

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

AGENDA NO: A-2
MEETING DATE: May 9, 2017

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Heading	Council Member
	Matt Makowetski	Council Member
	Mariys 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 6:09 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 - Month of the Child Proclamation

<https://youtu.be/w5NxxUlprWU>

Mayor Irons presented the Month of the Child Proclamation to Haila Hafley-Kluser from Cuesta College Children's Center and Britney Ogden from the SLO County Child Care Planning Council.

PUBLIC COMMENT

<https://youtu.be/w5NxxUlprWU?t=22m16s>

Dr. Raffy Dorian, Central Coast Veterinary Services, provides mobile veterinary care for dogs, cats and horses. His primary goal is to provide high quality personalized veterinary care in the comfort of your own home or farm. More info is available at www.ccoastvet.com or by calling (805) 316-1990.

Carol Swain, Morro Bay, spoke regarding the Water Reclamation Facility (WRF), encouraging the Council to move forward with the proposed project, noting many months have been spent studying factors to determine best path. She understands it will be expensive but water will become even more expensive and no one plan will please everyone.

Carole Truesdale, Morro Bay, announced a fundraiser to support 97.3 The Rock will take place Friday, March 31st at the Veteran's Memorial Hall.

Lexie Bell, Morro Bay National Estuary Program, announced events scheduled during the month of April in honor of State of the Bay Month. Visit www.mbnep.org for more information.

Robert Walker, Morro Bay, requested reports related to the WRF be published earlier to allow time for a meaningful review and public input.

Meredith Bates, Morro Bay, spoke in support of Homeshare SLO, a local non-profit organization that provides opportunities to match those in need of housing with those who have extra space. She also appreciated the City's dedication to water conservation.

Cynthia Hawley speaking on behalf of Together We Will Indivisible Morro Bay Action Team, submitted a public record request for 2015 – 16 City expenditure reports.

Rigmor, Morro Bay, thanked the City Council and Planning Commission for the joint meeting held earlier today, noting the input and comments were invaluable.

The public comment period was closed.

A. CONSENT AGENDA
<https://youtu.be/w5NxxUiprWU?t=35m42s>

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 MARCH 1, 2017 CITY COUNCIL SPECIAL WORK SESSION; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FROM THE MARCH 14, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FROM THE MARCH 14, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF MINUTES FROM THE MARCH 15, 2017 CITY COUNCIL SPECIAL CLOSED SESSION; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 CHILD OF THE MONTH PROCLAMATION; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-6 ADOPTION OF RESOLUTION NO. 12-17 AUTHORIZING FISCAL YEAR 2016-17 BUDGET AMENDMENTS; (FINANCE)

RECOMMENDATION: Council adopt Resolution No. 12-17 Authorizing Fiscal Year 2016-17 Budget Amendments

A-7 ADOPTION OF RESOLUTION NO. 13-17 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A \$250,000 BOAT LAUNCHING FACILITY GRANT AGREEMENT WITH THE DIVISION OF BOATING AND WATERWAYS; (HARBOR)

RECOMMENDATION: Council approve Resolution No. 13-17, authorizing the City Manager to execute the \$250,000 grant agreement #C4128033 with the Division of Boating and Waterways for the first phase (design, engineering and permitting) of a \$1.7 Million grant-funded Boat Launching Facility rehabilitation project.

A-8 ADOPTION OF RESOLUTION NO. 14-17 AUTHORIZING EXECUTION OF A DEED OF TRUST FOR LEASE AGREEMENT ON LEASE SITE 144/144W (MORRO BAY OYSTER CO., LLC – 1287 EMBARCADERO); (HARBOR)

RECOMMENDATION: Council adopt Resolution No. 14-17, authorizing the Mayor to execute a Deed of Trust for Lease Site 144/144W with Morro Bay Oyster Company, LLC, and Cihan Corporation, a California Corporation, for a small loan to cover operating expenses at Lease Site 144/144W, located at 1287 Embarcadero.

A-9 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)

RECOMMENDATION: Council receive and file the status report of the WRF program.

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

Council Member Davis pulled Item A-8, Council Member Headding pulled Item A-7 and Council Member McPherson pulled Item A-9.

MOTION: Council Member Headding moved the Council approve Items A-1 through A-6 on the Consent Agenda. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

A-7 ADOPTION OF RESOLUTION NO. 13-17 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A \$250,000 BOAT LAUNCHING FACILITY GRANT AGREEMENT WITH THE DIVISION OF BOATING AND WATERWAYS; (HARBOR)
<https://youtu.be/w5NxxUlprWU?t=36m44s>

Council Member Headding commented on language in Item 6 of the grant agreement and encouraged staff to incorporate launch features that provide access for kayaks and other non-motorized vessels. Council Member Makowetski asked Harbor Director Endersby to discuss the long-term plan, noting these grant funds will be used for planning and design to prepare an engineer's estimate needed to apply for phase 2 funding for construction. Funding for phase 2 is anticipated to occur in 2018/19.

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

A-8 ADOPTION OF RESOLUTION NO. 14-17 AUTHORIZING EXECUTION OF A DEED OF TRUST FOR LEASE AGREEMENT ON LEASE SITE 144/144W (MORRO BAY OYSTER CO., LLC – 1287 EMBARCADERO); (HARBOR)
<https://youtu.be/w5NxxUlprWU?t=41m9s>

Council Member Davis pulled the item to discuss the intended use of funds for operating expenses and confirm if Morro Bay Oyster Company defaults on the loan, then the City would be prepared to have Cihan Corporation take over the lease.

MOTION: Council Member Davis moved the Council approve Item A-8. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

A-9 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)
<https://youtu.be/w5NxxUjprWU?t=44m23s>

Council Member McPherson asked staff to highlight facts related to the project, including the site selection process and estimated site costs, estimated construction cost for phase 1 treatment facility (\$120M), phase 2 reclamation facility (\$10M), and groundwater injection alternatives (\$17.5M). Staff anticipates 10-20% of project could potentially be grant funded and noted a rate study is currently underway, but based on a \$166M project it is estimated rates for a single-family residence would be approximately \$160 to \$185 per month. The status of loan applications, potential cost of project delays and maximum penalties from the State Water Resources Control Board were also discussed.

MOTION: Council Member McPherson moved for approval of Item A-9. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

B. PUBLIC HEARINGS – None.

C. BUSINESS ITEMS

C-1 CONSIDERATION OF DRAFT MASTER WATER RECLAMATION PLAN
PRESENTATION; (PUBLIC WORKS)
<https://youtu.be/w5NxxUjprWU?t=55m11s>

WRF Deputy Program Manager Rickenbach, WRF Program Manager Nunley, and Senior Engineer Eileen Shields presented the staff report and responded to Council inquiries.

The public comment period for Item C-1 was opened.

Robert Walker, Morro Bay, expressed concern about the anticipated rate increases and urged the Council to economize.

Cynthia Hawley shared her concern about process including noticing issues, authorization of expenditures, and coastal development permit requirements.

Meredith Bates, Morro Bay, asked the Council to schedule an informational meeting for the public and looked forward to reading the executive summary document.

Bob Keller, Morro Bay, supported moving forward with the Water Reclamation Facility Master Plan presented in order to gain water independence.

The public comment period for Item C-1 was closed.

Staff responded to questions raised during public comment.

Council Member Heading understood community concerns about the potential rate increase but agreed water independence is important based on the uncertainty of future supply and cost. He suggested looking for opportunities to value engineer the project to something more affordable for the community.

Council Member McPherson looked forward to receiving the rate study and moving forward with a Prop 218 process that will inform the Council what the community will accept. She also supported some method of helping low-income residents.

Mayor Irons stated there will be more opportunities for public input, including public workshops scheduled on June 4 & 5. He pointed to a May 2016 staff report which provided a cost comparison for the various sites, noting Tri-W was predicted to be \$145M at that time.

No formal action was taken by the City Council.

The Council took a short recess at 9:18 p.m. The meeting reconvened at 9:29 p.m.

C-2 PRESENTATION AND DISCUSSION OF FISCAL YEAR 2015-16 CITY AUDIT REPORTS; (FINANCE)
<https://youtu.be/w5NxxUlprWU?t=3h11m51s>

Finance Director Schmollinger presented a brief overview and introduced Kenneth Pun of The Pun Group, who presented the 2015/16 Fiscal Year Audit 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 appreciated the comprehensive report. Council Member Headding was concerned little progress had been made on issues identified in previous audit reports. He requested staff provide quarterly reports to Council to identify resources necessary to make progress in those areas. Mayor Irons agreed and noted increased financial oversight for the WRF was also important.

MOTION: Mayor Irons moved the Council receive and file the FY 2015/16 City Audit Report. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

C-3 DIRECTION REGARDING THE MARKET PLAZA REQUEST FOR QUALIFICATIONS; (COMMUNITY DEVELOPMENT)
<https://youtu.be/w5NxxUlprWU?t=4h8m10s>

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

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

Cherise Hansson, Morro Bay, urged the Council to continue the RFP process for Off the Hook and not include that in the Market Plaza project.

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

There was Council consensus to move forward with the Request for Qualifications, as presented, and to keep the Off the Hook lease site RFP on its separate track.

The Council suggested some changes to the RFQ, including a broader project description that would encourage other ideas; evaluation of the proposer's ability to operate a successful business; and modified evaluation criteria including clear financial history, how they financed other

projects, etc.; successful development of other similar projects; successful history of operation of a similar project; their understanding of who we are, what we're looking for and quality of the team.

Under Project Goals, Mayor Irons suggested including parking options for proposed boutique hotels on water side lease sites (Rose's, Libertine and Off the Hook). He also wanted to ensure a level playing field with all proposals focused on just this site.

MOTION: Mayor Irons moved the meeting continue past 11:00 p.m. The motion was seconded by Council Member Headding.

Council Member Davis agreed to continue until 11:10 p.m. due to the importance of this project, but was otherwise opposed. The motion carried 3-2 with Council Members Davis and Makowetski opposed.

Regarding the Evaluation Scale in Section 6.2, the Council directed increasing the finance factor to 20% and lowering the experience factor to 35%.

MOTION: Council Member Headding moved to direct staff to continue the RFQ process, as presented, with changes elaborated, summarized and agreed upon during discussion. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

C-4 ADOPTION OF ORDINANCE NO. 611, REAUTHORIZING THE PUBLIC, EDUCATIONAL AND GOVERNMENTAL ACCESS CHANNEL FEE; (CITY ATTORNEY/FINANCE)
<https://youtu.be/w5NxxUlprWU?t=4h51m9s>

City Attorney Pannone presented the staff report.

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

MOTION: Council Member Davis moved the Council adopt, after reading by title only and with further reading waived, Ordinance No. 611: An Uncodified Ordinance of the City of Morro Bay, California, Reauthorizing the Public, Educational and Governmental (PEG) Access Channel Fee. The motion was seconded by Council Member Headding and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtu.be/w5NxxUlprWU?t=4h52m12s>

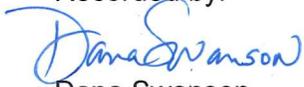
Council Member McPherson requested discussion of the marijuana survey in order to provide staff direction on how to administer the survey. There was full Council support for this item.

Council Member Headding requested the Council review the noise ordinance to address concerns regarding noise concerns, in particular garbage pick-up times, the street sweeper and dredging noise. There was full support for this item.

E. ADJOURNMENT

The meeting adjourned at 11:14 p.m. The next Regular Meeting will be held on Tuesday, April 11, 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

