

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – SEPTEMBER 25, 2018  
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-1  
MEETING DATE: November 13, 2018

PRESENT:	Jamie Irons Robert Davis John Headding Matt Makowetski Marlys McPherson	Mayor Council Member Council Member Council Member Council Member
ABSENT:	Scott Collins	City Manager
STAFF:	Jennifer Callaway Chris Neumeyer Dana Swanson Rob Livick Scot Graham Eric Endersby Nancy Hubbard Eric Casares	Finance Director/Acting City Manager Assistant City Attorney City Clerk Public Works Director Community Development Director Harbor Director Planner WRF Program Manager (Carollo Engineering)

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:02 p.m., with all but Council Member Davis present. Council Member Davis joined the meeting at 6:03 p.m.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION - None

CLOSED SESSION REPORT – No closed session meeting was held.

MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/eUS1KoOT5dE?t=152>

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS - None

PRESENTATIONS

- Proclamation Recognizing Del Mar Elementary as 2018 California Distinguished School  
<https://youtu.be/eUS1KoOT5dE?t=616>

PUBLIC COMMENT

<https://youtu.be/eUS1KoOT5dE?t=1328>

Wee from the Wee Shack provided the business spot. Wee Shack opened seven years ago and was ranked 36<sup>th</sup> for best hamburgers in America two years ago. Wee Shack is located at 1698 Main Street and is open 11:00 a.m. to 8:00 p.m. Tuesday through Sunday.

Carolyn Brinkman, Morro Bay, spoke regarding the GSI contract being considered in Item C-3 and stated the City's reclamation plan is based on uncertainties and aspects of the reclamation process are unproven.

Ken Vesterfelt, Morro Bay, expressed concern the Morro Bay Police Department is understaffed and underpaid.

Linda Wingert, Grover Beach resident and Director of Community Engagement for the United Way, spoke regarding The Real Cost Measure in California 2018 report that outlines cost of living issues in California. Visit [www.unitedslo.org](http://www.unitedslo.org) to read the full report which will be presented at French Hospital Copeland Health Education Pavilion on Tuesday, October 16, from 2:00 – 4:00 p.m.

Bart Beckman, Morro Bay, restated a question posed at the candidate forum regarding past budget documents which showed a growing budget gap, and expressed concern regarding WRF project funding.

Janice Peters, Morro Bay, announced By the Sea Productions, a live theater company, will be presenting The Devil and Daniel Webster October 5 - 7 at 7:00 p.m. Friday/Saturday and 3:00 p.m. on Sunday. Visit [www.bytheseaproductions.org](http://www.bytheseaproductions.org) for more information.

Terry Simons, Morro Bay, questioned statements made at the candidate's forum regarding the WRF accumulation fund balance and suggested the Council direct staff to validate all Prop 218 protests received.

Dan Sedley, Morro Bay, discussed the Code of Civility and suggested Mr. Ochs was personally attacked at the August 14 City Council Meeting.

John Weiss, Morro Bay resident, business owner and candidate for Mayor, congratulated Del Mar School and thanked the Chamber and League of Women Voters for hosting the candidate forum. He hopes the community will come together on a water / sewer reclamation project everyone can support.

Bob Keller, Morro Bay, thanked the Council and staff for their efforts on the Proposition 218 and urged the Council to explore all funding options and avoid delays.

Barbara Doerr, Morro Bay, suggested the future agenda section on Council and advisory board agendas include a brief title and explanation to allow the public to participate in those discussions. Regarding Community Choice Energy, she recommended Council Members not be allowed to serve on the standing committee. She also urged the Council to count all Prop 218 protests received.

Kerrigan Mahan, Morro Bay, suggested the Proposition 218 protest was mishandled and the 1,000 ballots should have been counted by the City Clerk.

Dawn Addis, Morro Bay, thanked the League of Women Voters and Chamber for hosting the candidate forum and the Council for honoring Del Mar School and Sea Otter Week. She stated her support for Items C-2, C-3 and C-4. With regard to PERS concerns, she suggested cuts to employee salaries be a last resort.

Carole Truesdale, Morro Bay, spoke to Item C-4 and, referring to the 2012 Dudek Recycled Water Feasibility Study, suggested a new study of implementing groundwater recharge reuse was unwarranted.

The Public Comment period was closed.

Council Members responded to issues raised during the public comment period.

A. CONSENT AGENDA  
<https://youtu.be/eUS1KoOT5dE?t=4437>

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 28, 2018 CITY COUNCIL MEETING; (ADMINISTRATION)  
**RECOMMENDATION: Approve as submitted.**
- A-2 APPROVAL OF MINUTES FOR THE SEPTEMBER 10, 2018, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)  
**RECOMMENDATION: Approve as submitted.**
- A-3 PROCLAMATION RECOGNIZING DEL MAR ELEMENTARY AS 2018 CALIFORNIA DISTINGUISHED SCHOOL; (ADMINISTRATION)  
**RECOMMENDATION: Approve as submitted.**
- A-4 RECEIVE FOURTH QUARTER INVESTMENT REPORT (PERIOD ENDING JUNE 30, 2018) FOR FISCAL YEAR 2017/18 AND PROVIDE DIRECTION DEEMED APPROPRIATE, IF ANY; (FINANCE)  
**RECOMMENDATION: Receive and file.**
- A-5 ADOPTION OF RESOLUTION NO. 73-18 APPROVING AN INTERIM MASTER LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND EMBARCADERO 801 LLC FOR LEASE SITE 86/86W, LOCATED AT 801 EMBARCADERO, AND COMMONLY KNOWN AS "THE LIBERTINE PUB"; (HARBOR)  
**RECOMMENDATION: Adopt Resolution No. 73-18, approving an Interim Master Lease Agreement for Lease Site 86/86W, as proposed.**
- A-6 ADOPTION OF RESOLUTION NO. 74-18 APPROVING A NEW MASTER LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND 725 EMBARCADERO LLC FOR LEASE SITE 82-82/82W-85W, LOCATED AT 725 EMBARCADERO, AND COMMONLY KNOWN AS "ROSE'S LANDING"; (HARBOR)  
**RECOMMENDATION: Adopt Resolution No. 74-18, approving a new Master Lease Agreement for Lease Site 82-85/82W-85W, as proposed.**
- A-7 APPROVAL OF HARBOR ADVISORY BOARD MEMBER'S REQUEST FOR AN EXCUSED ABSENCE; (CITY CLERK)  
**RECOMMENDATION: Council consider the request submitted by Harbor Advisory Board Member and current Chair, Ron Reisner, to excuse his absence from the October 4, 2018 Regular Harbor Advisory Board meeting and allow him to continue serving through the scheduled term ending January 31, 2021.**
- A-8 ADOPTION OF RESOLUTION NO. 78-18 AUTHORIZATION TO PURCHASE TROLLEY REPLACEMENT VEHICLE; (PUBLIC WORKS)  
**RECOMMENDATION: Adopt Resolution No. 78-18.**
- A-9 ADOPTION OF RESOLUTION NO. 79-18 APPROVING FISCAL YEAR 2017/18 FOURTH QUARTER YEAR-END BUDGET ADJUSTMENTS; (FINANCE)  
**RECOMMENDATION: Adopt Resolution No. 79-18.**

A-10 PROCLAMATION DECLARING SEPTEMBER 23-29, 2018, AS THE 16<sup>TH</sup> ANNUAL SEA OTTER AWARENESS WEEK; (HARBOR)

**RECOMMENDATION: Approve as submitted.**

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

Mayor Irons pulled Items A-8 and A-9.

MOTION: Council Member Headding moved the Council approve all items on the Consent Agenda with the exception of Items A-8 and A-9. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

A-8 ADOPTION OF RESOLUTION NO. 78-18 AUTHORIZATION TO PURCHASE TROLLEY REPLACEMENT VEHICLE; (PUBLIC WORKS)  
<https://youtu.be/eUS1KoOT5dE?t=4477>

Mayor Irons asked Public Works Director Livick to explain the process of disposing of the existing trolley and whether it could be considered for use by the City as a mobile visitor center kiosk. Mr. Livick explained grant funds require the vehicle be auctioned or sold at fair market value but the City could choose to purchase the vehicle from the Transportation Enterprise Fund.

MOTION: Council Member Headding moved for approval of Item A-8. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

A-9 ADOPTION OF RESOLUTION NO. 79-18 APPROVING FISCAL YEAR 2017/18 FOURTH QUARTER YEAR-END BUDGET ADJUSTMENTS; (FINANCE)  
<https://youtu.be/eUS1KoOT5dE?t=4648>

Finance Director Callaway explained in the future, projects that aren't complete and have remaining funds at the end of the fiscal year will be considered by the Council at year-end to seek authorization for continued funding. If approved, staff would set up a capital project to fund ongoing costs until that project was completed.

MOTION: Mayor Irons moved for approval of Item A-9. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

## B. PUBLIC HEARINGS

B-1 DENIAL OF APPEAL OF PLANNING COMMISSION APPROVAL ON AUGUST 7, 2018, OF THE CONDITIONAL USE PERMIT (UP0-470), COASTAL DEVELOPMENT PERMIT (CP0-530), TENTATIVE VESTING MAP #2859 (S00-127) AND MITIGATED NEGATIVE DECLARATION FOR THE SITE AT 2783 CORAL AVE. TO ALLOW A 6-PARCEL SUBDIVISION ON A .99-ACRE SITE WITHIN THE CLOISTERS SUBDIVISION; (COMMUNITY DEVELOPMENT)  
<https://youtu.be/eUS1KoOT5dE?t=4913>

Nancy Hubbard, Contract Planner, provided the staff report.

The Mayor invited the Appellant to speak to the project.

Steve Stevens, Morro Bay, spoke regarding the Cloisters Architectural Design Review Committee's role and approval process and suggested the letter submitted by Craig Smith did not constitute

Design Committee approval. He listed a number of issues to be explored and resolved prior to Council approval.

Dawn Beattie, Morro Bay, stated the approval letter from Craig Smith provided schematic approval only and requested the Architectural Design Review Committee be allowed time to review the project for items Mr. Smith did not review or approve, and notify all Cloisters homeowners of the project. She expressed concern about parking, driveway lengths and lot sizes.

Staff and the Appellant responded to questions raised by the Council.

The Public Comment period for Item B-1 was opened.

Barbara Doerr, Morro Bay, recommended the City maintain ownership of the land for future park space. Noting concerns regarding lot size, inadequate driveways and on-street guest parking, she suggested the project was poorly designed.

Melanie Williams Mahan, Morro Bay resident and member of the Cloisters Design Committee read portions of Section 4.4 of the Cloisters design manual and stated Committee approval is required for any project in the Cloisters.

Kerrigan Mahan, Morro Bay, opposed the project based on procedural issues, parking concerns and lot size.

Barry Branin, Morro Bay, asked if the money from this project will be used to pay down the Fire Station debt and expressed concern about lot sizes and parking issues.

Terry Simons, Morro Bay, asked the project applicant be identified and was concerned Council Members asked about the financial status of payments on the property.

Dave Watson, Planner with Watson Planning Consultants, spoke on behalf of the applicant, Morro Bay Ventures LLC. He supported the staff recommendation and requested the Council deny the appeal and uphold Planning Commission approval. He reviewed Cloisters' coastal development permit, CC&R's and suggested the role of design review committee was to provide their opinion and comments on issues of design and compatibility, not dictate a project's approval or denial. He stated the project was attractive and compatible with the Cloisters subdivision and other parts of Morro Bay.

The Public Comment period for Item B-1 was closed.

Council Members Heading, Makowetski and McPherson agreed it was appropriate to allow a limited amount of time for the Cloisters Architectural Review Committee to review the project. Mayor Irons and Council Member Davis agreed the correct process had been followed and supported staff recommendation to deny the appeal and uphold Planning Commission approval.

**MOTION:** Council Member McPherson moved the Council uphold the appeal and remand the project back to the Planning Commission for review of a revised project after it is reviewed by the Architectural Review Committee of the Cloisters and return to Council in 45 days. The motion was seconded by Council Member Heading for discussion.

Staff sought clarification from Council and there was further discussion of the desired next steps.

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

Staff offered the Council decision could be delayed up to 40 days and brought back at either the October 23 Regular Meeting or a special meeting within the 40-day requirement. Following discussion regarding the feasibility of bringing the item back to Council within 40 days, the Applicant and Appellant agreed to waive the 40-day requirement and continue the item to November 13.

MOTION: Council Member McPherson moved to continue this public hearing to November 13 with further information submitted from the Architectural Review Design Committee of the Cloisters and the Applicant. The motion was seconded by Council Member Heading and carried unanimously, 5-0.

The Council took a brief recess at 9:06 p.m. The meeting reconvened at 9:16 p.m. with all members present.

C. BUSINESS ITEMS

C-1 CITY COUNCIL INPUT AND DIRECTION ON UPDATE OF THE HARBOR DEPARTMENT LEASE MANAGEMENT POLICY DOCUMENT; (HARBOR)  
<https://youtu.be/eUS1KoOT5dE?t=11068>

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

The public comment period for Item C-1 was opened; seeing none, the public comment period was closed.

There was Council consensus to open public comment for Item C-2 prior to Council discussion of Item C-1.

C-2 COMMUNITY CHOICE ENERGY TECHNICAL STUDY, APPROVAL OF JPA AGREEMENT AND RESOLUTION, AND FIRST READING OF COMMUNITY CHOICE ENERGY ORDINANCE NO. 616; (CITY MANAGER)  
<https://youtu.be/eUS1KoOT5dE?t=11988>

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

Teddy Lovett, Morro Bay, stated she was proponent of renewable energy and favored moving ahead with a resolution that would combine Morro Bay's efforts with the City of SLO.

Justin Bradshaw, San Luis Obispo resident and member of SLO Climate Coalition, spoke in support of this option for cleaner, more efficient energy. He appreciated there would be a financial incentive to install solar panels.

Jason Riley, Morro Bay, supported Community Choice Energy and looked forward to seeing lower rates and higher percentages of renewable energy in our portfolio.

Eric Veium, San Luis Obispo resident and Chair of SLO Climate Coalition, was excited about the opportunity to work together.

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

C-1 CITY COUNCIL INPUT AND DIRECTION ON UPDATE OF THE HARBOR DEPARTMENT LEASE MANAGEMENT POLICY DOCUMENT; (HARBOR)  
<https://youtu.be/eUS1KoOT5dE?t=12332>

The Council continued its discussion of Item C-1.

The Council agreed with the approach recommended by staff but requested a more realistic timeline. Stakeholder input and the importance of understanding loan requirements was discussed, along with the potential benefit of using an outside facilitator to help lead the discussion. The Council began its discussion of appointing members to a sub-committee then agreed to take action on Item C-2 first.

The Council recessed Item C-1 at 9:58 p.m.

C-2 COMMUNITY CHOICE ENERGY TECHNICAL STUDY, APPROVAL OF JPA AGREEMENT AND RESOLUTION, AND FIRST READING OF COMMUNITY CHOICE ENERGY ORDINANCE NO. 616; (CITY MANAGER)  
<https://youtu.be/eUS1KoOT5dE?t=13680>

Ms. Callaway introduced Chris Reed, City of San Luis Obispo, who presented the staff report and responded to Council inquiries.

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

MOTION: Council Member Heading moved to receive the CCE technical study and presentation; introduce for first reading by title only with further reading waived, Ordinance No. 616 entitled, "An Ordinance of the City Council of the City of Morro Bay, California, authorizing the implementation of a Community Choice Aggregation Program," which is Attachment B; adopt Resolution No. 80-18 entitled, "A Resolution of the City Council of the City of Morro Bay, California, approving the Joint Powers Agreement establishing the Central Coast Community Energy on behalf of the City of Morro Bay," which is Attachment C; and direct staff to continue to support Central Coast Community Energy implementation and program launch until such time that the new agency has hired staff and transitioned to an operational, independent agency; and 5) authorize the Mayor to sign the ex parte document. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

Council Members Davis and McPherson volunteered to serve as the City's representatives on Central Coast Community Energy's Board of Directors.

MOTION: Council Member Heading moved the appointment of Council Members Davis and McPherson as the two council members to serve as the City's representatives on Central Coast Community Energy's Board of Directors. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

C-1 CITY COUNCIL INPUT AND DIRECTION ON UPDATE OF THE HARBOR DEPARTMENT LEASE MANAGEMENT POLICY DOCUMENT; (HARBOR)  
<https://youtu.be/eUS1KoOT5dE?t=14696>

The Council continued its discussion of the Council subcommittee appointments for the Harbor Lease Management Policy update. As the current Harbor Advisory Board liaison, Council Member Makowetski offered to participate on the subcommittee until his term on the Council ends. Council Members Davis and McPherson also expressed willingness to participate.

MOTION: Mayor Irons moved the Council appoint Council Members Davis and McPherson to the task force. The motion was seconded by Council Member Heading and carried unanimously, 5-0.

Mr. Endersby confirmed he would bring back information regarding potential cost of facilitators and a proposed timeline.

There was Council consensus to hear Item C-4 next.

C-4 CONSIDERATION OF PROPOSAL FROM AND APPROVAL OF CONTRACT TO GSI WATER SOLUTIONS FOR GROUNDWATER FLOW MODELING AND INJECTION TESTING FOR FUTURE INDIRECT POTABLE REUSE IN MORRO VALLEY; (PUBLIC WORKS)

<https://youtu.be/eUS1KoOT5dE?t=15151>

WRF Program Manager Eric Casares provided the staff report and responded to Council inquiries.

The public comment period for Item C-4 was opened.

Barry Branin, Morro Bay, read a letter from Howard Jarvis Taxpayers' Association dated September 24, 2018, and submitted as agenda correspondence into the record and suggested the City not award a contract or apply for a loan until the matter is cleared up.

Terry Simons, Morro Bay, spoke in opposition to the contract and referred to previous studies on the feasibility of groundwater injection that concluded the geology was not practical.

Dan Sedley, Morro Bay, opposed the award of contract and suggested not counting the 1,000 protests puts the City's ability to pay contracts and loans at risk.

The public comment period for Item C-4 was closed.

Assistant City Attorney Neumeyer offered his opinion the Howard Jarvis Taxpayers Association did not provide any specifics as to why the City's Proposition 218 process might be suspect and stated the City's process was in compliance with Article XIII D of the California Constitution.

MOTION: Council Member Davis moved the Council award a contract to GSI Water Solutions for groundwater flow modeling of lower Morro Valley Basin and injection testing for future indirect potable reuse in lower Morro Valley Basin and authorize the Public Works Director to execute an agreement for the amount of \$351,000, with a fifteen percent contingency for a total authorization of \$403,650. The motion was seconded by Council Member Heading and carried unanimously, 5-0.

C-3 CONSIDERATION OF ADOPTION OF RESOLUTIONS NO. 75-18, 76-18 AND 77-18 NECESSARY TO SUBMIT THE STATE REVOLVING FUND FINANCIAL SECURITY PACKAGE TO THE STATE WATER RESOURCES CONTROL BOARD; (PUBLIC WORKS)

<https://youtu.be/eUS1KoOT5dE?t=16127>

Mr. Casares provided the staff report and responded to Council inquiries. Mr. Livick commented Resolution No. 77-18 was modified to include the Project No. CWSRF #8185-210. Copies of the revised resolution were provided to the Council and made available to the public.

Mayor Irons opened public comment for Item C-3.

Dan Sedley, Morro Bay, spoke to the Public Records Act request submitted by the Howard Jarvis Taxpayers' Association and encouraged the Council to reverse course and count all protests submitted.

Steve Stevens, Morro Bay, asked how the threat of litigation or actual litigation impacts the City's application.

The Mayor closed public comment for Item C-3.

Mr. Neumeyer responded to questions raised during public comment, stating the letter received by the City states an opinion with no legal basis for a lawsuit. The Proposition 218 process was followed and there should be no impact on the creditworthiness of the City.

MOTION: Council Member Headding moved the Council approve staff recommendation to adopt Resolution Nos. 75-18, 76-18 and 77-18. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/eUS1KoOT5dE?t=16851>

Mayor Irons requested future discussion and consideration of using the trolley as a mobile Visitors' Center. All Council Members supported this item.

E. ADJOURNMENT

The meeting adjourned at 10:54 p.m. The next Regular Meeting will be held on Tuesday, October 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