

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – DECEMBER 12, 2017
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-3
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
	Jennifer Callaway	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Greg Allen	Police Chief
	Matt Vierra	Fire Marshal
	Eric Endersby	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:02 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION

- Recognition of Employee Service Pins
<https://youtu.be/2HiuAtqtbVA?t=2m28s>

CLOSED SESSION REPORT – No closed session meeting was held.

MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/2HiuAtqtbVA?t=7m13s>

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/2HiuAtqtbVA?t=21m34s>

PRESENTATIONS

- Presentation of Award by Morro Bay in Bloom (Walter Heath)
<https://youtu.be/2HiuAtqtbVA?t=23m8s>

PUBLIC COMMENT

<https://youtu.be/2HiuAtqtbVA?t=27m36s>

Santa Claus greeted the community before leaving for the North Pole.

Bonnie Shirkey of The Boutique Etc. 805 provided the business spot. They are located at 409 Zanzibar and specialize in art, jewelry, furniture and candles. Holiday hours are Monday through Friday 1:00 to 6:00 p.m. and 10:00 a.m. to 6:00 p.m. on weekends.

Nancy Castle, Morro Bay, thanked everyone who participated in the annual Morro Bay Thanksgiving Dinner. A total of more than 600 meals were served.

Rigmor, Morro Bay, welcomed the new City Manager and thanked the Council for moving forward with the WRF at the South Bay Blvd. site. She urged the Council to avoid losing the WIFIA loan.

Ken Green, Morro Bay, addressed the financial reporting issue and thanked staff for the report provided in this meeting's agenda.

Kathryn Thomas, provided a list of pickleball activities that took place from July 2016 to June 2017. Morro Bay has been featured in USA National Pickleball Magazine, RV National Newsletter, and Western Regional Pickleball Newsletter. They average 30-60 players per day and invite the public to join them Saturday mornings at 9:00 a.m. for beginners' clinics.

Sandi Tannler, Morro Bay, spoke in support of a Gas Tax Repeal Petition, which will be circulated for the next four weeks at local gas stations and online. For more information visit www.reformcalifornia.org.

Erica Crawford, Morro Bay Chamber of Commerce, recognized those businesses who invested in decorations to beautify the community during the holidays. She also announced the Annual Awards Dinner will be held January 26 at the Community Center to recognize Morro Bay's Living Treasure and Citizen of the Year.

Jaime Parker, Otter Rock Café, announced a fundraiser will be held for victims of the Thomas Fire on December 23, beginning at 12 p.m. with live music at the Otter Rock Café. Thirty businesses are participating in the event with a goal of raising \$10,000.

Anne-Marie Schnetzler, Morro Bay, appreciated the financial information provided and asked the Council to choose a reasonably priced plant. She requested regular financial reports, meeting minutes be provided within two weeks after the meeting takes place, and to prioritize items of financial importance early in the meeting.

Cynthia Hawley presented a Brown Act cure and correct letter to the City Council on behalf of Morro Bay Action Team, for action that occurred at the November 14, 2017 City Council meeting when the Council approved a contract with Water Works Engineers.

Betty Winholtz, Morro Bay, spoke regarding Item C-3 regarding Recreation & Parks Commission. She opposed reducing the number of Commissioners and meeting frequency and asked the Council to give the Commission back its full responsibilities under a Recreation and Parks Director.

Paula Radke, Morro Bay, spoke regarding the amount of time being taken to have minutes approved and published on the City website and requested Council motions be repeated prior to the vote for everyone's benefit.

The public comment period was closed.

The Council responded to questions raised during public comment.

A. CONSENT AGENDA
<https://youtu.be/2HiuAtqtbVA?t=1h5m14s>

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 SEPTEMBER 28-29, 2017 CITY COUNCIL CLOSED SESSION MEETING; (ADMINISTRATION)
- RECOMMENDATION: Approve as submitted.**
- A-2 APPROVAL OF MINUTES FOR THE OCTOBER 10, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)
- RECOMMENDATION: Approve as submitted.**
- A-3 APPROVAL OF MINUTES FOR THE OCTOBER 24, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)
- RECOMMENDATION: Approve as submitted.**
- A-4 CITY COUNCIL ANNUAL MEETING SCHEDULE FOR 2018; (ADMINISTRATION)
- RECOMMENDATION: Council approve the 2018 schedule for regular meetings to be held the second and fourth Tuesdays of each month, with the exception of July, November and December.**
- A-5 APPOINTMENT OF REPRESENTATIVES ON DISCRETIONARY BOARDS, COUNCIL LIAISON ASSIGNMENTS AND COUNCIL SUB-COMMITTEES; (MAYOR)
- RECOMMENDATION: Affirm the appointment of representatives to serve on the various County or Regional Discretionary Boards, Council Liaisons Assignments and Sub-Committees for calendar year 2018 as shown on the appointment list.**
- A-6 ADOPTION OF RESOLUTION NO. 62-17 RESCINDING RESOLUTION NO. 18-15 AND COMMITTING TO UPDATE THE CITY'S GENERAL PLAN AND LOCAL COASTAL PLAN BY SEPTEMBER 2018; (MAYOR)
- RECOMMENDATION: Council adopt Resolution No. 62-17 rescinding Resolution No. 18-15 and committing to update the City's General Plan and Local Coastal Plan by September 2018.**
- A-7 ACCEPT JEFFERY HELLER'S VOLUNTARY RESIGNATION FROM THE GENERAL PLAN ADVISORY COMMITTEE (GPAC) AND ADOPT RESOLUTION NO. 64-17 REDUCING THE NUMBER OF GPAC COMMITTEE MEMBERS TO SEVEN; (CITY CLERK)
- RECOMMENDATION: Council accept the resignation of General Plan Advisory Committee (GPAC) Member Jeffery Heller and consider adoption of Resolution No. 64-17 reducing the committee size from nine to seven.**
- A-8 AUTHORIZE THE CITY MANAGER TO EXECUTE AN AMENDMENT TO THE CITY'S CONTRACT WITH MENTAL MARKETING, INC FOR TOURISM MARKETING AND PUBLIC RELATIONS; (TOURISM MANAGER)
- RECOMMENDATION: Council authorize the City Manager to execute an amendment, approved to form by the City Attorney, to the current contract with Mental Marketing, Inc., to cover tourism marketing and public relations for year two of the contract, as provided for in the Council approved budget for FY 2017/18.**
- A-9 APPROVAL OF FINAL MAP FOR TRACT 2739 - BLACK HILLS VILLAS (485 & 495 SOUTH BAY BLVD); (PUBLIC WORKS)

RECOMMENDATION: Council adopt Resolution No. 63-17 approving the Final Map for Tract 2739 – Black Hills Villas.

- A-10 ADOPTION OF RESOLUTION NO. 66-17 AUTHORIZING A BUDGET ADJUSTMENT OF \$43,250 FOR AMERICAN WITH DISABILITIES ACT (ADA) TRANSITION PLAN IMPROVEMENTS; (PUBLIC WORKS)

RECOMMENDATION: Council authorize a budget adjustment of \$43,250 in Fund 915-8500, which is an on-going capital project for ADA implementation throughout the City.

- A-11 AUTHORIZATION TO ENTER INTO A CONTRACT WITH STAFFORD MCCARTY FOR REPRESENTATION RELATED TO THE SALE OR LEASE OF THE MARKET PLAZA PROPERTY; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Council review the staff report, and authorize the City Manager to enter into a contract with Stafford McCarty (Steve McCarty) for listing of the Market Plaza & Centennial Parkway project/properties.

- A-12 ADOPTION OF (I) RESOLUTION NO. 67-17 APPROVING THE NEW AMENDMENT #1 TO THE NEW LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND BOATYARD LLC FOR LEASE SITE 89/89W, LOCATED AT 845 EMBARCADERO, AND COMMONLY KNOWN AS THE BOATYARD, AND RESCINDING THE APPROVAL OF THE PREVIOUS AMENDMENT #1 AND (II) RESOLUTION NO. 68-17 APPROVING A NEW MASTER LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND BOATYARD LLC FOR LEASE SITE 90/90W, LOCATED AT 885 EMBARCADERO, AND COMMONLY KNOWN AS OTTER ROCK CAFÉ

RECOMMENDATION: Council adopt Resolution No. 67-17, approving the new Amendment #1, and rescinding the Amendment #1 previously approved by the City Council on August 22, 2017, to the new Lease Agreement for Lease Site 89/89W, as proposed. Staff further recommend the City Council adopt Resolution No. 68-17, approving a new Master Lease Agreement for Lease Site 90/90W, as-proposed.

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

Mayor Irons pulled Item A-10. Council Member McPherson pulled Items A-11 and A-12. Council Member Makowetski pulled Items A-6 and A-9.

MOTION: Council Member McPherson moved the Council approve all items on the Consent Agenda, with the exception of Items A-6 and A-9 through A-12. The motion was seconded by Council Member Heading and carried unanimously, 5-0.

- A-6 ADOPTION OF RESOLUTION NO. 62-17 RESCINDING RESOLUTION NO. 18-15 AND COMMITTING TO UPDATE THE CITY'S GENERAL PLAN AND LOCAL COASTAL PLAN BY SEPTEMBER 2018; (MAYOR)
<https://youtu.be/2HiuAtqtbVA?t=1h6m29s>

Council Member Makowetski asked staff to discuss the schedule for completing the General Plan/Local Coastal Plan and confirm it can be completed by September 2018.

- A-9 APPROVAL OF FINAL MAP FOR TRACT 2739 - BLACK HILLS VILLAS (485 & 495 SOUTH BAY BLVD); (PUBLIC WORKS)
<https://youtu.be/2HiuAtqtbVA?t=1h9m13s>

Council Member Makowetski requested additional information regarding the project. Staff confirmed there are 16 lots with two dedicated for affordable housing.

- A-10 ADOPTION OF RESOLUTION NO. 66-17 AUTHORIZING A BUDGET ADJUSTMENT OF \$43,250 FOR AMERICAN WITH DISABILITIES ACT (ADA) TRANSITION PLAN IMPROVEMENTS; (PUBLIC WORKS)
<https://youtu.be/2HiuAtqtbVA?t=1h10m9s>

Mayor Irons prepared a revised Resolution for Council consideration that provides additional information and list of projects to be completed. Copies were provided to the Council and made available for public review.

- A-11 AUTHORIZATION TO ENTER INTO A CONTRACT WITH STAFFORD MCCARTY FOR REPRESENTATION RELATED TO THE SALE OR LEASE OF THE MARKET PLAZA PROPERTY; (COMMUNITY DEVELOPMENT)
<https://youtu.be/2HiuAtqtbVA?t=1h11m6s>

Council Member McPherson pulled this item to express her concern about the contract and whether to use a broker or issue a Request for Qualifications (RFQ), as originally proposed. Staff explained the RFQ was prepared but not released due to concerns staff could not be as responsible as necessary for a successful process, and that the broker approach is expected to reach a broader spectrum of businesses.

Steve McCarty of Stafford McCarty Commercial Real Estate was asked to respond to Council inquiries regarding the type of outreach, contract terms and benefit of a lease versus sale.

Council Member Heading proposed the contract be amended so the potential lease charge or contractual obligation not exceed the sale obligation. Mr. McCarty was agreeable to that fee arrangement.

MOTION: Council Member Makowetski moved the Council approve Item A-10, as amended, and Items A-6 and A-9. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

MOTION: Council Member Heading moved to approve Item A-11 with the changes noted in the fiscal impact cost for the lease language versus buy. The motion was seconded by Council Member Makowetski and carried 4-1 with Council Member McPherson opposed.

- A-12 ADOPTION OF (I) RESOLUTION NO. 67-17 APPROVING THE NEW AMENDMENT #1 TO THE NEW LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND BOATYARD LLC FOR LEASE SITE 89/89W, LOCATED AT 845 EMBARCADERO, AND COMMONLY KNOWN AS THE BOATYARD, AND RESCINDING THE APPROVAL OF THE PREVIOUS AMENDMENT #1 AND (II) RESOLUTION NO. 68-17 APPROVING A NEW MASTER LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND BOATYARD LLC FOR LEASE SITE 90/90W, LOCATED AT 885 EMBARCADERO, AND COMMONLY KNOWN AS OTTER ROCK CAFÉ
<https://youtu.be/2HiuAtqtbVA?t=1h30m44s>

Council Member McPherson pulled this item to allow the Council Subcommittee to speak to their satisfaction on the proposal before us. Mayor Irons and Council Member Heading spoke to the significant number of meetings spent discussing this issue, with the primary issue being the perceived liability regarding seawall failure and revetment and disclosure issues. The concessions that were made mitigate the cost of the seawall. They support this agreement as being good for the City and the future of these lease sites.

MOTION: Council Member Heading moved for approval of Item A-12. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

The Council took a brief recess at 7:36 p.m. The meeting reconvened at 7:50 p.m. with all members present.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 STATUS UPDATE AND EVALUATION OF CONDITIONAL CONSENT OF LANDOWNER PERFORMANCE PERTAINING TO REQUEST FOR PROPOSALS AWARD ON LEASE SITE 87-88/87W-88W LOCATED AT 833 EMBARCADERO (OFF THE HOOK) TO TLC FAMILY ENTERPRISES, AND COUNCIL DIRECTION, AS DEEMED APPROPRIATE; (HARBOR)
<https://youtu.be/cF7wG37NKKU?t=2s>

Harbor Director Endersby presented the report and, along with Finance Director Callaway, responded to Council inquiries.

Cherise Hansson and Travis Leage of TLC Family Enterprises were invited to answer questions posed by the Council.

Cherise Hansson, TLC Family Enterprises, introduced Ken Kehs of Rabbit Hole Business Solutions, who presented the HarborWalk Plaza Business Plan. Aaron Graves, a paid consultant for the project, reviewed the financial information provided in the staff report and how the target market fits in San Luis Obispo County.

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

Mark Elterman, Mental Marketing, presented the Harbor Walk Plaza Marketing Plan as provided in the staff report.

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

There was Council consensus the marketing and business plan met the Consent of Landowner requirements and the Council was pleased with the team of consultants brought into the project. Mayor Irons and Council Member Heading expressed concern about the level of risk, creditworthiness, and issue of capital and availability of capital to complete the project.

MOTION: Council Member McPherson moved the Council accept staff's recommendation and deem TLC's submissions responsive to the COL requirements, as discussed in the staff report, and continue with the process that's established and the milestones. The motion was seconded by Council Member Makowetski and carried 3-2 with Mayor Irons and Council Member Heading opposed.

The Council took a brief recess at 9:35 p.m. The meeting reconvened at 9:43 p.m. with all members present.

C-2 RECEIVE WATER RECLAMATION FACILITY FISCAL YEAR 2016-17 4TH QUARTER PROGRAM BUDGET UPDATE AND PROVIDE COMMENTS AND DIRECTION AS DEEMED APPROPRIATE; (PUBLIC WORKS)
<https://youtu.be/cF7wG37NKKU?t=1h46m17s>

City Manager Collins and Finance Director Callaway presented the staff report and, along with Public Works Director Livick, responded to Council inquiries. The staff presentation can be found [here](#).

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

Tina Metzger, Morro Bay, requested clarification on the date of inception for the WRF consultant contract and urged the Council to re-examine the project management structure to find available resources within the Public Works Department.

Barry Branin, Morro Bay, stated the cost of the proposed project exceeds what the community can afford and asked the Council to reexamine the proposal submitted that can be built within the current rate structure.

Bob Keller, Morro Bay, appreciated the report and asked staff to keep residents updated with budget information. He stated the importance of staying on schedule to obtain low cost funding and suggested community members may be able to assist with grant and other funding research.

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

Mayor Irons and staff responded to questions raised during public comment.

MOTION: Mayor Irons moved the Council proceed with the meeting beyond 11:00 p.m. The motion was seconded by Council Member McPherson and carried 3-2 with Council Members Davis and Makowetski opposed.

The Council expressed its appreciation for the work that went into this staff report and confidence moving forward.

No formal action was taken by the City Council.

C-3 REVIEW OF COUNCIL SUBCOMMITTEE PROPOSED CHANGES TO THE COUNCIL POLICIES & PROCEDURES AND ADVISORY BOARD BYLAWS AND ADOPTION OF RESOLUTION NO. 65-17 AMENDING THE ADVISORY BOARD BY-LAWS REGARDING APPOINTMENT AND QUALIFICATIONS OF MEMBERS AND MEETING FREQUENCY FOR THE RECREATION AND PARKS COMMISSION; (CITY CLERK)
<https://youtu.be/cF7wG37NKKU?t=3h11m34s>

Clerk Swanson briefly introduced the item and responded to Council inquiries. As Council subcommittee members, Mayor Irons and Council Member McPherson provided additional comments.

The public comment period for Item C-2 was opened; seeing none, the public comment period was closed.

MOTION: Council Member McPherson moved for adoption of Resolution No. 65-17 amending the Advisory Board Bylaws for the Recreation and Parks Commission to reduce the number of Commissioners from seven to five and reduce the number of regular meetings from eight to six per year. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

Council Member Davis suggested a Table of Contents be added to the Council Policies and Procedures. There was Council concurrence to move forward with this change along with the other recommended policy updates.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

None

<https://youtu.be/cF7wG37NKKU?t=3h25m11s>

E. ADJOURNMENT

The meeting adjourned at 11:22 p.m. The next Regular Meeting will be held on Tuesday, January 9, 2018, 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