

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – JANUARY 9, 2018  
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-1  
MEETING DATE: February 13, 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
	Chris Neumeyer	Assistant City Attorney
	Dana Swanson	City Clerk
	Jennifer Callaway	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

<https://youtu.be/lxwg3X2GHA8?t=36s>

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

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION - None

CLOSED SESSION REPORT – Assistant City Attorney Neumeyer reported the Council met in Closed Session and discussed one item CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION - Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: 1 matter involving Morro Bay Action Team's claim of a CEQA and Brown Act violation at the November 14, 2017, meeting. The Council, after discussion in Closed Session, voted unanimously to respond with a letter to the Morro Bay Action Team. That letter will be included on the Consent Agenda for the January 23<sup>rd</sup> meeting for public consumption.

MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PRESENTATIONS

- Presentation of Proclamation in Recognition of San Luis Obispo Museum of Art
- Bird Festival Proclamation

PUBLIC COMMENT

<https://youtu.be/lxwg3X2GHA8?t=29m47s>

Carole Truesdale, Morro Bay, expressed concern about the City's financial condition and urged the Council cease spending and consider solutions being offered by those with project management experience.

Dawn Bettie, Morro Bay, appreciated the City's Proclamation in recognition of the San Luis Obispo Museum of Art ("SLOMO") and urged the community to visit and see Jeffrey Bacon's display, available through the end of January.

Jeff Bacon, Morro Bay, invited the public to visit SLOMO to view an exhibit of movie posters he designed.

David Nelson, Morro Bay, expressed concern about the data being used to design the water reclamation facility and urged the Council to not move forward with the current project

Anne-Marie Schnetzler, Morro Bay, offered a wish list for the year to come, thanked staff for its financial reporting, hoped the City would live within its means and that the water/sewer project would advance with caution and fiscal responsibility.

Betty Winholtz, Morro Bay, shared thoughts and appreciation for former Morro Bay resident, Nelson Sullivan, who recently passed away. A memorial service will be held for him in a few months.

The public comment period was closed.

In response to questions raised during the public comment period, Public Works Director provided a brief presentation on wastewater treatment plant average daily flows for Morro Bay and the financial benefit of receiving subsidized financing.

- A. CONSENT AGENDA  
<https://youtu.be/lxwg3X2GHA8?t=51m20s>

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 NOVEMBER 14, 2017 CITY COUNCIL CLOSED SESSION MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-2 APPROVAL OF MINUTES FOR THE NOVEMBER 14, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-3 APPROVAL OF MINUTES FOR THE DECEMBER 12, 2017 CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-4 APPROVAL OF MINUTES FOR THE DECEMBER 13, 2017 CITY COUNCIL CLOSED SESSION MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-5 APPROVAL OF BIRD FESTIVAL PROCLAMATION; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-6 APPROVAL OF PROCLMATION IN RECOGNITION OF THE SAN LUIS OBISPO MUSEUM OF ART; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-7 APPOINTMENT OF MAYOR PRO TEMPORE FOR 2018; (CITY CLERK)

**RECOMMENDATION: Council affirm the appointment of Council Member McPherson as Mayor Pro Tempore for calendar year 2018.**

A-8 APPROVAL OF AND AUTHORIZATION FOR THE CITY MANGER TO SIGN A LICENSE AGREEMENT WITH SO CAL GAS FOR INSTALLATION OF A UTILITY POLE AND DATA COLLECTION DEVICE ON A CITY-OWNED LOT AT 2692 NUTMEG AVENUE, SUBJECT TO APPROVAL OF THE CITY ATTORNEY; (PUBLIC WORKS)

**RECOMMENDATION: Council approve and authorize the City Manager to sign a license agreement to allow So Cal Gas to use a portion of City-owned lot (APN: 068-251-001) for installation of a utility pole and data collection device.**

A-9 APPROVAL OF PARTNERSHIP AGREEMENT WITH ESTERO BAY COMMUNITY RADIO; (CITY MANAGER)

**RECOMMENDATION: City Council authorize the City Manager to enter into a 3-year partnership agreement with Estero Bay Community Radio (EBC Radio) waiving a portion of facility use fees for its annual fundraising event and extending the current lease agreement for office space at 695 Harbor Street through June 30, 2020.**

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

Mayor Irons requested if significant discussion is needed on a Consent Agenda item, that it be done at the end of the meeting or continued to a future meeting.

Council Members Davis, Headding and McPherson pulled Item A-9

MOTION: Council Member Headding moved the Council approve all items on the Consent Agenda except Item A-9. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

Council Member Davis disclosed he is part of the air talent and has a monthly program on EBC Radio for which he receives no compensation. Assistant City Attorney Neumeyer confirmed Council Member Davis has no financial interest and is not required by State law to recuse himself. Council Member Headding and Mayor Irons disclosed the same situation applies to them.

Council Member McPherson supported EBC Radio, but had concerns about the Partnership Policy on which the agreement is based. She recommended moving forward with a 1-year contract to allow for further Council discussion and guidance on partnership agreements.

Council Member Davis supported a 1-year contract with a future discussion of the Partnership Policy.

MOTION: Council Member Davis moved the Council authorize the City Manager to enter into a 1-year partnership agreement with Estero Bay Community Radio waiving a portion of facility use fees for its annual fundraising event and extending the current lease agreement for office space at 695 Harbor Street for a term ending December

13, 2018. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 REVIEW OF AND DIRECTION FOR WATER RECLAMATION FACILITY (WRF) PROGRAM MANAGEMENT STRUCTURE AND PROVIDE OTHER COMMENTS AND DIRECTION AS DEEMED APPROPRIATE; (CITY MANAGER/PUBLIC WORKS)  
<https://youtu.be/lxwg3X2GHA8?t=59m49s>

City Manager Collins presented the report and, along with Public Works Director Livick, responded to Council inquiries.

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

Jeff Heller, Morro Bay, requested the Council not reassign the Public Works Director to become the program manager, but to hire an owner's agent. He offered to volunteer his time for the next 60 days to find an experienced and qualified person with insurance and a clerical support to act as the owner's agent on a contract basis.

Terry Simons, Morro Bay, shared a fable he prepared based on the tale of Blind Men and the Elephant and asked the Council to take blinders off, get new set of eyes and stop feeding the elephant.

David Nelson, Morro Bay, stated the City does not need a new management team and the proposed plant isn't right for Morro Bay.

Karen Beckman, Morro Bay, urged the Council to replace the present management team and stated the importance of anticipating and meeting project deadlines.

Bart Beckman, Morro Bay, recommended the City keep MKN on to complete the EIR and look for a new program manager to act as a cost control manager.

Tom Rost, Morro Bay, suggested the City listen to the experts in the community and explore other alternatives.

Cynthia Hawley requested the City hire a program manager familiar with land use law and expressed concern those processes are not currently being followed.

Kerrigan Mahan, Morro Bay, asked what can be done to the existing plant to bring it into compliance and stop this project.

Steve Stevens, Morro Bay, supported having a project manager look at the alternatives and supported a project that stays within the community's means.

Betty Winholtz, Morro Bay, stated if the WIFIA timeline were missed, a less expensive project should be pursued. She supported having Mr. Livick remain in his current capacity and hiring of an owner's agent to focus on this project.

Tina Metzger, Morro Bay, asked why the draft EIR is late and expressed concern the project is being pushed forward to fit a funding process. She supported hiring an owner's agent to watch out for the community's interests.

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

Assistant City Attorney Neumeyer responded to questions raised during the public comment period related to land use and the CEQA process. Mr. Livick added he anticipates the EIR will be brought to the Planning Commission in March.

There was Council consensus to move forward with Option C provided in the staff report and begin recruitment of a project manager on a contract basis. Some of the required skill sets for that position would be: sound fiscal management, financial oversight with emphasis on cost-control, strategic big picture thinking, construction management experience, subcontractor management skills, communication skills, and experience managing uncertainty and risk. The Council agreed MKN is providing excellent technical service and the contract should not be terminated, but should be reevaluated once the new program manager is in place. After discussion, it was agreed the City Manager should bring back recommended contract amendments at the appropriate time.

**MOTION:** Council Member McPherson moved to direct staff to recruit for Project Manager position either as a consultant or member of City staff to lead the project with the existing program management team and report directly to the City Manager. The motion was seconded by Council Member Makowetski for discussion.

Council Member Makowetski inquired – who will be running the project during recruitment process - MKN? Scott? Rob? City Manager Collins responded yes to all. The motion carried 5-0.

**MOTION:** Council Member Heading moved to have the City Manager revise MKN's contract to reflect only the desired technical services we wish to contract for and adjust the scope and costs commensurate with that and include an incentive for outcomes as opposed to processes. The motion was seconded by Council Member McPherson for discussion.

Mayor Irons supported changing the contract but felt the motion was too detailed. He suggested the City Manager come back with a recommendation at the appropriate time.

Council Member Heading withdrew the motion and Council Member McPherson withdrew the second.

**MOTION:** Council Member Heading moved management evaluate and adjust the MKN contract, as appropriate given the change in Program Manager, and to bring back when determined necessary. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

The Council took a brief recess at 8:42 p.m. The meeting reconvened at 8:57 p.m. with all members present.

C-2 REVIEW AND RECEIVE AND FILE THE INFORMATION AND RECOMMENDATIONS REGARDING FINANCIAL REPORTING AND AUTHORIZE THE CITY MANAGER TO SIGN A 3-YEAR AGREEMENT, SUBJECT TO APPROVAL OF THE CITY ATTORNEY, WITH OPENGOV TO PROVIDE ON-LINE TRANSPARENCY FOR CITY FINANCIAL MATTERS; (FINANCE)  
<https://youtu.be/lxwg3X2GHA8?t=2h46m21s>

Finance Director Callaway presented the staff report and responded to Council inquiries.

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

Jeff Heller, Morro Bay, appreciated the report and supported financial information being summarized in a way residents can understand at a high level.

Ken Green, Morro Bay, resident and member of Morro Bay Action Team supported the staff recommendation for financial reporting and subscription to OpenGov.

Cynthia Hawley, on behalf of Morro Bay Action Team, spoke in support of the proposed financial reporting and use of OpenGov.

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

The Council was pleased with the report format and appreciated staff's work to meet community requests for increased transparency.

MOTION: Council Member Heading moved the Council authorize the City Manager enter into three-year contract with OpenGov to provide an on-line financial transparency portal for a three-year total contract amount of \$31,045.80, in a form approved by the City Attorney. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

C-3 AUTHORIZATION FOR TRAVEL TO WASHINGTON, D.C. FOR ATTENDANCE AT THE C-MANC ANNUAL WASHINGTON, D.C. "WASHINGTON WEEK" MEETINGS AND FOR SUPPORT OF FUNDING FOR THE WATER RECLAMATION FACILITY, AND APPROVAL OF RESOLUTION NO. 01-18 IN SUPPORT OF CONGRESSIONAL BILL H.R. 1176, THE "KEEP AMERICA'S WATERFRONTS WORKING ACT"; (HARBOR/CITY MANAGER)  
<https://youtu.be/lxwg3X2GHA8?t=3h30m14s>

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

The public comment period for Item C-3 was opened.

Jeff Heller, Morro Bay, spoke in support of staff recommendation and, if the new WRF project director is in place, would suggest that person also attend.

Betty Winholtz, Morro Bay, stated traditionally the Commercial Fishermen's Organization has paid for one, if not two, people to attend, and felt the City Manager and Harbor Director could cover both fronts.

Tina Metzger, Morro Bay, supported recommendations #1 and #3, but felt it was unnecessary for three people to go to Washington D.C.

The public comment period was closed.

Mayor Irons stated the importance of the City's involvement in C-MANC to gain funding to keep the harbor dredged. He also shared the importance of gaining funding for the WRF project and encouraged the City send three delegates, plus the Public Works Director. He also suggested others on the Council should have that experience.

Council Member Heading agreed it was critical the City advocate for WRF project funding and suggested it would be important to include the Bureau of Energy Management (“BOEM”) as well. He supported sending an extract Council Member and volunteered to attend.

The Council supported staff recommendations and agreed there was great power in meeting directly with congressional representatives in Washington D.C. There was full support to send an additional Council Member and appreciation Council Member Heading offered to attend.

MOTION: Mayor Irons moved staff recommendations 1, 2 and 3, including alternative C sending an additional Council Member and that member being Council Member Heading. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/lxwg3X2GHA8?t=4h3m56s>

Council Member Davis requested discussion augmenting the City’s utility discount program in order to assist low income residents to pay utility fees (water and sewer) and expectation those may rise significantly. Part of the discussion would be to identify new sources of revenue to augment that program. There was full support for this item.

Council Member Heading requested discussion of the development of minimum financial criteria for individuals entering into financial relationships with the City. There was full support for this item.

Council Member McPherson requested reexamine the City’s partnership program related to events and services provided to those organizations. There was full support for this item.

E. ADJOURNMENT  
<https://youtu.be/lxwg3X2GHA8?t=4h10m40s>

The meeting adjourned at 10:22 p.m. The next Regular Meeting will be held on Tuesday, January 23, 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