. The motion was seconded by Councilmember Smukler and carried unanimously 5-0.

Ayes: Irons, Headding, Johnson, Makowetski, Smukler

No's: None

City Manager David Buckingham will take action to encourage employees to take vacation.

B. PUBLIC HEARINGS

B-1 A00-018; REVIEW OF AMENDMENTS TO THE GENERAL PLAN AND LOCAL COASTAL PLAN NECESSARY TO IMPLEMENT STATE-MANDATED DENSITY BONUSES IN RESIDENTIAL LAND USE DISTRICTS; (PUBLIC SERVICES)

Planning Manager Scot Graham presented the staff report.

The public comment period for item B-1, regarding the General Plan (Resolution 80-14) was open; seeing none, the public comment period was closed.

The public comment period for item B-1, regarding the Local Coastal Plan (Resolution 81-14) was open; seeing none, the public comment period was closed.

MOTION: Councilmember Smukler moved approval of Resolution 80-14. The motion was seconded by Councilmember Makowetski and carried unanimously 5-0.

Ayes: Irons, Headding, Johnson, Makowetski, Smukler

No's: None

MOTION: Councilmember Smukler moved approval of Resolution 81-14. The motion was seconded by Councilmember Headding and carried unanimously 5-0.

Ayes: Irons, Headding, Johnson, Makowetski, Smukler

No's: None

C. UNFINISHED BUSINESS / SECOND READING AND ADOPTION OF ORDINANCES

C-1 ADOPTION OF ORDINANCE NO. 588 AMENDING SECTION 15.04.150 OF THE MORRO BAY MUNICIPAL CODE RELATING TO COMMERCIAL FISHING VESSEL SLIP QUALIFICATIONS; (HARBOR)

Harbor Director Eric Endersby presented the staff report.

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

MOTION: Councilmember Smukler moved approval of Ordinance 588 amending Section 15.04.150 of the Morro Bay Municipal Code relating to commercial fishing vessel slip qualifications. The motion was seconded by Councilmember Johnson and carried unanimously 5-0.

Ayes: Irons, Heading, Johnson, Makowetski, Smukler
No's: None

C-2 REQUEST FOR AUTHORIZATION TO HOLD STUDY SESSIONS REAFFIRMING, AND AS REQUIRED, REPRIORITIZING THE CITY'S 2013-2015 GOALS AND EXTENDING THEM TO JULY 2016; (ADMINISTRATION)

City Manager David Buckingham presented the staff report.

Mayor Irons stated that linking the goals to a 2 year cycle is critical.

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

Robert Davis heartily agrees we need to do strategic planning which needs to start with a plan for a vision of who we need to be; we need a unifying vision that ties everything we are doing together. It can be as simple; but should drive everything we do.

Bob Keller stated we should follow the goals of the new library and Lemos Ranch – both assets to Morro Bay

The Public Comment period for Item C-2 was closed.

Councilmember Johnson stated we need to do goal setting, especially with a new City Manager. She thinks that some are just too vast, what do they really mean? She suggested that when we meet to revisit goals, we should consider setting 1 (more immediate successes), 2 (with the 2 year election cycle and 2 year budget) and 5 year goals (more long term). She isn't sure we can do this in 2 one hour sessions; maybe we can try knocking it out in one longer meeting which would also allow for public comment.

Mayor Irons stated that a 1 hour time slot limits the input we can receive and discussion we can have.

Councilmember Heading stated we have a number of new players who weren't involved in the initial goals. Staff could work behind the scenes to bring a seed document that might do a lot of the prep work such as the development of a Mission statement (what the organization is about); the vision (overall arching goal); values (filters) and then the Strategic Plan flows from that and drives the operating and capital budgets. The strategic plan also is divided into Major areas/action steps – who's responsible – by what date – and what are the outcomes expected for achieving that goal. Coming together as a team to build that process is worth the time.

Councilmember Smukler says it's important to check in on this with a new City Manager and new Councilmembers. He thinks that we have a fair amount to work off of with the existing goals – but they need to be refined. The process should inform itself and can be extended if necessary.

Councilmember Makowetski stated the groundwork is good and will be helpful in building this continuity. He agrees we need 2 two hours session in January.

MOTION: Councilmember Smukler moved staff hold two study sessions in January 2015 to affirm and, as required, reprioritize the current 10 City goals and then extend those goals through July 2016 while identifying 1-3 program elements for each goal. The motion was seconded by Councilmember Makowetski and carried unanimously 5-0.

Ayes: Irons, Heading, Johnson, Makowetski, Smukler

No's: None

C-3 ADOPTION OF A RESOLUTION CONSENTING TO THE INCLUSION OF THE CITY OF MORRO BAY WITHIN THE PROPOSED SAN LUIS OBISPO COUNTY TOURISM MARKETING DISTRICT (SLOCTMD); (ADMINISTRATION)

Mayor Irons recused himself as he has a vacation rental.

City Manager David Buckingham presented the staff report.

Stacie Jacobs and Chuck Davison, with Visit SLO, both gave a presentation on behalf of SLOCTMD. Ms. Jacobs reviewed the information as was presented back in the TMD study session in October. It is their goal to connect all the assets the community offers which will increase overall tourism; increasing the average length of stay and ultimately bringing up the average daily rate. She then went on to compare rates and spending in the competitive set counties. The 1% assessment will create a fund of approximately \$3 million dollars that they will use towards extending the average length of stays in each city. In Morro Bay, 63.5% of revenue generating properties have committed to join. Of the TBID hotels, 51% of the properties committed, representing 72% of the rooms and 63.51% of the revenue. Of activities in the proposed assessment, this represents 53.6% of the revenue. SLOCTMD has the backing and legal requirements to move forward both in the County and in Morro Bay. The 1% fiscal impact is a marketing machine that will be used to market our City; SLOCTMD will also be returning \$44,662 to our local TBID which was their 14/15 share to Visit SLO. They reviewed the board structure will entail a 15 member Board of Directors, a Marketing Committee and an Advisory Committee.

Chuck Davison spoke to the Tourism Ecosystem, culminating in marketing to our local retail (shopping, restaurants, attractions and accommodations). The 5 Year Plan's goals are to increase demand of the SLO County destination and increase awareness of the SLO County destination. There a need to drive brand awareness as well as broaden the awareness in bigger markets.

City Manager Buckingham finished the staff report and presented staff recommendations.

The Public Comment period for Item C-3 was opened.

Brent Haugen, Executive Director of the Morro Bay Tourism Bureau urged Council not to reduce the TBID from 3% to 2%. The 18 properties signed a petition to join the TMD with the understanding that there would be a 1% increase and the Tourism board also voted with that understanding. Currently, our TOT is coming in 17.6% higher in revenue than last year and 4% above in occupancy. Reducing the TBID budget would greatly reduce the direct Morro Bay marketing efforts.

Jayne Behman, owner of Bay Front Inn, stated the City allocated \$40,000 to subsidize events and \$100,000 to operate the Visitors Center. No general fund monies have been allocated to promote Morro Bay. The entire marketing monies come from the TBID. She feels the City should put forth the funds to support the SLOCTMD. She urged Council to keep Morro Bay's combined TOT to the 13%. This can be done by reducing the TOT to 9%, keeping the TBID at 3%. Morro Bay needs its advertising dollars.

Barry Brannin said the TBID's entire focus is how to promote a few businesses in the City. There are other factors in our City. To consider using general fund monies for this purpose is totally inappropriate.

Anna Olson, manager at the Inn at Morro Bay spoke in favor of joining the TMD efforts. Over her career, she has experienced a very positive impact of these marketing partnerships, in both business growth and exposure. Individual marketing efforts can be very taxing. Being able to collaborate with larger groups proves helpful and provides a much larger impact. She urged the Council to go with the power of partnership in working with the County.

Barbara Jo Osborn asked not to change the 3% to 2% TBID, Morro Bay needs the advertising. She also urged us not to pull from the general fund. She feels that 1% is fine to add on. Her biggest concern is that somebody needs to be asking how you go from \$900,000 to \$3,000,000; she doesn't understand how something can grow that fast, she doesn't see a lot of controls. \$3 million brings a different level of staffing and different levels of accountability. She feels there are too many people on the committees, especially given that most of them have their own self interests.

Steve McElvaine, owner of Rancho Colina, stated that there is no way that this tax would have been a benefit to his development. He suggested not supporting a tax of 10% on parks.

Andy Hamp stated that you won't be able to raise the County TOT that way; State Parks won't pay TOT or the assessment; there are a total of 1200 properties being assessed including B&B's, hotels/motels, vacation rentals and RV Parks. Of those, there are only 4 Morro Bay RV Parks, 3 in Pismo and 1 in Paso Robles will fall under the assessment. There are 26 others – those in the County and unincorporated areas that won't be assessed. If State Parks and County Parks don't pay, advertising for them should disappear as well. The RV park position would be to vote no.

JP Patel was part of the initial task force for the TMD. There are a lot of hoteliers that saw cities having to cut back on promotion monies. He feels the long term vision for their industry has to be looked at as a whole – countywide. In order to bring the demand and the business here, everybody has to work together. He is hopeful that now we can build a countywide branding effort.

Jay Jamieson, RV Park owner from Pismo Beach, stated that Pismo is a place you may only stay a day. This fits their marketing program - to cooperate as the goal is to extend stays. He feels strongly in the County effort; he likes their branding efforts. He wants to be relevant in relation to other lodging partners, being able to have a seat and be able to speak.

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

Councilmember Smukler stated that some of the key objectives and goals of this process, which can be related to our local TBID include the need and interest to increase marketing and awareness of MB, drive more competitiveness here, provide a stronger utilization of what we have, and to be better organized. Our early investment into our TBID was money well spent and one he would not want to see end. We will holding SLOCTMD accountable and asking, “was this worth it?” He thinks that this will allow us to look at market analysis and see where we could be most effective with our dollars. This collaborative effort should help and improve our returns. He realizes it’s uncomfortable for RV Parks and vacation rentals but doesn’t feel that will change a tourist’s mind. He feels this is a risk that is worth taking; he wants to see us keep our 3% active.

Councilmember Makowetski is looking at this concept holistically. In looking at the bottom line, it’s irrefutable that this marketing is working. He understands the resistance from RV Parks but likes the 5 year sunset provision; if it doesn’t go well we can back out of it. He likes looking at the votes of the hoteliers and of the TBID, the numbers speak for themselves; he is in favor of moving forward with this.

Councilmember Headding stated that our economic engine is primarily dependent on tourism. He reviewed a report done in 2008 which indicated that we were one of the lowest TOT communities and of those that came here, they didn’t spend much money – ie: we weren’t converting dollars into sales tax. He thinks there are a tremendous number of advantages to joining: improve strategic planning abilities; increase accountability for results; improve our ability to market this area to people, both nationally and internationally, with greater disposable income; the collective brain trust is advantageous to us locally; we gain economies of scale; and there are a number of examples where this has been done and has worked very well. He doesn’t feel we should reduce the 3%, he doesn’t feel the 1% will have an impact on anybody’s stay. He feels if we are left out, we will have significant problems. We do need to have a plan in place to hold them accountable for results.

Councilmember Johnson stated that our economy is heavily dependent on tourism. She thinks that although there are groups that have valid concerns, it is in our best interest to try and fill our beds. This may also encourage owners to upkeep their properties. She realizes it isn’t perfect for our RV Parks. She will support Morro Bay joining the TMD; as a small city, we always need to look at regionalization of options.

MOTION: Councilmember Headding moved adoption of Resolution 82-14 consenting to the inclusion of the City of Morro Bay to the proposed San Luis Obispo County Tourism Marketing District (SLOCTMD). The motion was seconded by Councilmember Makowetski and carried 4-0-1 with Mayor Irons and carried 4-0-1 with Mayor Irons recusing himself.

Ayes: Headding, Johnson, Makowetski, Smukler

No’s: None

Recused: Irons

C-4 REVIEW OF FINAL REPORT FOR NEW WATER RECLAMATION FACILITY PROJECT COMPARATIVE SITE ANALYSIS: REGIONAL CMC FACILITY VS. RANCHO COLINA, INCLUDING NEW INFORMATION REGARDING COST AND DESIGN BASED ON CAROLLO ENGINEERS’ DETAILED EVALUATION OF THE

CMC SITE AND BY MKN ASSOCIATES FOR THE RANCHO COLINA SITE; BY JOHN F RICKENBACH CONSULTING WITH THE ADOPTION OF RESOLUTION 77-14 STATING THE CITY'S PREFERENCE FOR NEW WRF SITE LOCATION; (PUBLIC SERVICES)

Public Services Director Rob Livick introduced John Rickenbach who presented the progress to date on site comparisons. He summarized tonight's goals: summarize Council direction; summarize report findings; focus on updates since the 11/12/14 preliminary report; present Carollo report for CMC site; and make recommendations for next steps. The purpose of the report is to respond to Council direction; compare CMC and Rancho Colina as regional options; provide preliminary conceptual cost comparisons; update previous information; provide input from WRFCAC; and facilitate a recommendation about the most appropriate site. Key conclusions from the report are as follows: Rancho Colina is the better overall site; CMC site faces major logistical challenges; CMC site costs substantially more; Rancho Colina is preferred by Coastal staff; the 5 year goal is not achievable at CMC; and, there is more flexibility in reclamation options at Rancho Colina. The key updates since the November report include: coordinated with CSD, CDCR, RWQCB and the County; CMC capacity analysis completed; comparative cost analysis complete; CDCR confirms logistical steps required at CMC; Coastal staff supports Rancho Colina site; and WRFCAC conditionally recommends Rancho Colina 8-1. Regarding interagency coordination at the CMC site: the City and CSD staff coordinated with CDCR; CDCR confirmed it would retain ownership of onsite facilities; the County would operate a regional facility at CMC; City/CSD would be responsible for offsite pipelines; an interagency framework and facilities master plan would be needed before CDCR can vet the concept with State Public Works and GSA. It would take the CDCR up to 2 year to even get to the point of a "yes" or "no" answer. The cost estimates are as follows: CMC construction (reclamation ready) = \$161 million + construction (reclamation) \$6 million = \$167 million; there will be a \$1.4 million annual operations and maintenance budget and the cost of reclaimed water will be \$22,000 afy. Rancho Colina along with CSD would cost \$74 million (reclamation ready) + \$28 million (reclamation) = \$102 million; annual operations and maintenance cost of \$1 million per year and reclaimed water would cost \$7300 afy. Rancho Colina without CSD would cost \$67 million (reclamation ready) + \$26 million (reclamation) = \$93 million; there will be \$800,000 in annual operations and maintenance and the cost of reclaimed water will be \$8400 afy. Coastal staff prefers the Rancho Colina site because there is potential for groundwater replenishment/reduced State Water reliance; it is closer to existing infrastructure; and can better implement green technologies. The WRFCAC met on December 3rd and recommended the Rancho Colina site with these conditions: if cost difference between CMC and Rancho Colina is the same or greater than was reported; if there is opportunity to evaluate possible discharge to Morro Creek; if there is an opportunity to evaluate EIR scope and approach; if potential cultural resource issues along Highway 41 can be evaluated; and if possible upstream water use can be further investigated. The next steps were discussed – if Rancho Colina is chosen: work with CSD to determine possible working framework based on common goals; begin master planning and reclamation planning phase; more fully investigate environmental issues affecting design; and develop an MOU for site acquisition. If CMC is chosen: work with CDCR, County and partner agencies; and City to support CDCR's efforts to prepare facilities master plan for internal state agency consideration.

Steve Swanback with Carollo Engineers presented the Capacity Evaluation of the CMC site. Carollo performed process and hydraulic analyses in order to be able to answer capacity

questions. This included reviewing permit requirements; developing design criteria; analyzing historical data, performing biological process modeling, performing hydraulic analysis, determining necessary improvements and finally developing cost estimates. Nitrogen and Salinity (TDS) discharge max daily limits are critical to the evaluation and drives the size and the cost. A Morro Bay/CSD potential contribution nearly doubles the flow and organic load to the CMC facility. The CMC facility has experienced historical loading in excess of their original design criteria. Hydraulic analysis identified the need for additional facilities to accommodate MB/CSD flows. The plant was not designed to expand, it was anticipated that the population served would stay static. Cost estimates represent all the components necessary for implementation to include: \$50 million without contingencies just for the treatment plant + \$12 million for brine disposal and force main and pump stations + 30% contingencies + mid-point to escalation of construction costs = a total cost estimate of \$161,484,000 million. Analysis showed that improvements to CMC more than doubled the area occupied by the existing facilities. They will need 2 more oxidation ditches and 3 clarifiers as well as new headworks. And all the processes will need expansion or upgrading. Substantial infrastructure is required to convey raw wastewater from MB / CSD WWTP site to CMC. Salinity discharge requirements have a significant impact on the overall project.

Public Services Director Rob Livick presented a modified Resolution; the “Whereas” #11 (Finding #11) needed some rewording and should now read, “...desire **to comply with its** a LCP Policy to develop a reclaimed water supply...”

Mayor Irons would like to see the WRFCAC vote of 8-1 added to the Resolution as well as add that we will be working on the MOU process with the Rancho Colina owner.

The Public Comment period for Item C-4 was opened.

Ken Harris, Executive Officer with RWQCB shared some questions. While he doesn't have an objection with CMC's \$161 million cost; he does question why there is such a huge difference between the two sites. It seems like they are close to the same project. He concluded that there isn't enough information to make a decision at this time.

Jean Pierre Wolfe, Chairman of Central Coast of the RWQCB stated that there is one area that requires consideration, when you look at recycled water use for agriculture, especially in the winter months, the amount of irrigation is minimal/nonexistent so you have to do something with the water. When you design the project, you need to consider what you going to do with that water. He cautioned us not to read too much into the Coastal Commission letter as it is a very preliminary view of the project.

Bill Martoney has come to the conclusion that this is a no brainer, CMC is off the board and the Rancho Colina site is preferable. We do have an option of Whale Rock as a back fill. It's extremely important to recycle the water.

Bob Keller supports the Rancho Colina site, its most cost effective, there are more recycling benefits, it has options, it has the least amount of regulations, we would own the site and control our own destiny and time is money – we need to move now.

Kelsey Shaffer spoke representing the local northern Chumash Tribe. She said that Rancho Colina seems to make the most sense based on cost, water rights and potential green technology. Coming from a native perspective, there are a lot of risks for environmental and cultural issues coming up. They are looking to work with us and expects all appropriate measures would be taken to avoid cultural and sensitive resources as much as possible.

The Public Comment period for Item C-4 was closed.

Councilmember Heading brought up the question of what will be the rate to the customer, one site versus the other. Mr. Livick stated the rule of thumb of rate estimating in Morro Bay is \$1/month/million dollars for residential customers. We are currently at an average of \$45/month; if we look at going to Rancho Colina alone, that could add \$67/month to that cost; if we look at going to Rancho Colina with the CSD, that could add \$50/month to that cost; going to CMC with the CSD, that could add \$107/month to that cost.

Councilmember Smukler has learned a lot from his tour at the CMC plant as well as from hearing from the CDCR representatives that there is no need for us to join; they have existing agreements and we'd have to pay fully for the upgrade as well as for maintaining and operating the pipeline. He is excited for what the flexibility the Rancho Colina option will give us whether it be technology, delivery model or additional city benefits that we could stack on as the function of the site. WRFAC's concern of identifying fatal flaws as soon as possible is important. He is willing to entertain dialogue and analysis about getting to reclamation because when we receive the reclamation benefits is when we really cash in on the investment. He's seen enough data and information to be able to make a decision tonight. This report has given us the security we need to make a strong decision.

Councilmember Makowetski likes the Rancho Colina site; cost is a big deal. Also, looking ahead, the State Water Project bond will be up in another 15 years, if we can achieve water independence, having a site that is tertiary is the type of foresight we need to have as a community. The costs with CMC would be downward spiral. We have our 5 year plan to get this done, and he feels we have enough information to move forward.

Councilmember Johnson stated we are concerned about the ratepayer. The risk of a project that costs twice as much is a socio-economic hardship and one our residents can't afford. She reminded us that the denied project was going to raise rates. We first need to put rate consideration at the top. Next, we need a permitable project. We have taken a long look at regionalization which all small communities must do. We took a serious look and at this point it doesn't make sense to move forward with a CMC option. If there is a fatal flaw with Rancho Colina, the Highway 41 corridor allows for 3 alternates sites. We need to move forward tonight with Rancho Colina.

MOTION: Mayor Irons moved to extend the meeting beyond 11:00pm. The motion was seconded by Councilmember Heading and carried unanimously 5-0.

Ayes: Irons, Heading, Johnson, Makowetski, Smukler

No's: None

Mayor Irons can't say enough about all the work done on behalf of this project. He stated that Rancho Colina is the preferred site and we shouldn't second guess that. He is looking forward to working with Cayucos and all of the required agencies.

MOTION: Councilmember Smukler moved the Council receive the report including the new information from Carollo and MKN, and the WRFCAC recommendations, and that we make the site preference selection to continue the analysis necessary to locate the new WRF at the Rancho Colina site, and adopt Resolution 77-14 with the adjustments as sited. The motion was seconded by Mayor Irons and carried unanimously, 5-0.

Ayes: Irons, Heading, Johnson, Makowetski, Smukler

No's: None

D. NEW BUSINESS

D-1 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 591 - "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY AMENDING SECTION 3.40.060 OF THE MORRO BAY MUNICIPAL CODE REGARDING THE CITY'S RECOVERY OF COSTS RELATING TO DRIVING, BOATING OR FLYING INCIDENTS WHILE UNDER THE INFLUENCE OF DRUGS OR ALCOHOL"; (CITY ATTORNEY)

City Attorney Joe Pannone presented the staff report.

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

MOTION: Councilmember Johnson moved to approve for the Introduction and First Reading of Ordinance 591, introducing an Ordinance of the City Council of the City of Morro Bay amending Section 3.40.060 of the Morro Bay Municipal Code regarding the City's recovery of costs relating to driving, boating or flying incidents while under the influence of drugs or alcohol. The motion was seconded by Councilmember Heading and carried unanimously 5-0.

Ayes: Irons, Heading, Johnson, Makowetski, Smukler

No's: None

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

None

ADJOURNMENT

The meeting adjourned at 11:46 p.m.

Recorded by:

Jamie Boucher
City Clerk