

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – APRIL 25, 2017
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-1
MEETING DATE: May 23, 2017

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| PRESENT: | Jamie Irons | Mayor |
| | Robert Davis | Council Member |
| | John Headding | Council Member |
| | Matt Makowetski | Council Member |
| | Marlys McPherson | Council Member |
| STAFF: | Dave Buckingham | City Manager |
| | Chris Neumeyer | Assistant 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 |
| | Jennifer Little | Tourism Manager |

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:01 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

<https://youtu.be/zVTEyxRSgws?t=12m37s>

- Morro Bay Transit Week Proclamation – A Proclamation declaring May 1 – May 6, 2017 “Morro Bay Transit Week” was presented to Camille Watson from MV Transportation.
- SLOCOG Rideshare Bike Month Presentation – Sarah Trauger, SLOCOG Rideshare Coordinator, announced Bike Month events planned during the month of May.

PUBLIC COMMENT

<https://youtu.be/zVTEyxRSgws?t=24m8s>

Richard Sadowski, Morro Bay, spoke regarding the Water Reclamation Facility stating alternatives are available, including a potential joint project with Cayucos. He suggested the City continue to consider the most economical options.

Meredith Bates, Morro Bay, appreciated the input and information provided at Council Member Headding's town hall. Regarding Item C-1, she was concerned the proposed timing would limit advisory board input and urged the Council to keep the project within budget.

Jeff Heller, Morro Bay, expressed concern regarding the City's financial condition and asked the Council how it plans to address the \$4M General Fund deficit.

John Solu, Morro Bay resident and business owner, announced the upcoming Kite Festival and Morro Bay Car Show. Regarding Item B-1, he appreciated the City increasing its contribution to tourism and shared the TBID has recommended the City incorporate vacation rentals and RV parks into the business improvement district. Regarding Item C-1, he was concerned the proposed rates would have a negative impact on commercial properties.

Rigmor, Morro Bay, had listened to the 3:30 Council Meeting regarding economic development and agreed the City needs an ombudsman to assist those who want to start a business, or who own commercial property and need assistance. She also attended the town hall meeting and believes more information is needed regarding the WRF.

Homer Alexander, Morro Bay, provided historical information regarding the City's participation in State Water, including the City's portion in the Chorro valley pipeline which will be retired in five years. He suggested the City not walk away from that investment.

Bill Martony, Morro Bay, commented on the economic benefit of a joint project with Cayucos and suggested the current WWTP would be perfect for mariculture.

The public comment period was closed.

The Council and staff responded to points raised during the public comment period.

A. CONSENT AGENDA
<https://youtu.be/zVTEyxRSgws?t=49m26s>

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

A-1 PROCLAMATION HONORING MORRO BAY TRANSIT'S 40TH ANNIVERSARY AND DECLARING MAY 1 THROUGH MAY 6, 2017, AS "MORRO BAY TRANSIT WEEK"; (PUBLIC WORKS)

RECOMMENDATION: Approve as submitted.

A-2 PROCLAMATION DECLARING THE MONTH OF APRIL "FAIR HOUSING MONTH"; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Approve as submitted.

A-3 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)

RECOMMENDATION: Receive and file.

A-4 ADOPTION OF RESOLUTION NO. 17-17 AUTHORIZING SUBMISSION OF APPLICATION TO THE FEDERAL FISCAL YEAR 2017 FEDERAL TRANSIT ADMINISTRATION (FTA) SECTION 5339 DISCRETIONARY BUS PROGRAM AND EXECUTION OF RELATED DOCUMENTS UPON AWARD; (PUBLIC WORKS)

RECOMMENDATION: Council adopt Resolution No. 17-17.

A-5 APPROVAL OF WEBCAM LICENSE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND SURFLINE, INC.; (HARBOR)

RECOMMENDATION: Council approve the renewed webcam license agreement between the City and Surfline, Inc.

Mayor Irons pulled Item A-3.

MOTION: Council Member Headding moved the Council approve Items A-1, A-2, A-4 and A-5. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

A-3 WATER RECLAMATION FACILITY (WRF) PROGRAM UPDATE; (PUBLIC WORKS)
<https://youtu.be/zVTEyxRSgws?t=50m>

Mayor Irons requested the full project history be included in future monthly update staff reports, and asked staff to verify both the Los Osos and Cayucos wastewater plants will be included as alternates in the evaluation process.

MOTION: Council Member McPherson moved for approval of Item A-3. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

The public comment period for the Consent Agenda was opened.

Jeff Heller, Morro Bay, felt the staff report needed more depth, particularly in terms of soft costs. He urged the Council to not receive and file the report until more information was provided.

The public comment period for the Consent Agenda was closed.

The Council took a brief recess at 6:55 p.m. The meeting reconvened at 7:04 p.m.

B. PUBLIC HEARINGS

B-1 ADOPTION OF RESOLUTION NO. 18-17 DECLARING THE INTENTION TO CONTINUE THE PROGRAM AND LEVY ASSESSMENTS FOR THE FISCAL YEAR 2017/18 FOR THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID) AND SCHEDULING A PUBLIC HEARING TO LEVY THE ASSESSMENTS; (DEPUTY CITY MANAGER)
<https://youtu.be/zVTEyxRSgws?t=57m10s>

Deputy City Manager Taumoepeau and Tourism Manager Little presented the staff report and responded to Council inquiries.

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

There was Council consensus to support the staff recommendation then begin outreach to consider bringing in vacation rentals and RV parks into the assessment district next fiscal year. Staff confirmed the Council was not approving the budget outlined in the annual report at this time as it would be brought forward during the budget process.

MOTION: Mayor Irons moved the Council adopt Resolution No. 18-17 approving the MBTBID FY 2017/18 annual report as presented in the staff report, and set the public hearing for May 23, 2017, to continue the MBTBID activities and assessments for FY 2017/18. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

C. BUSINESS ITEMS

C-1 DISCUSSION OF PRELIMINARY FINDINGS FROM THE DRAFT SEWER AND WATER RATE STUDY UPDATE; (PUBLIC WORKS)

<https://youtu.be/zVTEyxRSgws?t=1h41m36s>

WRF Program Deputy Manager Rickenbach, City Manager Buckingham, Program Manager Nunley, and Alex Handlers of Bartle Wells presented the report and responded to Council inquiries.

Mayor Irons provided background information on the WRF project, information gleaned through his work with Council Member McPherson on the WRF Council subcommittee, and desired items to be completed at this meeting.

The Council took a brief recess at 9:30 p.m. The meeting reconvened at 9:37 p.m.

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

Bill Alpert, Morro Bay resident and business owner, urged the Council to provide an opportunity for all residents to participate in the process and to explore every alternative.

Ed Griggs, Morro Bay, appreciated the Council's sensitivity to those on fixed income. Based on the proposed cost, he would oppose the project.

Carole Truesdale, Morro Bay, asked the Council to step back and consider other project alternatives.

Alice Kolb, Morro Bay, asked the Council to seek a second opinion on the cost of the facility and its operation, and to find a project that is more affordable.

Bill Martony, Morro Bay, urged the Council to consider other alternatives, including Los Osos, Cayucos, or the portion of Tri-W that is within the City limits.

Kerrigan Mahan, Morro Bay, spoke in opposition to the project and urged the Council to consider other alternatives.

Terry Simons, Morro Bay, urged the Council to move forward with the proposed project and believes a phased approach would be more expensive.

Betty Winholtz, Morro Bay, stated the estimated cost for the base plant is the issue, not the additional cost for reclamation. She recommended changing the goals to support a more cost-effective project.

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

Following discussion regarding information gleaned from the rate study and concerns about community affordability, there was Council consensus to consider moving forward with a phased approach, focusing on the wastewater treatment facility (phase 1) with a recycling component added later. There was also interest in revisiting the proposed technology and costs for phase 1, and gathering input from the WRFCAC, Citizens Finance Advisory Committee and Public Works Advisory Board.

MOTION: Mayor Irons moved the meeting go past 11:00 p.m. The motion was seconded by Council member Davis, provided it was limited to a time certain of 11:30 p.m. Mayor Irons approved the amended motion, which passed unanimously, 5-0.

Council Member Davis preferred moving forward with the full project, stating the value of water independence could be achieved for an incremental cost of \$35 per month. He also noted there was a better chance of receiving grant funding for the project if recycling were included and that financial assistance may be available through the utility discount program.

MOTION: Council Member McPherson moved the meeting go past 11:30 p.m. The motion was seconded by Mayor Irons.

The motion was amended to set a time certain of 12:00 a.m. The amended motion passed unanimously, 5-0.

MOTION: Council Member McPherson moved the Council direct staff to assemble team of local experts to review current project, then return with two revised cost proposals for Phase 1 of the WRF project only, with cost basis analysis and user rate implications, and based on a careful examination of the Facilities Master Plan to identify cost savings. The two alternatives are: 1) full secondary treatment that at some future date could become tertiary with additional treatment; and 2) full tertiary. The proposals should also include a revised timeline that includes robust public outreach, including two public workshops and flyers/notices, and a proposed date for the Prop 218 hearing. The motion was seconded by Mayor Irons.

Upon request, Council Member McPherson repeated the motion and clarified the two alternatives are full secondary treatment that with additional treatment in the future (so we could become reclaimable at a later date), and full tertiary (which is additional treatment now). Staff clarified the team of experts would provide direction on key aspects of the cost estimates for consultant review and assessment.

The motion carried 3-2 with Council Members Davis and Heading voting no.

MOTION: Council Member Heading moved the Council direct staff to focus solely on building a treatment plant at that the new site. The motion was seconded by Mayor Irons.

Staff clarified that based on the Council action, certain project goals would be considered in phase 2 and others would be removed.

The motion passed 5-0.

C-2 REVIEW OF PREFERRED LAND USE ALTERNATIVES FOR THE GENERAL PLAN/ LOCAL COASTAL PROGRAM UPDATE AND REVIEW OF PROJECT TIMELINE AND FUNDING; (COMMUNITY DEVELOPMENT)
<https://youtu.be/zVTEyxRSgws?t=5h36m48s>

Mayor Irons confirmed the presentation would focus only on the portion of the item related to project timeline and funding.

Community Development Director Graham briefly 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.

MOTION: Mayor Irons moved the Council approve adding funding for approximately 12 additional GPAC meetings and 6 Planning Commission and/or Council meetings for a total cost of \$29,340 to be paid from the General Fund accumulation fund. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtu.be/zVTEyxRSgws?t=5h43m46s>

Council Member Heading requested the Council agendaize discussion regarding implementation of the Economic Development Strategic Plan. There was full Council support for this item.

E. ADJOURNMENT

The meeting adjourned at 11:56 p.m. The next Regular Meeting will be held on Tuesday, May 9, 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