

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – JULY 11, 2017
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-5
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:	Martin Lomeli	Interim 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
	Greg Allen	Police Chief
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:00 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/Sp1vsQH1djk?t=11m36s>

- Friends of the Fire Department Scholarship Presentation to 2 Firefighters
Mike Pond, Past Morro Bay Fire Chief and President of Friends of the Morro Bay Fire Department, presented scholarships to Mike Kelly and Mickey Sensenbach.

PUBLIC COMMENT

<https://youtu.be/Sp1vsQH1djk?t=15m13s>

Anthony Barket, owner of Harry's Upholstery, provided the business spot. Harry's Upholstery is located at 1312 Main Street and specializes in custom built and furniture restoration.

Caroline Lewis, Morro Bay, invited the community to attend National Night Out on Tuesday, August 1, at Cloisters Park from 5:00 to 7:00 p.m.

Richard Sadowski, Morro Bay, commented on the WRF project and suggested information in the draft facility master plan is not accurate.

Rigmor, Morro Bay, urged the Council to look closely at what was intended by the original Measure D language and to protect open space, particularly between Mother's Beach and the Rock.

Lori Putnam commented on various issues.

Betty Winholtz, Morro Bay, acknowledged two community members who recently passed, Barry Ross and Don Boatman.

Nancy Castle, Morro Bay, shared concerns regarding potential flooding if the WRF is built near the current WWTP site. She is willing to pay more to move the plant out of a flood zone.

Bob Keller, Morro Bay, thanked residents, businesses and volunteers for their support of Project Surf Camp. For more information or to make a donation, go to www.projectsurfcamp.com.

Adam Pinterits of Ethnobotanica, spoke on behalf of patients who need affordable medicine, urging the Council to move forward with marijuana ordinances.

Barbara Doerr, Morro Bay, opposed the Trident agreement being presented, and expressed concern regarding the recommendation for ad hoc committee work to clarify Measure D, as it would limit public involvement.

The public comment period was closed.

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

A. CONSENT AGENDA
<https://youtu.be/Sp1vsQH1djk?t=45m5s>

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 JUNE 28, 2017 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 DESIGNATION OF VOTING DELEGATE AND ALTERNATE AT LEAGUE OF CALIFORNIA CITIES 2017 ANNUAL CONFERENCE BUSINESS MEETING; (ADMINISTRATION)

RECOMMENDATION: Council select Mayor Irons, as the voting delegate, and Mayor Pro Tem Heading, as the alternate voting delegate, for the upcoming annual business meeting to be held at the League of California Cities Annual Conference.

A-3 ADOPT RESOLUTION NO. 39-17 ESTABLISHING THE ANNUAL PROPOSITION 4 APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2017/18; (FINANCE)

RECOMMENDATION: Council adopt Resolution No. 39-17, which sets the FY 17/18 appropriations limit at \$25,915,210.

A-4 RECEIVE AND FILE THE QUARTERLY STATUS REPORT ON PARKING IN-LIEU FEE WAIVERS AND TAKE ANY ACTION DEEMED APPROPRIATE; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Receive and file and take any action deemed appropriate.

A-5 AUTHORIZATION FOR PARTICIPATION IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (CEDA) AS AN ASSOCIATE MEMBER AND AUTHORIZING CEDA, THROUGH FIGTREE FINANCING, TO OFFER THEIR PROGRAM AND LEVY ASSESSMENTS WITHIN THE CITY OF MORRO BAY; (PUBLIC WORKS)

RECOMMENDATION: Council adopt Resolution No. 40-17 joining the California Enterprise Development Authority (CEDA) as an Associate Member and authorizing CEDA, through Figtree Financing, to offer their program and levy assessments within the City of Morro Bay, California.

A-6 ADOPTION OF RESOLUTION NO. 41-17 APPROVING THE SUMMARY VACATION (ABANDONMENT) OF A PORTION OF THE SEWER EASEMENT AT NORTHEAST PORTION OF PROPERTY AT 110 ORCAS STREET, USING THE AUTHORITY ESTABLISHED BY STREETS AND HIGHWAYS SECTION 8333 *ET SEQ.*; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Adopt City Council Resolution No. 41-17, finding the summary vacation of the public utility easement is consistent with the requirements established by the California Streets and Highways Code (SHC), section 8333 et seq.

A-7 UPDATE ON FY 16/17 PMP: PROJECT NO. MB2017-ST01: PAVEMENT PRESERVATION PROJECT; (PUBLIC WORKS)

RECOMMENDATION: Council receive and file this report.

A-8 ADOPTION OF RESOLUTION NO. 42-17, APPROVING TRANSFER OF 51.02% MEMBERSHIP INTEREST OF MORRO BAY OYSTER COMPANY, LLC, FROM DWIGHT K. MALONEY TO MORRO BAY OYSTER COMPANY, LLC, AND CONDITIONALLY AUTHORIZING THE MAYOR TO EXECUTE DOCUMENTS NECESSARY FOR A NEW LOAN FOR THE LEASE AGREEMENT AT LEASE SITE 144/144W AND ACCEPTING A DEED OF TRUST RELATED THERETO (MORRO BAY OYSTER COMPANY, 1287 EMBARCADERO); (HARBOR)

RECOMMENDATION: Council adopt Resolution No. 42-17 authorizing the Mayor to approve the transfer of membership interest of Morro Bay Oyster Company, LLC (MBOC) for Lease Site 144/144W from Dwight K. Maloney to MBOC, authorizing the Mayor to execute documents necessary for a new loan regarding the leasehold interest at 144/144W, subject to approval of the City Attorney and accepting a deed of trust related thereto.

A-9 APPROVAL OF REVISED SENIOR CIVIL ENGINEER JOB DESCRIPTION AND REVISED FY 17/18 COMBINED SALARY SCHEDULE; (ADMINISTRATION)

RECOMMENDATION: Council review and approve the revised Senior Civil Engineer Job Description and approve the Combined Salary Schedule which has been revised to include this position.

A-10 RECEIVE AND FILE UPDATE ON THE ONGOING PERMANENT CITY MANAGER RECRUITMENT PROCESS; (ADMINISTRATION)

RECOMMENDATION: Council receive and file an update on the ongoing permanent City Manager recruitment process and provide direction as deemed appropriate.

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

Council Member McPherson pulled Item A-7. Council Member Makowetski pulled Item A-5.

MOTION: Council Member Heading moved the Council approve all Items on the Consent Agenda with the exception of Items A-5 and A-7. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

A-5 AUTHORIZATION FOR PARTICIPATION IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (CEDA) AS AN ASSOCIATE MEMBER AND AUTHORIZING CEDA, THROUGH FIGTREE FINANCING, TO OFFER THEIR PROGRAM AND LEVY ASSESSMENTS WITHIN THE CITY OF MORRO BAY; (PUBLIC WORKS)
<https://youtu.be/Sp1vsQH1djk?t=45m58s>

Council Member Makowetski asked staff to provide more information regarding the CEDA program.

A-7 UPDATE ON FY 16/17 PMP: PROJECT NO. MB2017-ST01: PAVEMENT PRESERVATION PROJECT; (PUBLIC WORKS)
<https://youtu.be/Sp1vsQH1djk?t=47m40s>

Council Member McPherson asked staff to review this year's street paving plan.

MOTION: Council Member Heading moved the Council approve Items A-5 and A-7 on the Consent Agenda. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

City Attorney Pannone announced staff met with Trident Winds representatives and is pulling Item C-3 from the agenda. A different agreement will be brought to Council at the first meeting in August.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 REVIEW OF THIS REPORT OF THE PUBLIC WORKS COST REVIEW WORKSHOP FOR THE WATER RECLAMATION FACILITY PROJECT AND PROVIDE COMMENTS AND DIRECTION AS DEEMED APPROPRIATE; (PUBLIC WORKS)
<https://youtu.be/Sp1vsQH1djk?t=50m53s>

Public Works Director Livick introduced John Rickenbach, WRF Deputy Program Manager, who presented the staff report.

Harvey Packard, Supervising Engineer for the Central Coast Regional Water Quality Control Board (RWQCB), conveyed the Board's role is to facilitate the process and to regulate the City and its waste discharges. He believes some progress can be made with the Coastal Commission (CCC) and is willing to assist. The Board expected the City to have a facility up and running in 2014 and although concerned about the process and timing, reluctantly agrees with staff recommendation to pause to explore alternatives that may reduce cost. He also urged the City to commit to water reclamation.

Dr. Jean-Pierre Wolff, Chair of the Central Coast RWQCB, appreciated the need for a certain amount of time to plan a new facility but to allow a particular plant to have extension sets a precedent that other permittees would look to so there is not a lot of leeway. The recycled water component is important as the City has a duty to consider water safety. The Board understands the cost is significant and is committed to helping find a solution that meets environmental

requirements and is financially sustainable. If the City were to consider staying with the current facility to avoid construction costs, the fines would be significant.

Staff responded to Council inquiries.

The Council took a brief recess at 8:47 p.m. The meeting reconvened at 8:56 p.m.

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

Rick Sauerwein, local resident, urged the Council to work with CCC to develop a Request for Proposal (RFP) for a design/build contract that would engage industry professionals to value engineer up to four or five sites with community goals in mind.

Jeff Heller, Morro Bay, agreed with Mr. Sauerwein's approach and urged the Council to put out an RFP.

Barbara Doerr, Morro Bay, stated the proposed project is unaffordable, suggested the Prop 218 forms include a ballot, and hoped the City would consider the Dynegy site.

Rob Kitzman, Morro Bay resident and owner of Culligan Water, explained the impact the current approved rates will have on his business and urged the Council to consider the economic impact on local businesses.

Charles Gardner, Half Moon Bay, has followed the project as a contractor for six years. He believes going back to CCC will lead to further delays and suggested the City issue an RFP for design/build constructability services.

Richard Sadowski, Morro Bay, spoke in support of a package plant at the Hanson Concrete site.

Bob Keller, Morro Bay, commented every site has issues and would like the Council to build the lowest cost plant without further delays.

David Nelson, Morro Bay, stated the proposed plant is unaffordable and supports going out to bid for a PERC plant.

Terry Simons, Morro Bay, supported good faith interaction between staff, CCC and RWQCB, believes water independence and recycling is necessary to get any traction, and hopes the Council will continue to protect citizens from astronomical water and sewer rates.

Diane Playan, Morro Bay, expressed concern about the potential impact increased rates would have on Culligan Water, Lemos and other business that use a lot of water. She hoped once Cayucos was off the sewer plant, potential fines would be reduced

Steve Stevens, suggested the City be more aggressive in terms of community outreach and put together something that would mitigate CCC concerns.

Alice Kolb, Morro Bay, supported the WWTP remaining near its current location and asked what the community can do to facilitate conversations with the CCC.

Jim Hayes, Morro Bay, commented that all potential sites have issues but supports going with the current plant site.

Linda Donnelly, Morro Bay, shared that while on vacation in Crescent City, she observed a wastewater treatment plant on the beach. She supports keeping the plant in its current location or at the Hanson site.

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

Following discussion, there was general support for the WRFCAC recommendation to take approximately two months to talk with CCC and RWQCB about the feasibility of a water reclamation project on the west side of Highway 1 as compared to Righetti or Giannini sites, to evaluate community outreach options and provide Council with regular updates for course correction, as needed.

MOTION: Council Member Headding moved the Council direct staff to immediately begin discussions with the California Coastal Commission and Regional Water Quality Control Board to determine the feasibility of constructing a wastewater treatment facility and WRF at or near the existing WWTP site. Additionally, and concurrently, staff should begin the process of evaluating costs associated with the Giannini and Righetti sites and bring back information within 60 days regarding the cost for building on those sites, including recycling, WWTP and WRF. Additionally, staff should begin the process of outreach to environmental agencies and should involve either Council and staff, as appropriate, to be involved with that outreach for purposes for beginning to explore the recommendation as to a site alternative. The motion was seconded by Council Member Davis.

Council Member Headding withdrew the motion. Council Member Davis withdrew the second.

MOTION: Council Member Headding moved the Council direct staff to immediately begin discussions with the California Coastal Commission and Regional Water Quality Control Board to determine the feasibility of constructing a wastewater treatment facility and WRF at or near the existing WWTP site. The motion was seconded by Council Member Davis.

Council Member McPherson requested an amendment to specify a site "west of Highway 1."

AMENDED MOTION: Council Member Headding moved the Council direct staff to immediately begin discussions with the California Coastal Commission and Regional Water Quality Control Board to determine the feasibility of constructing a wastewater treatment facility and WRF west of Highway 1 at or near the existing WWTP site. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

MOTION: Council Member Headding moved the Council direct staff within the next 60 days evaluate costs associated with constructing a WWTP/WRF at the Giannini and Righetti sites and bring that back to Council. The motion was seconded by Council Member McPherson.

Council Member McPherson requested an amendment to specify the information brought forward address the advantages and disadvantages of each site.

AMENDED MOTION: Council Member Headding moved the Council direct staff, within the next 60 days, evaluate cost and feasibility associated with constructing a WWTP/WRF at the Giannini and Righetti sites and bring that back to Council. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

MOTION: Council Member Headding moved that we direct staff to bring back a recommendation on the feasibility of moving forward with an RFP for a design/build project including a WWTP/WRF once a site is selected. The motion was seconded by Council Member Davis.

The Council asked for staff input regarding the suggested RFP process to evaluate the potential cost of all three sites. Mr. Nunley explained the plan has been to move forward with the preferred site and issue a Request for Qualifications (RFQ) for design/build, then review qualifications to develop a short list to work with during the RFP process. Mr. Pannone confirmed that approach is the safest legal approach as the statute clearly lays out the procurement process and everyone is working from the same goal and project so you get competitive prices. The Council agreed to strike "once a site is selected" from the motion.

AMENDED MOTION: Council Member Headding moved the Council direct staff to bring back a recommendation on the feasibility of moving forward with an RFP for a design/build project including a WWTP/WRF. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

MOTION: Mayor Irons moved the Council direct staff to evaluate all outreach options and prepare for further discussions with the community on the results of the Council requested items and bring back to Council. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

C-2 DISCUSSION AND DIRECTION REGARDING HARBOR ADVISORY BOARD REQUEST TO RESOLVE AMBIGUITIES IN MEASURE D, AND RECOMMENDATION ON MORRO BAY "WORKING WATERFRONT" INITIATIVE; (HARBOR/COMMUNITY DEVELOPMENT)
<https://youtu.be/Sp1vsQH1djk?t=4h26m38s>

Harbor Director Endersby presented the staff report and responded to Council inquiries.

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

Betty Winholtz, Morro Bay, stated a working waterfront is about commercial fishing, not visitor serving, so to include everything from the Rock to State Park Marina is a misnomer. She does not believe Measure D has ambiguities and is concerned the intent is to redefine it without a vote of the people.

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

Following discussion, there was Council consensus to support staff recommendation for the Harbor Advisory Board (HAB) ad-hoc committee to continue working on Measure D and working waterfront language to provide input to the Planning Commission (PC) ad-hoc committee and vice-versa, the results would then be brought to a Joint PC/HAB meeting, then through the GPAC to Council for final review.

MOTION: Mayor Irons moved the meeting go five minutes past 11:00 p.m. The motion was seconded by Council Member McPherson and passed 4-1 with Council Member Davis opposed.

MOTION: Council Member Makowetski moved the Council follow staff recommendation that HAB ad-hoc members provide input to the PC ad-hoc members on Measure D and

working waterfront language, and vice versa; the results be brought to a joint HAB/PC meeting, with results brought into the GPAC process. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

C-3 APPROVAL OF A COMMUNITY BENEFIT AGREEMENT BETWEEN THE CITY OF MORRO BAY AND TRIDENT WINDS, LLC; (ADMINISTRATION)

Staff requested this item be pulled from the agenda to prepare a revised agreement that will be brought to Council at the first meeting in August.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/Sp1vsQH1djk?t=4h56m40s>

None

E. ADJOURNMENT

The meeting adjourned at 11:05 p.m. The next Regular Meeting will be held on Tuesday, August 8, 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