

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – NOVEMBER 14, 2017  
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-2  
MEETING DATE: January 9, 2018

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF:	Scott Collins	City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Ikani Taumoepeau	Deputy City Manager
	Jennifer Callaway	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Jody Cox	Police Commander
	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 - Swearing in of Scott Collins, City Manager

<https://youtu.be/sl4g-jfEYoQ?t=2m56s>

The Council took a brief recess at 6:07 p.m. The meeting reconvened at 6:16 p.m. with all members present.

CLOSED SESSION REPORT – City Attorney Pannone reported that with regard to the Closed Session items, no reportable action was taken by the City Council.

MAYOR AND COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/sl4g-jfEYoQ?t=7m22s>

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/sl4g-jfEYoQ?t=17m5s>

PRESENTATIONS - None

PUBLIC COMMENT

<https://youtu.be/sl4g-jfEYoQ?t=20m19s>

Larry Newland, President of Morro Bay Maritime Museum Association, announced the group received its building permit for the Morro Bay Maritime Museum & Park, located at 1210 Embarcadero, and will begin staging materials and supplies tomorrow.

Charlie Yates, Morro Bay Maritime Museum Association, announced Kelsey Vineyards has created the Alma Reserve Zinfandel to help raise funds for the Maritime Museum. 100 cases will be sold at various locations including Morro Bay Wine Cellars, Giovanni's and the Inn at Morro Bay.

Anne Wyatt, Program Coordinator for HomeShare SLO, thanked the City for supporting this non-profit program and provided a brief report on the number of clients and housing matches made in Morro Bay and Los Osos. For information, call (805) 215-5474 or visit [www.homeshareslo.org](http://www.homeshareslo.org).

Ami Perry, Morro Bay, announced a memorial service will be held for Beverly Abbey on Friday, November 17 at the Coalesce Bookstore from 2:00 – 4:00 p.m. Beverly was well known for her work on the Harbor Festival and local political campaigns.

Richard Sadowski, Morro Bay, expressed concern regarding the proposed Water Reclamation Facility project and the impact increased costs will have on residents.

Carolyn Brinkman, Morro Bay, requested the Council consider Ms. Hawley’s previous request for a proposed ordinance establishing financial reporting requirements and that monthly reports be attached to the second monthly meeting agenda.

Barry Branin, Morro Bay, was disappointed the specifications provided in the Water Reclamation Facility request for qualifications were too onerous for small contractors.

Terry Simons, Morro Bay, spoke regarding Item C-2, expressing concern the contract did not specify how and when the project would be presented to the California Coastal Commission for approval west of the freeway.

Nancy Castle, Morro Bay, announced the annual Thanksgiving Dinner to be held on Thanksgiving Day at the Morro Bay Community Center from 1:00 – 3:00 p.m. For deliveries, please call the Morro Bay Senior Center at 772-4421.

Jennifer Little, announced Thanksgiving Dinner, arrival of the tall ships and several holiday events planned as part of the 12 Days of Winterfest beginning December 1<sup>st</sup>.

David Nelson, Morro Bay, expressed frustration with the cost of the proposed sewer plant.

Judi Brown, Morro Bay, congratulated the Morro Bay Police Department for solving a recent theft crime and a great haunted house.

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/sl4g-IfEYoQ?t=56m14s>

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 OCTOBER 10, 2017 CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE OCTOBER 11, 2017 CITY COUNCIL CLOSED SESSION MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

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

**RECOMMENDATION: Approve as submitted.**

A-4 APPROVAL OF MINUTES FOR THE OCTOBER 24, 2017 CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-5 ADOPTION OF RESOLUTION NO. 60-17 AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND (LAIF) AND DESIGNATING TRANSACTION OFFICERS; (FINANCE)

**RECOMMENDATION: Council adopt Resolution No. 60-17.**

A-6 ADOPTION OF RESOLUTION NO. 61-17 DESIGNATING AND AUTHORIZING INVESTMENT TRANSACTION OFFICERS; (FINANCE)

**RECOMMENDATION: Council adopt Resolution No. 61-17, designating and authorizing investment transaction officers.**

A-7 APPROVAL OF HARBOR ACCUMULATION FUND BUDGET AMENDMENT FOR UP TO \$45,000 FOR ENGINEERING AND PERMIT ADMINISTRATION ASSISTANCE WITH THE CITY'S \$1.9M BOAT LAUNCH FACILITY GRANT FROM THE DIVISION OF BOATING AND WATERWAYS; (HARBOR)

**RECOMMENDATION: Council approve funding of up to \$45,000 from the Harbor Accumulation Fund for unexpected consultancy contracting needs for engineering and permit administration assistance with the \$1.9M grant project to rehabilitate the public launch ramp and associated amenities.**

A-8 CONFIRM WATER RECLAMATION FACILITY (WRF) PROJECT GOALS AS MODIFIED AT THE OCTOBER 24, 2017 CITY COUNCIL MEETING; (PUBLIC WORKS)

**RECOMMENDATION: Council ratify and approve the WRF Project Goals as modified at the October 24, 2017, City Council Meeting.**

Public Comment on Consent Agenda:

Jeff Heller, Morro Bay, appreciated the goals spelled out in Item A-8 and asked the Council to direct staff to work to find additional cost savings that allow for building a plant for \$56 Million.

Betty Winholtz, Morro Bay, read an e-mail provided to the Council as agenda correspondence for Item A-8 into the record, requesting the Water Reclamation Facility project not be built to accommodate other possible municipal functions.

David Nelson, Morro Bay, spoke to Item A-8 and requested the Council not move forward with a plant the community cannot afford.

The public comment period for the Consent Agenda was closed.

Mayor Irons and Council Member McPherson pulled Item A-8. Council Member Heading pulled Items A-6 and A-7.

MOTION: Council Member Headding moved the Council approve all except Items A-6 through A-8 on the Consent Agenda. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

A-6 ADOPTION OF RESOLUTION NO. 61-17 DESIGNATING AND AUTHORIZING INVESTMENT TRANSACTION OFFICERS; (FINANCE)  
<https://youtu.be/sl4g-jfEYoQ?t=1h7m22s>

Council Member Headding asked Finance Director Callaway to provide additional information regarding the City's Investment Policy.

MOTION: Council Member Headding moved for approval of Item A-6. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

A-7 APPROVAL OF HARBOR ACCUMULATION FUND BUDGET AMENDMENT FOR UP TO \$45,000 FOR ENGINEERING AND PERMIT ADMINISTRATION ASSISTANCE WITH THE CITY'S \$1.9M BOAT LAUNCH FACILITY GRANT FROM THE DIVISION OF BOATING AND WATERWAYS; (HARBOR)  
<https://youtu.be/sl4g-jfEYoQ?t=1h10m8s>

At Council Member Headding's request, Harbor Director Endersby explained the contract discrepancy that led to the need for this budget amendment.

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

A-8 CONFIRM WATER RECLAMATION FACILITY (WRF) PROJECT GOALS AS MODIFIED AT THE OCTOBER 24, 2017 CITY COUNCIL MEETING; (PUBLIC WORKS)  
<https://youtu.be/sl4g-jfEYoQ?t=1h16m22s>

Mayor Irons spoke to the process used to develop project goals, which were refined at the October 24 Council Meeting. Council Member McPherson added the revised goals, though not formally approved, were written into the Request for Qualifications (RFQ), so those responding understood the goals had been modified. Minor edits were proposed and agreed upon as listed below:

- Goal 1: All aspects of the WRF project shall be completed ensuring economic value with a special emphasis on minimizing rate payer and City expense.
- Goal 2: Communicate WRF project progress including general project status, milestones, and budget/cost information to our community members regularly.
- Goal 3: Produce tertiary, disinfected wastewater in accordance with Title 22 requirements for unrestricted urban irrigation.
- Goal 4: Design to produce reclaimed wastewater to augment the City's water supply, by either direct or indirect means, ~~as described in a master water reclamation plan and to~~ in the most efficient cost-effective method available and maximize funding opportunities.
- Goal 5: Include features in the WRF project that maximize the City's opportunities to secure funding and maximize efficiencies, including energy generation and recovery.
- Goal 6: Design to minimize the impacts from contaminants of emerging concern in the future.

Goal 7: Ensure compatibility with neighboring land uses.

MOTION: Council Member McPherson moved the Council approve Item A-8 with stated changes. The motion was seconded by Council Member Heading and carried unanimously, 5-0.

## B. PUBLIC HEARINGS

B-1 CONTINUATION OF PUBLIC HEARING FOR CONCEPT CONDITIONAL USE PERMIT NO. UP0-448 FOR 945 EMBARCADERO. PROJECT INCLUDES REMODEL OF EXISTING RESTAURANT, HARBORWALK PUBLIC ACCESS IMPROVEMENTS, AND IMPROVEMENTS TO ADJACENT ANCHOR PARK; (COMMUNITY DEVELOPMENT)  
<https://youtu.be/sl4g-jfEYoQ?t=1h26m18s>

Community Development Director Graham requested this item be continued to a date uncertain to allow the applicant to submit revised plans.

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

Cathy Novak spoke on behalf of the applicant, stated they are continuing to look at the requested changes and supportive of continuing the item to a date uncertain.

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

MOTION: Council Member Heading moved the Council continue the public hearing item for Concept Conditional Use Permit No. UP0-448 to a date uncertain. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

## C. BUSINESS ITEMS

C-1 ADOPTION OF ORDINANCE NO. 612, WHICH ESTABLISHES A COMMERCIAL CANNABIS OPERATIONS REGULATORY PROGRAM TO PERMIT TWO MEDICAL CANNABIS DISPENSARIES, WHOLESALE MEDICAL CANNABIS DISTRIBUTION AND MEDICAL CANNABIS DELIVERIES, WHILE PROHIBITING ALL OTHER COMMERCIAL CANNABIS OPERATIONS; REGULATES AND PERMITS PERSONAL CANNABIS CULTIVATION; AND, AMENDS CURRENT SECONDHAND SMOKE REGULATIONS; (CITY ATTORNEY)  
<https://youtu.be/sl4g-jfEYoQ?t=1h28m41s>

City Attorney Pannone presented a brief report.

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

Jesse Barron, Morro Bay, recommended the City allow recreational deliveries immediately on January 1 and also allow recreational dispensaries to take advantage of the potential tax revenue stream.

Rick Morse, Medmar Clinic, recommended delivery services be licensed through storefronts and that deliveries only be made to a person's home, residence, place of employment or hotel room.

Adam Pinterits, Ethnobotanica, requested the Council consider a provisional approval process, contingent upon State licensing and a complete application process, to allow cannabis businesses to dual track getting a state license as they prepare to apply for a City permit.

Kinley Flaherty, a Junior at Morro Bay High School and member of the Friday Night Live program, commented on the direct effect decisions regarding marijuana regulations will have on future generations, and asked the Council to be vigilant on the details of this ordinance.

David Nelson, Morro Bay, urged the Council to consider allowing recreational dispensaries and eliminate the fee for personal cultivation.

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

The Council and staff responded to issues raised during public comment, noting a ballot item will likely be brought forward in 2018 which, if approved, would enable the City to collect taxes on recreational cannabis.

MOTION: Council Member McPherson moved the Council adopt, by second reading by title only and with further reading waived, Ordinance No. 612: An Ordinance of the City Council of the City of Morro Bay, California, adding Chapter 5.50 (Commercial Cannabis Operations Regulatory Program) to Title 5 of the Morro Bay Municipal Code to Permit Certain Medical Commercial Cannabis Uses (Retail Sales, Deliveries and (Wholesale) Distributor), to Prohibit All Other Medical Commercial Cannabis Uses, and to Prohibit All Adult-Use (Recreational) Commercial Cannabis Uses; Repealing Chapter 9.06 of Title 9 of the Morro Bay Municipal Code and Replacing It with a New Chapter 9.06 (Personal Cannabis Cultivation) to Regulate Personal Cannabis Cultivation; and, Amending Chapter 9.24 (Secondhand Smoking Regulations) of Title 9 of the Morro Bay Municipal Code to Strengthen Regulation of Secondhand Smoke and Expressly Include Cannabis and Electronic Smoking Devices. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

C-2 CONSIDERATION OF PROPOSAL BY AND APPROVAL OF CONTRACT WITH WATER WORKS ENGINEERS FOR ENGINEERING DESIGN SERVICES FOR THE WATER RECLAMATION FACILITY (WRF) LIFT STATION AND OFFSITE PIPELINES; (PUBLIC WORKS)

<https://youtu.be/sl4g-jfEYoQ?t=1h48m33s>

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

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

Carole Truesdale, Morro Bay, read a prepared statement into the record, asking the Council to not enter into a contract for the design of the proposed lift station.

Jeff Heller, Morro Bay, asked why the proposed contract amount exceeds the approved budget of \$1.2 Million and suggested the City is being exposed to risk by not following the design build concept.

Barry Branin, Morro Bay, commented on the Los Osos project and suggested the projections being made for Morro Bay's volume are off by at least 50%.

David Nelson, Morro Bay, spoke in opposition to the proposed project and urged the Council to consider less expensive alternatives.

Linda Donnelly, Morro Bay, presented the draft Water Reclamation Facility Master Plan given to WRFCAC for review, asked when public workshops will be held, and expressed concern about the WIFIA timeline.

Bob Keller, Morro Bay, stated the top priority is to keep rates affordable for all Morro Bay citizens. He urged staff to be hard-nosed in negotiations, research all funding agencies and grant opportunities, and consider asking volunteers to help search for grant opportunities.

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

The Council took a brief recess at 9:11 p.m. The meeting reconvened at 9:21 p.m. with all members present.

The Council invited Mike Fisher from Water Works Engineers to respond to questions raised regarding "Task 2: Site Alternatives Evaluation." Mr. Fisher stated that after review of the eight potential lift station sites, two appear to be most feasible at this time; however, they will look beyond that to be sure no alternative location was missed. The ability to use any existing infrastructure will also be vetted.

The Council restated its commitment to moving the project forward as quickly as possible to meet the goal of obtaining low cost WIFIA / SRF funding. It was noted that \$1.2 Million is included in this year's approved budget and at least \$82,000 will be completed in future years. There was some concern the Council has not received a financial update in several months and staff assured Council and the community an update would be provided at the December meeting.

MOTION: Council Member McPherson moved the Council authorize the City Manager to execute an agreement for the amount of \$1,353,574, with a ten-percent contingency for a total authorization of \$1,488,931 to Water Works Engineers. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

MOTION: Council Member Heading moved staff prepare a budget update for the next regular Council Meeting of December 12 to include full budget update on the traditional format for WRF spending to date. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

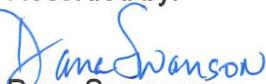
D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/sl4g-jfEYoQ?t=3h31m5s>

Mayor Irons addressed the request for financial reporting and confirmed staff will bring the item back in January.

E. ADJOURNMENT

The meeting adjourned at 9:51 p.m. The next Regular Meeting will be held on Tuesday, December 12, 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