

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – FEBRUARY 13, 2019
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-2
MEETING DATE: March 12, 2019

PRESENT:	John Headding Dawn Addis Robert Davis Jeff Heller Marlys McPherson	Mayor Council Member Council Member Council Member Council Member
STAFF:	Jennifer Callaway Chris Neumeyer Dana Swanson Rob Livick Scot Graham Matt Vierra Jody Cox Eric Endersby Sandy Martin Eric Casares	Finance Director/Acting City Manager City Attorney City Clerk Public Works Director Community Development Director Fire Marshal Police Chief Harbor Director Budget/Accounting Manager WRF Program Manager, Carollo Engineering
STAFF ABSENT:	Scott Collins	City Manager

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 6:00 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None

CLOSED SESSION REPORT – City Attorney Neumeyer stated no reportable action was taken by the City Council in accordance with the Brown Act.

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

https://youtu.be/a_icyjFrJOW?t=94

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

https://youtu.be/a_icyjFrJOW?t=1205

PRESENTATIONS – Erica Crawford, Morro Bay Chamber of Commerce, provided an update regarding the Saturday Farmers' Market which was recently discontinued.

https://youtu.be/a_icyjFrJOW?t=1316

PUBLIC COMMENT

https://youtu.be/a_icyjFrJOW?t=1943

Ginger DeNunzio, Sandprints Photography located at 870 Main Street, provided the business spot. Sandprints is celebrating 10 years in Morro Bay and specializes in family portraits with a majority of work done on location.

Diane Cogdal, Morro Bay, asked the City Council to replace the Surf Street staircase and improve the appearance of the Front Street parking lot.

Rigmor, Morro Bay, was dissatisfied with the removal of the Surf Street staircase and new fencing placed there.

Dawn Beattie, Morro Bay, spoke in support of Council Member Addis for her statements against gender-based harassment and agreed it was important to speak out against such behavior.

Jen Ford, Morro Bay, is an advocate for civil liberties including freedom of speech but draws the line at hate speech. She supported Council Member Addis and asked that City staff take all levels of harassment seriously.

John Weiss, Morro Bay resident and business owner, urged the Council to find a pipeline route that would have a lesser impact on Quintana businesses.

Malcolm, Morro Bay, spoke in support of medical and recreational cannabis use and urged the City to take a position against the oil pipeline.

David Nelson, Morro Bay, provided comments on the proposed water reclamation facility project.

Teddy Lovett, Morro Bay, spoke in support of Council Member Addis and thanked her for speaking out against gender-based harassment.

Linda Merrill, Morro Bay, agreed with those who spoke against gender-based harassment, encouraged the Council to move forward with the WRF project, and requested the Council review facility use fees to make it affordable for a community theater group.

Susan Stewart, Morro Bay resident and business owner, hoped the Chamber will find a new manager for the Saturday Farmers' Market. She understood safety concerns regarding the Surf Street staircase and noted the Morro Bay Historical Society will bring forward a proposed historical preservation ordinance.

Erica Crawford, Morro Bay Chamber of Commerce, announced several upcoming events and workshops.

Marcus Jackson, Morro Bay, thanked the Council for their service to the community and for daylighting comments directed to Council Member Addis.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA
https://youtu.be/a_jcyjFrJOw?t=4355

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion. The public will also be provided an opportunity to comment on consent agenda items.

A-1 APPROVAL OF MINUTES FOR THE JANUARY 8, 2019 CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE JANUARY 22, 2019 CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE JANUARY 24, 2019 CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 RECEIVE AND FILE CITY RESPONSE TO BETTY WINHOLTZ REGARDING ALLEGED BROWN ACT VIOLATION, AND PROVIDE COMMENT AS DEEMED APPROPRIATE; (CITY ATTORNEY)

RECOMMENDATION: Receive and file.

A-5 RESOLUTION NO. 11-19 APPROVING ADJUSTMENT TO LEASE SITE MAPS FOR LEASE SITES 113W, 122W AND 123W; (LEASE HOLDERS: R. FOWLER AND T. LEAGE); (PUBLIC WORKS)

RECOMMENDATION: City Council approve the adjustment to Lease Sites 113W, 122W and 123W by adopting Resolution No. 11-19.

A-6 ADOPTION OF RESOLUTION NO. 13-19 UPDATING THE CITY'S CONFLICT OF INTEREST CODE; (CITY CLERK)

RECOMMENDATION: City Council update the City's Conflict of Interest Code by adopting the proposed Resolution No. 13-19.

MOTION: Council Member McPherson moved for approval of all items on the Consent Agenda. The motion was seconded by Council Member Davis.

The public comment period for the Consent Agenda was opened.

Nancy Bast, Morro Bay, spoke regarding Item A-4, expressing concerns water/sewer funds might be used for efforts not exclusively for the water reclamation facility. She opposed the City paying for Carollo's travel expenses to Washington D.C.

The public comment period was closed.

Mayor Headding pulled Item A-4.

A-4 RECEIVE AND FILE CITY RESPONSE TO BETTY WINHOLTZ REGARDING ALLEGED BROWN ACT VIOLATION, AND PROVIDE COMMENT AS DEEMED APPROPRIATE; (CITY ATTORNEY)
https://youtu.be/a_icvjFrJOW?t=4355

City Attorney Neumeyer summarized points from the City's response to allegations of Brown Act violations submitted by Ms. Winholtz. Finance Director Callaway clarified the funding sources for those traveling to Washington D.C. for C-MANC and WRF project meetings.

Council Member McPherson withdrew her motion and Council Member Davis withdrew his second.

MOTION: Mayor Headding moved for approval of Item A-4. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

MOTION: Council Member McPherson moved for approval of the rest of the Consent agenda. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS - None

C. BUSINESS ITEMS

C-1 APPROVAL OF WATER RECLAMATION FACILITY PROJECT CONVEYANCE PIPELINE ALIGNMENT AND PUMP STATION STRATEGY; (PUBLIC WORKS)
https://youtu.be/a_icyjFrJOW?t=4355

WRF Program Manager Casares presented the report and, along with Public Works Director Livick, responded to Council inquiries.

Council Member Heller stated for the record his opposition to the project as currently planned and asked staff to clarify \$9.4 million contingency currently built into the project.

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

Barry Branin, Morro Bay, opposed the conveyance pipeline alignment along Quintana Road and suggested the project not move forward.

Dan Sedley, Morro Bay, requested the Council not take action on this item until the following questions were studied and resolved: location of existing piping below Quintana Street, potential impacts on Quintana businesses, impacts of a proposed lift station next to Lemos, and public participation during the consolidated permitting process.

Dale Kinder, Morro Bay property owner, encouraged work on Quintana to be done at night and to provide daily updates and information regarding road closures on AM/FM radio.

David Nelson, Morro Bay, read a letter submitted by Betty Winholtz listing several concerns about the proposed project and suggested funds be used to fix existing pipes.

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

MOTION: Council Member Heller moved the Council approve the west alignment piping for the WRF project contingent upon two things: 1) creation of a conceptual level traffic control plan to be part of the conceptual package that's to be delivered in March, and 2) earmark \$4 Million of the \$9.4 Million reserves to provide financial assistance to businesses along the piping route and to rectify sales tax losses to the City. The motion died for lack of a second.

MOTION: Council Member McPherson moved the Council approve staff's recommendation to proceed with the west conveyance pipeline alignment and use of the dual pump station option for the Water Reclamation Facility project. The motion was seconded by Council Member Addis.

Council Member Heller stated the City should be more responsive to needs of business community or acknowledge its own losses of sales tax revenue for a year or more and could not support the motion on the table.

The majority of Council expressed its concern about potential business impacts and the importance of minimizing and mitigating those impacts to the greatest extent possible. The importance of a written traffic plan and effective communication/outreach to businesses and schools (including Los Osos Middle School) was stressed with a single point of contact to address concerns during construction.

The motion carried 4-1 by roll call vote with Council Member Heller opposed.

Council took a brief recess at 8:38 p.m. The meeting reconvened at 8:48 p.m. with all members present.

C-2 PRESENTATION AND DISCUSSION OF THE FISCAL YEAR 2017/18 COMPREHENSIVE ANNUAL FINANCIAL REPORT; (FINANCE)
https://youtu.be/a_jcyjFrJOW?t=9429

Finance Director Callaway introduced Sandy Martin, Budget/Accounting Manager, and Kenneth Pun of The Pun Group, who presented the report.

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

No formal action was taken by the City Council.

C-3 DISCUSS AND PROVIDE DIRECTION ON RATE SETTING (COLLECTION, PENALTY AND INTEREST) FOR MORRO BAY COMMERCIAL CANNABIS TAX IN VOTER-APPROVED CHAPTER 3.70 (CANNABIS TAX) OF TITLE 3 OF THE MORRO BAY MUNICIPAL CODE; (CITY ATTORNEY)
https://youtu.be/a_jcyjFrJOW?t=12307

City Attorney Neumeyer provided the report and responded to Council inquiries.

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

Sean Donahoe, SLO Retail Group LLC, spoke in favor of the staff recommendation.

Nick Andre, Natural Healing Center, spoke in support of the staff recommendation.

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

There was Council support to bring back a resolution establishing cannabis tax rates recommended by the Council sub-committee, as follows:

1. Commercial cannabis operations tax set at 5% of proceeds
2. Penalty rate for late payment of taxes set at 25%
3. Interest rate for late payment of taxes set at 10% and affirm monthly on principle of unpaid tax.

C-4 ADOPT RESOLUTION NO. 12-19 ESTABLISHING THE CITY OF MORRO BAY COMMUNITY GRANTS POLICY; (FINANCE)
https://youtu.be/a_jcyjFrJOW?t=13704

Finance Director Callaway provided the report and responded to Council inquiries.

The public comment period for Item C-4 was opened; seeing none, the public comment period was closed.

MOTION: Council Member McPherson moved the Council send the proposed Community Grants Policy back to staff to make needed changes and then bring back to Council at subsequent meeting. The motion was seconded by Mayor Heading.

The Council requested the following items be changed or clarified:

- Must have a clear purpose statement.
- Establish criteria that is similar in terms of background information needed, what they do, and community benefit.
- Establish a process for holding the recipient accountable at the end – reporting back how funds were spent and how those activities benefit Morro Bay.
- The application and reporting mechanism should be simplified to fit smaller organizations with an application process that could also be used for TBID grants.
- Determine how the process will be advertised to community groups.

The Council agreed it was not necessary to approve the policy prior to the FY 19/20 budget process and that a placeholder could be established with allocations done at a later date.

The motion carried 5-0 by roll call vote.

MOTION: Council Member McPherson moved establishing the following purpose statement for the Community Grants Program, “It is discretionary money allocated to the City Council for making monetary grants to community non-profit organizations that provide a direct benefit to the city and/or provide social services to City of Morro Bay residents.” The motion was seconded by Council Member Davis.

AMENDED MOTION: Council Member Addis requested the motion be amended to remove the word “social.” Council Member McPherson accepted the friendly amendment. The amended motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

There was Council consensus the TBID Grant Policy should have the same reporting requirements.

C-5 HARBOR DEPARTMENT LEASE MANAGEMENT POLICY UPDATE; (HARBOR)
https://youtu.be/a_icyjFrJOW?t=13704

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

The public comment period for Item C-5 was opened; seeing none, the public comment period was closed.

Council feedback included the following comments:

- Item 6.C. Fair Market Rent is too prescriptive and should not be delineated by commercial, non-profits and government.
- Section 6.O. Financial Partnership Criteria and Financing - provide detail that encompasses some pro forma analysis.
- Consider establishing standards for lease extension (term) compared to work being done, taking public benefit amenities into consideration.
- Explore possibility of having a professional lease manager, rather than Harbor Department manage leases.

No formal action was taken by the City Council.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
https://youtu.be/a_icyjFrJOW?t=13704

Council Member Davis requested discussion of Barbara Spagnola’s recommendations for advisory board procedures for possible incorporation into the handbook, including establishing

clear expectations, appointment for specific terms, leaving positions vacant if applicants are not qualified, and considering appointment of alternates to limit need for recruitments when a member resigns. There was full Council support for this item.

Council Member Addis asked the Council to agendize a resolution opposing the Plains All American Pipeline project that requires trucking oil across Santa Barbara, San Luis Obispo and Kern County. There was full support to bring this item to the next meeting.

Mayor Headding requested review and tightening of the City's smoking ordinances in light of the recent report by the American Lung Association. There was full Council support for this item.

E. ADJOURNMENT

The meeting adjourned at 10:45 p.m.

Recorded by:

Dana Swanson
City Clerk