

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – SEPTEMBER 11, 2018  
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-1  
MEETING DATE: October 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
	Joseph Pannone	City Attorney
	Dana Swanson	City Clerk
	Jennifer Callaway	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director
	Eric Casares	WRF Program Manager (Carollo Engineering)
	Lori Kudzma	Deputy City Clerk

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

[https://youtu.be/AMR1HS39T\\_E?t=3m24s](https://youtu.be/AMR1HS39T_E?t=3m24s)

Fire Chief Knuckles recognized new Firefighter/Paramedic Sam Watson and Fire Engineer/Paramedic Michael Kelly, who recently completed his Paramedic training.

Mayor Irons sought consensus from Council to limit the general Public Comment period to 30 minutes. There was full Council support.

[https://youtu.be/AMR1HS39T\\_E?t=5m20s](https://youtu.be/AMR1HS39T_E?t=5m20s)

MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

[https://youtu.be/AMR1HS39T\\_E?t=7m8s](https://youtu.be/AMR1HS39T_E?t=7m8s)

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS - None

CLOSED SESSION REPORT – Mayor Irons reported that with regard to the Closed Session items, the Council did not take any reportable action pursuant to the Brown Act.

PRESENTATIONS

- Rideshare Week Presentation – Sarah Woolsey, SLO Cog Rideshare  
[https://youtu.be/AMR1HS39T\\_E?t=9m26s](https://youtu.be/AMR1HS39T_E?t=9m26s)
- Presentation of Proclamation Declaring Peace and Nonviolence Month  
[https://youtu.be/AMR1HS39T\\_E?t=13m43s](https://youtu.be/AMR1HS39T_E?t=13m43s)

PUBLIC COMMENT

[https://youtu.be/AMR1HS39T\\_E?t=20m41s](https://youtu.be/AMR1HS39T_E?t=20m41s)

There was Council consensus to limit Public Comment to two minutes each for a total of 30 minutes.

Lorie Noble, Morro Bay, spoke in opposition to Item A-5, stating elected officials should not speak for residents on Proposition 6.

Sandi Tannler, Morro Bay resident and Board Member of the Central Coast Taxpayers' Association, opposed Item A-5 and spoke in support of Proposition 6.

Bob Swain, Morro Bay, spoke in support of the sewer project and importance of coming together as a city.

Valerie Levulett, Morro Bay, spoke in support of the water reclamation facility project, importance of water security and increased opportunity for low interest loans and grant funding.

Erica Crawford, Morro Bay Chamber of Commerce, announced upcoming events and provided an event recap on the 2018 Avo/Marg Festival held last weekend.

Aaron Hanke, representative for No on Measure G, stated the passage of Measure G would result in a shutdown of oil and gas in our area and loss of local jobs. He urged others to vote no on Measure G.

Dawn Addis, Morro Bay resident and City Council candidate, urged Council support for Item A-5, opposing Proposition 6; continued effort toward Community Choice Energy; and asked the Council to endorse Measure G banning fracking in San Luis Obispo County.

Charles Varni, Oceano, spoke in favor of Measure G and asked the Council to take a position on fracking.

Maya Alman, Senior at Cal Poly, asked the Council to take a position in support of Measure G.

Dominique Dashwood, Senior at Cal Poly, requested the Council adopt a resolution in support of Measure G.

Pat Magone, Morro Bay, spoke in support of Measure G.

Jeff Heller, Morro Bay resident and candidate for City Council, expressed appreciation for residents involved with Citizens for Affordable Living and asked the Council issue a proclamation thanking the organization for bringing forward different opinions.

Steve Francis, Morro Bay, spoke in support of the Water Reclamation Facility as proposed.

John Weiss, Morro Bay resident and candidate for Mayor, expressed appreciation for the community and stated, if elected, he will work to support affordable solutions for all.

Carol Swain, Morro Bay, encouraged the Council to lead the community forward.

Richard Sadowski, Morro Bay, spoke in opposition to the Water Reclamation Facility project.

Marla Jo Sadowski, Morro Bay, referencing the April 25, 2018 Special Meeting, stated her belief the community was threatened by the Regional Water Quality Control Board with the help of the City.

Judi Brown, Morro Bay, announced the first NextDoor.com community potluck to be held September 16<sup>th</sup> from 1:00 – 4:00 p.m. at Del Mar Park.

Teddy Lovett, Morro Bay, spoke in support of the Water Reclamation Facility project and continued efforts for Community Choice Energy.

Betty Winholtz, Morro Bay resident and member of Morro Bay Beautiful, encouraged others to consider becoming a member and also support fundraising efforts by purchasing license plate holders, which are available at Hinson Tires, Junque Love and the Morro Bay Aquarium.

Donna Stoll, Morro Bay, stated her support for the Water Reclamation Facility project and Measure G.

Cynthia Hawley announced Linda Donnelly was submitting protests collected by Citizens for Affordable Living before the first rate increase notice was distributed, some without a date. She stated her position that State law preempts the City's requirement for dated protests and the City must accept and qualify all protests submitted.

David Nelson, Morro Bay, spoke in opposition to the Water Reclamation Facility project.

The Public Comment period was closed.

In response to requests submitted during Public Comment regarding Measure G, Mayor Irons noted the City has resolution on record opposing fracking.

- A. CONSENT AGENDA  
[https://youtu.be/AMR1HS39T\\_E?t=59m17s](https://youtu.be/AMR1HS39T_E?t=59m17s)

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 AUGUST 14, 2018 CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-2 APPROVAL OF MINUTES FOR THE AUGUST 14, 2018, CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-3 APPROVAL OF MINUTES FOR THE AUGUST 28, 2018, CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

- A-4 PROCLAMATION DESIGNATING SEPTEMBER 21<sup>ST</sup> OF EACH YEAR TO BE THE DAY OF PEACE AND THE MONTH OF SEPTEMBER AS PEACE & NONVIOLENCE MONTH; (CITY CLERK)

**RECOMMENDATION: Approve as submitted.**

- A-5 ADOPTION OF RESOLUTION NO. 69-18 OPPOSING CALIFORNIA STATE PROPOSTION 6; (CITY MANAGER)

**RECOMMENDATION: Council adopt Resolution No. 69-18 opposing Proposition 6 on the November 2018 General Election.**

A-6 APPROVAL OF TBID ADVISORY BOARD MEMBER'S REQUEST FOR AN EXCUSED ABSENCE; (CITY CLERK)

**RECOMMENDATION:** consider the request submitted by Tourism Business Improvement District (TBID) Advisory Board Member, Steven Allen, to excuse his absence from the September 20, 2018 Regular TBID Advisory Board meeting and allow him to continue serving through the scheduled term ending January 31, 2021.

A-7 ADOPTION OF RESOLUTION NO. 70-18 APPROVING A SUCCESSOR MEMORANDUM OF UNDERSTANDING WITH THE MORRO BAY PEACE OFFICERS' ASSOCIATION AND RELATED COMPENSATION FOR THE PERIOD JULY 1, 2018 – JUNE 30, 2020; (ADMINISTRATION/FINANCE)

**RECOMMENDATION:** Council adopt Resolution No. 70-18.

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

## B. PUBLIC HEARINGS

B-1 PUBLIC HEARING FOR THE ADOPTION OF RESOLUTION NO. 71-18 ESTABLISHING NEW WATER AND SEWER (WASTEWATER) RATES (USER FEES); (CITY MANAGER/CITY ATTORNEY)  
[https://youtu.be/AMR1HS39T\\_E?t=1h39s](https://youtu.be/AMR1HS39T_E?t=1h39s)

City Manager Collins, City Attorney Pannone and Clerk Swanson provided the staff report and responded to Council inquiries.

Mayor Irons opened the public hearing.

At the Mayor's request, the City Clerk announced the City mailed notice to all owners of parcels and customers subject to the water and sewer surcharge rates on July 13, 23 and 27, 2018 and the City has affidavits of mailing on file. (NOTE: The Clerk's reference to the 27<sup>th</sup> should have been the 26<sup>th</sup>). The Clerk also advised the Council 2,151 written protests and five written requests to withdraw their protests were received prior to the meeting and that none of those protests had been validated. Even if all protests were validated, there were insufficient protests with respect to the water and sewer surcharge rates for them to count as a majority protest from those persons owning a parcel or utility customers that would be subject to the surcharge.

The public comment period was opened.

Glenn Silloway, Morro Bay, supported the rate increase and stated the projected rate of \$191 for water and sewer is almost identical to what is being proposed through a 218 process for Cayucos.

Scott Cahill, Morro Bay, spoke in support of the WRF project.

Jeff Bacon, Morro Bay, voiced support for the WRF project.

Aaron Ochs, Save Morro Bay, expressed concern Council Member McPherson distributed flyers in support of the Prop 218 in his neighborhood and suggested she recuse herself from the item.

Ahmed Kassen, Morro Bay, supported the Water Reclamation Facility and hoped additional grant funding would be used to lower rates.

Cynthia Hawley suggested Council Member McPherson should recuse herself from this item and stressed the City does not have the right to add criteria that limits and excludes protests.

Carolyn Brinkman, Morro Bay, asked why the Proposition 218 notice and Resolution No. 44-18 were not on the City website.

David Nelson, Morro Bay, disagreed with Mr. Silloway's statement regarding Cayucos rates, as he understands they pay every other month.

Dan Sedley, Morro Bay, spoke in support of clean water and affordable rates. He believed the Proposition 218 process had been violated and looks forward to leadership that supports an affordable project.

Marla Jo Sadowski, Morro Bay, agreed with Ms. Brinkman's concerns about the lack of available information and stated concerns about the existing collection system.

Joan Solu, Morro Bay, urged the Council to uphold resident's wishes and, if passed, the importance of transparency as staff, consultants and contractors are held accountable for a project that is on time and on budget.

Terry Simons, Morro Bay, urged the Council to proceed in a cautious manner and process the protests submitted as if they were intended to be proper protests.

Barbara Spagnola, Morro Bay, spoke in support of the WRF project and, as a member of citizens advisory committees, was committed to scrutinizing each line item and assist those who have difficulties with these rates.

Joe Wallick, Morro Bay, expressed concerned about the validity of the Prop 218 process to approve a rate increase.

Homer Alexander, Morro Bay, stated annual debt service, not the project, drives cost and if the protest or new Council stops the project, the City will likely lose the low-interest loans and the cost to rate payer will be significantly more than proposed.

Meredith Bates, Morro Bay, requested items related to environmental justice, such as local hiring and procurement, need to be included in the WRF plan.

Linda Donnelly, Morro Bay, stated Proposition 218 does not require a person to date their protest and asked the Council to count the 1,000 protests submitted.

Steve Stevens, Morro Bay, suggested Proposition 218 guidelines do not allow the City to have a date requirement and asked if the WIFIA loan package indicated we own the property on which the WRF would be constructed.

Mayor Irons closed public comment.

The Council and staff responded to concerns raised during public comment.

[https://youtu.be/AMR1HS39T\\_E?t=2h4m33s](https://youtu.be/AMR1HS39T_E?t=2h4m33s)

Mayor Irons announced, at this time any eligible person could still file a written protest, if that hadn't already been done. No additional protests were filed.

Mayor Irons formally closed the public hearing.

The Council took a brief recess at 8:25 p.m. The meeting reconvened at 8:37 p.m. with all members present.

<https://youtu.be/-gapX14CQmE?t=5s>

The Clerk announced twelve timely submitted protests had been received since the last tally, bringing the total to 2,158, not including those delivered by Ms. Donnelly. Mr. Pannone advised the Council regarding its options related to the 1,000 incomplete protests that had been submitted by Ms. Donnelly earlier in the evening.

Following discussion, there was Council concurrence not to accept those 1,000 additional incomplete protests submitted based on Ms. Hawley's statement the votes were cast before the 218 process began, were cast on an undefined issue and did not include a date. Further, the Council determined there had been ample opportunity during the protest period to resubmit a complete protest, if desired.

There was discussion about the desire to validate all the protests received based on the belief there are many invalid protests in the rough count of 2,158.

MOTION: Council Member Davis moved the Council adopt both water and sewer (wastewater) surcharges through the adoption of Resolution No. 71-18 for the proposed Water Reclamation Facility. The motion was seconded by Council Member Heading and carried unanimously, 5-0.

The Council continued its discussion regarding the desire to validate all protests submitted and whether that process should be done in public. Council Member Davis expressed concern about the significant staff time required and it would not have any impact on the action taken by the Council to move forward with the rate increase.

MOTION: Council Member McPherson moved we do validate the ballots that we've received. The motion was seconded by Council Member Makowetski for discussion.

Staff sought clarification on whether only the 2,158 protests would be validated or also the 1,000 submitted tonight and determined earlier not to be counted based on public comments made when they were submitted. Council Member Davis restated his concerns about using staff resources on an issue that has already been settled.

The motion failed 2-3 with Council Members Davis, Heading and Makowetski voting no.

## C. BUSINESS ITEMS

C-1 COMMUNITY CHOICE ENERGY STATUS REPORT AND PROVIDE DIRECTION ON KEY COMMUNITY CHOICE ENERGY ISSUES; (CITY MANAGER)

<https://youtu.be/-gapX14CQmE?t=29m45s>

City Manager Collins; Chris Reed, City of San Luis Obispo Sustainability Manager; and Shawn Marshall, Executive Director of LEAN Energy, presented the report and responded to Council inquiries.

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

Eric Veium, San Luis Obispo resident and Chair of the SLO Climate Coalition Task Force, was excited about the possibility of a partnership that would be transformative for our County. He also stated support for the possibility of floating offshore wind energy.

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

The Council discussed contents of the proposed JPA Agreement and requested the following changes:

- On page 206 of the agenda packet. Item C-c. “Carrying out programs to ~~reduce energy consumption~~ increase energy efficiency.” The same change would be made in Section 2.4 on page 208.

MOTION: Council Member Headding moved the meeting go past 11:00 to complete this item only. The motion was seconded by Council McPherson and carried unanimously, 5-0.

There was Council consensus to move forward and take the proposed changes to the JPA agreement to the San Luis Obispo City Council for consideration.

The Council thanked the City of San Luis Obispo for resources provided.

C-2 CITY COUNCIL INPUT AND DISCUSSION ON UPDATE OF THE HARBOR DEPARTMENT LEASE MANAGEMENT POLICY DOCUMENT; (HARBOR)  
<https://youtu.be/-gapX14CQmE?t=2h25m39s>

MOTION: Mayor Irons moved to bring Item C-2, which is update the Harbor Department Lease Management Policy, back at a later date to be determined. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/-gapX14CQmE?t=2h26m27s>  
None

E. ADJOURNMENT

The meeting adjourned at 11:05 p.m. The next Regular Meeting will be held on Tuesday, September 25, 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