

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – FEBRUARY 28, 2017  
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-4

MEETING DATE: March 14, 2017

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Heading	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF:	Dave Buckingham	City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Ikani Taumoepeau	Deputy City Manager
	Craig Schmollinger	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Jody Cox	Acting Police Chief
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:03 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION - None

CLOSED SESSION REPORT – No Closed Session Meeting was held.

MAYOR AND COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PRESENTATIONS – None

PUBLIC COMMENT

<https://youtu.be/y4HLlclGGHg?t=8m19s>

Cyndee Edwards of the Skin Stop provided the business spot. Cyndee is a licensed aesthetician offering alternative skin care treatments, including micro-current and other core treatments Complimentary consultations are available, please call (805) 459-3792.

Liz Moore, teacher at Morro Bay High School teacher, announced the upcoming Just 1 Job Fair, an opportunity for local businesses to hire one student for the summer. Morro Bay, San Luis Obispo and Coast Union High School students will have the opportunity to learn interview and work skills. For more information contact Ms. Moore at [lmoores@slcusd.org](mailto:lmoores@slcusd.org).

Rigmor, Morro Bay, advocated for a medical marijuana dispensary in Morro Bay and opposed placing trash receptacles close to the bay.

Kerry Heller, Morro Bay, spoke on behalf of her husband, Jeff Heller, regarding Item C-1. Mr. Heller fully supports the project concept but is concerned about the long lasting financial effects and wants to be sure soft costs receive the same scrutiny as hard costs.

The public comment period was closed.

Council and staff responded to questions raised during Public Comment.

- A. CONSENT AGENDA  
<https://youtu.be/y4HLlclGGHg?t=8m19s>

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

- A-1 APPROVAL OF MINUTES FROM THE JANUARY 30, 2017 JOINT MEETINGS (ETHICS TRAINING); (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-2 APPROVAL OF MINUTES FROM THE JANUARY 31, 2017 SPECIAL CITY COUNCIL MEETING – GOALS FORUM; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-3 APPROVAL OF MINUTES FROM THE FEBRUARY 14, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-4 ADOPTION OF 2017-18 CITY GOALS AND PROGRAM OBJECTIVES; (CITY MANAGER)

**RECOMMENDATION: Council adopt the 2017-18 City Goals and Objectives, as presented.**

- A-5 FY17 GOALS STATUS UPDATE; (CITY MANAGER)

**RECOMMENDATION: Council receive and file this update.**

- A-6 APPROVAL OF LICENSE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND SAAP TRUST FOR 1150 FRONT STREET (BAYFRONT INN) AND 1154 FRONT STREET (FRANKIE & LOLA'S FRONT STREET CAFÉ) FOR USE OF PUBLIC PROPERTY IN THE FRONT STREET PARKING LOT AREA FOR TRASH ENCLOSURES; (PUBLIC WORKS)

**RECOMMENDATION: Council approve the license agreement for use of public property for a trash enclosure at 1196 Front Street, as proposed.**

- A-7 ADOPTION OF RESOLUTION NO. 07-17 AMENDING THE COUNCIL POLICIES AND PROCEDURES REGARDING THE COUNCIL OUTREACH AND STAFF SUPPORT; (CITY ATTORNEY)

**RECOMMENDATION: Council adopt Resolution No. 07-17 amending the Council Policies and Procedures regarding Council outreach and staff support.**

- A-8 APPOINTMENT OF COUNCIL LIAISON TO THE ESTERO BAY ALLIANCE OF CARE (EBAC) AND CONFIRMATION OF COUNCIL SUB-COMMITTEES; (MAYOR)

**RECOMMENDATION: Council approve the appointment of Mayor Irons and Council Member McPherson as liaisons to the Estero Bay Alliance of Care (EBAC) and affirm**

**Council sub-committees for the Aquarium project, Morro Bay Power Plant, and Chevron properties.**

A-9 AUTHORIZATION FOR CITY MANAGER TO EXECUTE DOCUMENTS RELATED TO A RURAL TRANSIT FUND GRANT AWARD FOR PURCHASE OF A NEW MORRO BAY TRANSIT VEHICLE; (PUBLIC WORKS)

**RECOMMENDATION: Council authorize the City Manager to execute all necessary documents related to the Rural Transit Fund (RTF) grant awarded by the San Luis Obispo Council of Governments on April 6, 2016, for the purchase of a new replacement Morro Bay Transit vehicle.**

A-10 ADOPTION OF RESOLUTION NO. 05-17 APPROVING AMENDMENT NO. 1 TO THE LEASE FOR LEASE SITE 53-56/53W-56W (ESTERO LANDING, LOCATED AT 501 EMBARCADERO) BETWEEN THE CITY OF MORRO BAY AND ESTERO LANDING, INC.; (HARBOR)

**RECOMMENDATION: Council adopt Resolution No. 05-17, approving Amendment No. 1 to the current lease for Lease Site 53-56/53W-56W, providing ten additional years of lease term for substantial tenant improvement investment completed.**

A-11 DISCUSSION OF AGENDA FOR THE CALIFORNIA MARINE AFFAIRS AND NAVIGATION CONFERENCE (C-MANC) ANNUAL "WASHINGTON WEEK" MEETINGS IN WASHINGTON, D.C.; (HARBOR)

**RECOMMENDATION: Council receive this report and provide any desired input on the elements herein.**

A-12 APPROVAL OF EXTENSION OF THE CENTRAL COAST AQUARIUM CONSENT OF LANDOWNER AGREEMENT FOR REDEVELOPMENT OF THE MORRO BAY AQUARIUM LEASE SITE 69-70/69W-70W; (HARBOR)

**RECOMMENDATION: Council approve extensions of all performance compliance dates by one year each on Central Coast Aquarium's (CCA) current Consent of Landowner (COL) agreement to facilitate CCA's continued pursuance of funding and intent to redevelop lease site 69-70/69W-70W. Staff further recommends the compliance dates be extended to 9 months after loan approval if such approval is granted by the USDA before December 31, 2017.**

A-13 AUTHORIZATION TO ENTER INTO AN AGREEMENT FOR ALLOCATION OF CONSTRUCTION AND FINANCING COSTS FOR AN ANIMAL SERVICES SHELTER; (CITY MANAGER/POLICE)

**RECOMMENDATION: Council authorize the City Manager to execute an Agreement for Allocation of Construction and Financing Costs for an Animal Services Shelter at 865 Oklahoma Avenue in San Luis Obispo, California, between the Cities of Atascadero, Arroyo Grande, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, San Luis Obispo, and the County of San Luis Obispo.**

A-14 RECEIVE DRAFT PERSONNEL RULES & REGULATIONS; EMPLOYER-EMPLOYEE RELATIONS POLICY; POLICY PROHIBITING HARASSMENT, DISCRIMINATION AND RETALIATION; AND DRUG-FREE WORKPLACE POLICY FOR CONSIDERATION AT THE MARCH 14, 2017, CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Staff has prepared the report and attached documentation as a Consent item to allow the Council adequate time to review the materials in preparation for presentation and adoption at the March 14, 2017, City Council meeting.**

On March 14, the Council will be asked to approve the Personnel Rules & Regulations (“Personnel Rules”) and other related policies by adopting the following:

1. Resolution rescinding Resolutions No. 46-74, 34-83, 127-89, 46-95, 90-98, 21-04, 58-04 and 26-05 and establishing Personnel Rules & Regulations for full-time City Employees,
2. Resolution rescinding Resolution No. 74-69 and establishing Employer-Employee Relations,
3. Resolution adopting a Policy Prohibiting Harassment, Discrimination, and Retaliation, and
4. Resolution adopting a Drug-Free Workplace Policy

A-15 ADOPTION OF CITY MISSION STATEMENT; (CITY MANAGER)

**RECOMMENDATION:** Council adopt the following mission statement for the City of Morro Bay: “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.”

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

Council Member Headding pulled Item A-11. Council Member McPherson pulled Items A-4 and A-12. Council Member Makowetski pulled Item A-9. Council Member Davis pulled Item A-6. Mayor Irons pulled Item A-7.

**MOTION:** Council Member Headding moved the Council approve Items A-1 through A-3, A-5, A-8, A-10, and A-13 through A-15 on the Consent Agenda. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

A-11 DISCUSSION OF AGENDA FOR THE CALIFORNIA MARINE AFFAIRS AND NAVIGATION CONFERENCE (C-MANAC) ANNUAL “WASHINGTON WEEK” MEETINGS IN WASHINGTON, D.C.; (HARBOR)  
<https://youtu.be/y4HLlclGGHg?t=23m23s>

Council Member Headding appreciated the time and effort spent preparing letters on behalf of the City. Council Member Makowetski noted the dredging efforts would cease without support gained through C-MANAC.

**MOTION:** Council Member McPherson moved for approval of Item A-11. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

A-4 ADOPTION OF 2017-18 CITY GOALS AND PROGRAM OBJECTIVES; (CITY MANAGER)  
<https://youtu.be/y4HLlclGGHg?t=30m59s>

Council Member McPherson requested further discussion of the objectives under Goal #1 to ensure they are prioritized appropriately and consistent with community values. She asked that specific steps within each objective be brought to Council to analyze which provide more return for investment of staff time. There was Council consensus to continue the item for further discussion at a Council work session.

**MOTION:** Council Member McPherson moved the Council continue Item A-4 to the next meeting for discussion. The motion was seconded by Council Member Headding and carried unanimously, 5-0.

- A-12 APPROVAL OF EXTENSION OF THE CENTRAL COAST AQUARIUM CONSENT OF LANDOWNER AGREEMENT FOR REDEVELOPMENT OF THE MORRO BAY AQUARIUM LEASE SITE 69-70/69W-70W; (HARBOR)  
<https://youtu.be/y4HLlclGGHg?t=38m48s>

Mr. Buckingham shared the Central Coast Aquarium has raised \$20,000 of the \$40,000 needed for the feasibility study since the first of the year.

MOTION: Council Member McPherson moved for approval of Item A-12. The motion was seconded by Council Member Heading and carried unanimously, 5-0.

- A-9 AUTHORIZATION FOR CITY MANAGER TO EXECUTE DOCUMENTS RELATED TO A RURAL TRANSIT FUND GRANT AWARD FOR PURCHASE OF A NEW MORRO BAY TRANSIT VEHICLE; (PUBLIC WORKS)  
<https://youtu.be/y4HLlclGGHg?t=42m>

Council Member Makowetski pulled this item to highlight a new transit vehicle will be purchased with these grant funds.

MOTION: Council Member Makowetski moved the Council approve Item A-9. The motion was seconded by Council Member Heading and carried unanimously. 5-0.

- A-6 APPROVAL OF LICENSE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND SAAP TRUST FOR 1150 FRONT STREET (BAYFRONT INN) AND 1154 FRONT STREET (FRANKIE & LOLA'S FRONT STREET CAFÉ) FOR USE OF PUBLIC PROPERTY IN THE FRONT STREET PARKING LOT AREA FOR TRASH ENCLOSURES; (PUBLIC WORKS)  
<https://youtu.be/y4HLlclGGHg?t=44m15s>

There was concern about placing trash dumpsters along the Embarcadero, discussion of potential view shed issues, and a desire to amend language regarding reimbursement of installation costs should the City terminate the agreement.

Mayor Irons opened public comment for Item A-6.

Peter Behman, owner of Bayfront Inn, stated based on the current configuration, there is no space on their property to place the trash dumpsters. He requested the Council provide a minimum of three years to amortize the estimated cost of \$3,000 for the enclosure.

Following discussion, the Council agreed to amend Item 10 of the agreement from a 5-year amortization to a 3-year amortization.

MOTION: Council Member Heading moved the Council approve the agreement, revising Item 10 from a 5-year amortization to a 3-year amortization. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

- A-7 ADOPTION OF RESOLUTION NO. 07-17 AMENDING THE COUNCIL POLICIES AND PROCEDURES REGARDING THE COUNCIL OUTREACH AND STAFF SUPPORT; (CITY ATTORNEY)  
<https://youtu.be/y4HLlclGGHg?t=1h6m7s>

MOTION: Mayor Irons moved the Council approve Resolution No. 07-17, but striking item #2 for discussion. The motion was seconded by Council Member Heading.

Mayor Irons suggested striking item #2 of the resolution to allow time to discuss the process with other mayors in the County. There was Council support to continue the item to gather further input.

Mayor Irons withdrew the motion. Council Member Headding withdrew the second.

MOTION: Council Member McPherson moved the Council continue Item A-7. The motion was seconded by Council Member Headding and carried unanimously, 5-0.

The Council took a short recess at 7:12 p.m. The meeting reconvened at 7:22 p.m.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 APPROVE THE ANNUAL CONTRACT AUTHORIZATION FOR PROGRAM MANAGEMENT SERVICES FOR THE WATER RECLAMATION FACILITY AS CONTEMPLATED BY THE AGREEMENT BETWEEN THE CITY AND MICHAEL K. NUNLEY & ASSOCIATES, INC.; (PUBLIC WORKS)

<https://youtu.be/y4HLlclGGHg?t=1h16m11s>

Public Works Director presented the staff report and, along with City Manager Buckingham, responded to Council inquiries.

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

The Council appreciated the level of detail provided in the contract amendment and were satisfied concerns previously raised were addressed during the February 21 Council work session. Mayor Irons confirmed a link to that work session will be provided on the City website. Council stressed the importance of overall fiscal management and requested financial information be provided in a format that is easier to read.

MOTION: Council Member Headding moved the Council authorize the City Manager to execute Amendment No. 2 to the Water Reclamation Facility Program Management agreement with Michael K. Nunley. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

C-2 DIRECTION ON MARKET PLAZA REQUEST FOR QUALIFICATIONS; (COMMUNITY DEVELOPMENT)

<https://youtu.be/y4HLlclGGHg?t=1h26m54s>

Community Development Director Graham presented the staff report and responded to Council inquiries.

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

The Council recognized the importance of economic development and the potential opportunity for this area. There was consensus the RFQ should not be too limiting and allow developers to bring forward an economically viable project for community review and input. There was Council support for the RFQ process but a desire to gather more community input from the General Plan Advisory Committee ("GPAC") before releasing the RFQ. Staff offered to include discussion of

this item at the March 8 GPAC Meeting during review of the Downtown Waterfront Strategic Plan. Following that meeting, staff will bring the RFQ to Council for approval.

No formal action on this item.

C-3 CONSIDERATION OF AND DIRECTION REGARDING A REQUEST FROM *BY THE SEA PRODUCTIONS* FOR A REDUCTION OR WAIVER OF APPLICATION FEES FOR SPECIAL USE PERMIT (UP0-446) ALLOWING COLOCATION OF A LIVE THEATER IN AN EXISTING CHURCH IN A RESIDENTIAL ZONE AT 545 SHASTA AVENUE; (COMMUNITY DEVELOPMENT)  
<https://youtu.be/y4HLlclGGHg?t=2h31m48s>

Mayor Irons explained he had previously recused himself from Council discussion when this item was agenzized at the December 13, 2016, meeting because he lives within 500 feet of the property.

Mr. Pannone explained the factual situation has changed since that time. In December, it was not yet established whether the theater would be located at this property. Since the decision at that time could potentially affect the real property value, the Mayor had to recuse himself. The facts now are the theater location is set and the decision is limited to a fee waiver, which does not affect the value of the real property the theater sits on, therefore there is no conflict of interest.

Community Development Director Graham presented the staff report and responded to Council inquiries.

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

Janice Peters, Morro Bay resident and Board Member of By the Sea Productions, shared financial information to date for the first production and appreciated the staff recommendation. If fees could not be reduced, she requested the City accept installment payments.

The Council expressed appreciation for the theater and its benefit to the community. Council Member McPherson supported waiving all fees, while Council Members Headding and Makowetski supported charging for noticing and environmental fees for a total of \$398.

Council Member Davis supported live theater but wanted to remain consistent with Council direction to recoup 100% of the cost for issuing planning and building permits and be fair and equitable to Morro Bay businesses and taxpayers. Mayor Irons was supportive of reducing permit fees from \$5,706 to \$2,100.

Mr. Pannone clarified the Council has flexibility to determine what benefit the community is receiving and make certain concessions and that would not be a gift of public funds.

MOTION: Council Member McPherson moved the Council collect noticing and environmental fees (hard costs) in the amount of \$398. The motion was seconded by Council Member Headding and carried 3-2 with Mayor Irons and Council Member Davis voting no.

C-4 DISCUSSION AND DIRECTION OF WASHINGTON DC REPRESENTATION FOR WATER RECLAMATION FACILITY (WRF) PROJECT; (CITY MANAGER)  
<https://youtu.be/y4HLlclGGHg?t=2h57m31s>

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

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

There was Council support to negotiate a longer-term retainer agreement with the Ferguson Group. Council Member McPherson preferred to negotiate a short-term agreement to develop a Federal agenda and work plan and see what comes from that. Council Members Davis and Makowetski supported either a short-term or long-term agreement.

MOTION: Council Member Headding moved the Council direct staff to negotiate a longer-term retainer agreement as low cost as possible to build a Federal agenda, advocate for the City, and provide Federal grant-writing assistance to support the Water Reclamation Facility project, according to fiscal impact outlined in the staff report. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/y4HLlclGGHg?t=3h23m33s>

None

E. ADJOURNMENT

The meeting adjourned at 9:30 p.m. The next Regular Meeting will be held on Tuesday, March 14, 2017 at 6:00 p.m. at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

Recorded by:



Dana Swanson  
City Clerk