

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – JUNE 13, 2017  
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-1  
MEETING DATE: August 8, 2017

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF:	Craig Schmollinger	Acting City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Ikani Taumoepeau	Deputy City Manager
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Greg Allen	Police Chief
	Eric Endersby	Harbor Director
	Sandy Martin	Budget and Accounting Manager

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:04 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION - None

CLOSED SESSION REPORT – City Attorney Pannone reported that with regard to the Closed Session Items, the Council did not take any reportable action pursuant to the Brown Act.

MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS  
CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PRESENTATIONS – “State of the Bay” by Lexie Bell, Morro Bay National Estuary Program  
<https://youtu.be/kpoG9f6bzdQ?t=17m57s>

PUBLIC COMMENT

<https://youtu.be/kpoG9f6bzdQ?t=29m40s>

Linda Fidell, Morro Bay, spoke regarding Monday night dinners. Since Jan 6, 2014, they have provided hot meals to 10,874 guests. She thanked local businesses for their ongoing support, including Sun-n-Buns Bakery (Karen and Adam Krouse), Rock Espresso Bar (Jason and Amanda Birdsong), On the Beach Bed & Breakfast in Cayucos (Maureen Handshy), and Cookie Crock. Dockside, Giovanni's and GAFCO have also generously donated food items.

Barbara Spagnola, Morro Bay, spoke representing the American Association of University Women (AAUW) and introduced three local students who were awarded scholarships to attend the Tech Trek program, a week-long camp designed to introduce middle school girls to STEM subjects and careers.

Meredith Bates, Morro Bay, appreciated the Mayor and Council's support on various environmental issues and expressed concern staff reports and meeting minutes do not reflect the exact nature of the Council motion.

Erica Crawford, Morro Bay Chamber of Commerce, announced upcoming events planned for the month of June.

Betty Winholtz, Morro Bay, thanked Morro Bay Beautiful for its contribution to help beautify the Morro Bay High School campus before graduation. She spoke regarding public policy and stated the people grant power to elected officials to make decisions and delegate to staff.

The public comment period was closed.

The Mayor and Council responded to issues raised during public comment.

A. CONSENT AGENDA  
<https://youtu.be/kpoG9f6bzdQ?t=48m38s>

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

A-1 APPROVAL OF REVISED MINUTES FOR THE APRIL 4, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE MAY 9, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF MINUTES FOR THE MAY 23, 2017 SPECIAL CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-4 APPROVAL OF MINUTES FOR THE MAY 23, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-5 APPROVAL OF MINUTES FOR THE MAY 24, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-6 PROPOSED PARTNERSHIP AGREEMENT WITH PROJECT SURF CAMP; (DEPUTY CITY MANAGER)

**RECOMMENDATION: Council authorize the City Manager to enter into a partnership agreement with Project Surf Camp.**

A-7 APPOINTMENT OF VOTING DELEGATE(S) TO THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY; (ADMINISTRATION)

**RECOMMENDATION: Council appoint the Mayor as the official representative of the City of Morro Bay on the California Joint Powers Insurance Authority (CJPIA) Board of Directors. It is also recommended that the Risk Manager be appointed as first alternate, and the City Manager as second alternate.**

A-8 ADOPTION OF RESOLUTION NO. 26-17 APPROVING COOPERATION AGREEMENT WITH THE URBAN COUNTY (CDBG PROGRAM) FOR FISCAL YEARS 2018-2020; (COMMUNITY DEVELOPMENT)

**RECOMMENDATION: Council adopt Resolution No. 26-17, approving a Cooperation Agreement with the Urban County for Fiscal Years 2018-2020.**

A-9 ADOPTION OF RESOLUTION NO. 27-17 AUTHORIZING SAN LUIS OBISPO COUNTY ASSESSOR TO ASSESS AMOUNTS DUE ON DELINQUENT SOLID WASTE COLLECTION ACCOUNTS AS TAX LIENS AGAINST THE PROPERTIES; (PUBLIC WORKS)

**RECOMMENDATION: Council adopt Resolution No. 27-17.**

A-10 APPROVAL OF LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND STATE OF CALIFORNIA DEPARTMENT OF FISH & WILDLIFE FOR EXCLUSIVE TIE-UP SPACE ON THE NORTH T-PIER FOR A PATROL VESSEL ACCOMMODATION DOCK; (HARBOR)

**RECOMMENDATION: Council adopt Resolution No. 29-17 and two-year Lease Agreement with the State of California Department of Fish and Wildlife (DFW) for dedicated pier space on the North T-Pier for their patrol vessel BLUEFIN dock.**

A-11 CITY RESPONSE TO CITIZENS FOR AFFORDABLE LIVING REGARDING ALLEGED BROWN ACT VIOLATION; (ADMINISTRATION)

**RECOMMENDATION: Receive and file.**

A-12 APPROVAL OF RECOMMITMENT LETTER REQUEST FOR PEOPLES' SELF-HELP HOUSING EXTENDING AFFORDABILITY OF SEQUOIA APARTMENTS (365 SEQUOIA ST) AND PACIFIC VIEW APARTMENTS (495/500 MAIN ST); (COMMUNITY DEVELOPMENT)

**RECOMMENDATION: Authorize City Manager or his designee to provide a recommitment letter to Peoples Self-Help Housing for purposes of applying for Federal tax credit funding for the Sequoia Apartments and Pacific View Apartments.**

A-13 WATER RECLAMATION FACILITY PROGRAM UPDATE – PEER REVIEW PROCESS; (PUBLIC WORKS)

**RECOMMENDATION: Council receive and file the status report of the Water Reclamation Facility (WRF) program, specifically related to the peer review process.**

Council Member McPherson pulled Item A-6 and A-13.

MOTION: Council Member Makowetski moved the Council approve all items on the Consent Agenda except Items A-6 and A-13. The motion was seconded by Council Member Headding.

The motion was rescinded to open public comment.

Council Member Makowetski recused himself from discussion regarding Item A-6 due to his involvement with Project Surf Camp, and left the dais.

A-6 PROPOSED PARTNERSHIP AGREEMENT WITH PROJECT SURF CAMP; (DEPUTY CITY MANAGER)  
<https://youtu.be/kpoG9f6bzdQ?t=50m25s>

The public comment period for Item A-6 was opened.

Caleb Cole, Paso Robles, spoke in support of Project Surf Camp and thanked those who started the camp as well as the many volunteers for their continued support.

Cindy Price, Grover Beach, shared how important Project Surf Camp was for her son, Evan, and thanked the City for its support.

Bob Keller, Morro Bay, announced Project Surf Camp needs more volunteers and asked the Council to support Item A-6.

John Taylor, Morro Bay resident and Executive Director of Project Surf Camp, shared program history and the impact it has on campers, their families, counselors and volunteers. The City has always been supportive and he looks forward to having a formal partnership.

Tiffany Ferreira, Templeton, shared the importance of Project Surf Camp for her son and others who don't have the opportunity to attend other camps.

Hattie Taylor, Morro Bay, began volunteering at Project Surf Camp at 9 years old and appreciates the positive impact it has had on her life and the lives of other volunteers.

The public comment period for Item A-6 was closed.

The Council shared its support and appreciation for Project Surf Camp.

**MOTION:** Council Member McPherson moved the Council authorize the City Manager to enter into a partnership agreement with Project Surf Camp. The motion was seconded by Council Member Headding and passed 4-0-1 with Council Member Makowetski having recused himself due to a conflict of interest.

Council Member Makowetski rejoined the meeting at 7:00 p.m.

The public comment period was opened for other items on the Consent Agenda.

Jeff Heller, Morro Bay, expressed concern the City does not have an owner's representative to push back on costs related to the WRF project and urged the Council to hire someone to run the project.

Carole Truesdale, Morro Bay, asked for clarification on the table of dates provided in the WRF staff report and also whether citizens were involved in the peer review.

Barry Brannin, Morro Bay, spoke regarding the WRF project, shared his concern about the financial health of the City, and potential cost to residents.

Cynthia Hawley, Morro Bay Action Team, commented the City's response regarding actions taken by the Council at its April 25 meeting did not address the issues raised. She asked the Council to rescind the action and take it up again at a noticed meeting.

Tina Metzger, Morro Bay, requested the Council pull Item A-13 and recommended the Council reopen public comment following discussion to provide the public an opportunity to ask additional questions and assist with the process.

The public comment period for the consent agenda was closed.

Mayor Irons pulled Item A-11.

MOTION: Council Member Heading moved the Council approve all Items except Items A-11, A-13 and A-6 (which had already been approved) on the Consent Agenda. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

A-11 CITY RESPONSE TO CITIZENS FOR AFFORDABLE LIVING REGARDING ALLEGED BROWN ACT VIOLATION; (ADMINISTRATION)  
<https://youtu.be/kpoG9f6bzdQ?t=1h24m33s>

Mayor Irons explained the City received a letter alleging a violation of the Brown Act had occurred at the April 25 City Council Meeting. The Council concluded no violation had occurred and have responded to the complainant. This item was placed on the consent agenda to inform the public.

MOTION: Council Member Heading moved the Council approve Item A-11. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

A-13 WATER RECLAMATION FACILITY PROGRAM UPDATE – PEER REVIEW PROCESS; (PUBLIC WORKS)  
<https://youtu.be/kpoG9f6bzdQ?t=1h28m56s>

Public Works Director Livick listed the local public works professionals who participated in the peer review process and described the process that took place. He is compiling information and will bring a report to the WRFAC on July 5. If desired, that report could be brought to the Council on July 11.

Mayor Irons asked that all staff reports regarding the WRF Project include language that provides latitude for the Council to have discussion and provide appropriate direction.

Council Member Davis clarified the proposed community workshop dates should be September 13 and 22, not August 22, as listed in the staff report.

MOTION: Council Member Davis moved for approval of Item A-13. The motion was seconded by Council Member Heading and carried unanimously, 5-0.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 ADOPTION OF RESOLUTION NO. 30-17 APPROVING THE FISCAL YEAR 2017/18 OPERATING AND CAPITAL BUDGETS; (FINANCE)  
<https://youtu.be/kpoG9f6bzdQ?t=1h49m40s>

Acting City Manager Schmollinger presented the staff report and responded to Council inquiries.

There was discussion regarding Council bequests and concurrence the Council had not set a cap of \$8,000. It was agreed the budget should be adjusted by reducing the surplus, to include bequests discussed and agreed to by the Council at the May 23 meeting.

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

The Council requested staff provide a report on potential use of government impact fees at mid-year budget review, for a detailed accounting of how the City Manager opportunity fund is used, and that organizations receiving community grant funds be required to provide a financial report of how those funds are used.

**MOTION:** Council Member Headding moved the Council adopt Resolution No. 30-17 authorizing the Fiscal Year 2017/18 budget documents, including the amendments that were made here this evening by the Council. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

The Council took a short recess at 8:46 p.m. The meeting reconvened at 9:04 p.m.

**C-2 REVIEW AND CONSIDERATION OF THE 2016 ANNUAL WATER REPORT AND RECOMMENDATION FOR ALLOCATION OF WATER EQUIVALENCY UNITS (WEUS) FOR 2017 AND ADOPTION OF RESOLUTION NO. 28-17; (PUBLIC WORKS)**  
<https://youtu.be/kpoG9f6bzdQ?t=2h44m14s>

Public Works Director Livick presented the staff report and responded to Council inquiries.

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

Diane Playan, Morro Bay, requested information on the desal plant and its use.

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

**MOTION:** Council Member Headding moved the Council suspend the two-to-one off-set for WEUs due to the City receiving its full allocation of State Water supply and the Governor rescinding the emergency drought declaration, and reevaluate the off-set program after the OneWater plan reevaluates the City's water portfolio and WEU allocation program; additionally, allocate the 115 WEUs for 2017; and finally, modify water conservation requirements to "moderately restricted" from the current "severely restricted" supply conditions. The motion was seconded by Council Member McPherson.

Council Member Davis asked if it was necessary to include language adopting the resolution in the motion.

**AMENDED MOTION:** Council Member Headding amended the motion to include, "adopt Resolution No. 28-17." The amended motion was seconded by Council Member McPherson and carried unanimously, 5-0.

There was Council consensus to hear Item C-4 next.

**C-4 DIRECTION REGARDING BROKER REPRESENTATION FOR MARKET PLAZA; (COMMUNITY DEVELOPMENT)**  
<https://youtu.be/kpoG9f6bzdQ?t=3h28m53s>

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

Council Member Davis explained that as the Council liaison to TBID, he mentioned the project during a conversation with Mr. Graves which led to this item coming before the Council.

The public comment period for Item C-4 was opened.

Diane Playan, Morro Bay, asked that Market Plaza be defined.

The public comment period for Item C-4 was closed.

Aaron Graves, California Hotel Brokers, provided an overview of his services and presented brochures to the Council of some recent campaigns.

Mr. Graves became interested in the project because of his involvement with the TBID Advisory Board. City Attorney Pannone stated for the record the TBID board would not have any involvement in recommendations or decisions related to this project, and therefore there is no conflict of interest or 1090 violation.

Council Member McPherson was not comfortable with a sole source contract without further vetting or giving others an opportunity to participate in the process. The Council understood those concerns but based on the time sensitivity and the quality of Mr. Graves' work, determined it best to move forward with the project.

**MOTION:** Council Member Heading moved the Council direct staff to move forward with broker concept and that we entertain a specific proposal that would be presented to staff, reviewed and then presented to Council for final approval as expeditiously as possible. The motion was seconded by Council Member Davis.

**AMENDED MOTION:** Council Member Heading amended his motion to specify a contract with California Hotel Brokers. The amended motion was seconded by Council Member Davis and carried 4-1 with Council Member McPherson opposed.

Mayor Irons left the dais at 10:37 p.m. and returned at 10:40 p.m. during the staff presentation on Item C-3.

**C-3 REVIEW AND DISCUSSION OF FY18 ADVISORY BOARD WORK PLANS; (ALL)**  
<https://youtu.be/kpoG9f6bzdQ?t=4h18m19s>

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

The Council reviewed and commented on each of the work plans. There was concurrence to make the following revisions:

Planning Commission – no changes needed.

Citizens Finance Advisory Committee – Although not a work plan item, Mayor Irons requested staff purchase a public-sector finance book for Council & CFAC members.

Public Works Advisory Board –

- Council Member Davis proposed adding an item under 3.F. to work with the Cloisters Assessment District subcommittee to develop a maintenance plan that meets the needs of all parties and the public.
- Mayor Irons proposed the following additions: review annual capital improvement program and make recommendations for budget workshop, and evaluate rock parking lot trash receptacles and other public spaces and consider writing an ordinance to require public trash cans include closures.

Tourism Business Improvement District (TBID) Advisory Board –

- Council Member Davis requested the language regarding incorporating vacation rentals and RV Parks into the District be revised to clearly identify tasks to be performed, timeline and responsibility.
- Mayor Irons suggested the following addition: discuss and prepare TBID members for reduction in General Fund contribution.

Recreation & Parks Commission

- Add review and submit to Council capital improvement projects for budget study session.

Harbor Advisory Board

- Add review and submit to Council capital improvement projects for budget study session.
- Review on an annual basis, in segments, all waterfront lease sites for conformity to contractual agreements for building use, maintenance, signage, access, safety, with 100% of all lease sites to be reviewed in 3-year period.

MOTION: Mayor Irons moved the meeting go past 11:00 p.m. for the next 10 minutes. The motion was seconded by council Member Davis and carried unanimously, 5-0.

The revised work plans will be brought back to the next meeting for approval.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/kpoG9f6bzdQ?t=4h43m36s>

Mayor Irons requested discussion of next steps and disposition of the Cerrito Peak property, including outreach to land conservancies. There was full support for this item.

Council Member McPherson requested discussion of the WRF schedule, including definition of robust outreach and interpretation of the intent of that outreach, at the June 27 meeting. There was full support for this item.

E. ADJOURNMENT

The meeting adjourned at 11:05 p.m. The next Regular Meeting will be held on Tuesday, June 27, 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