

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – APRIL 10, 2018
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-1
MEETING DATE: May 8, 2018

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| PRESENT: | Jamie Irons | Mayor |
| | Robert Davis | Council Member |
| | John Headding | Council Member (<i>arrived at 6:02 p.m.</i>) |
| | 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 |
| | Greg Allen | Police Chief |
| | Steve Knuckles | Fire Chief |
| | Eric Endersby | Harbor Director |

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:00 p.m., with all but Council Member Headding present. Council Member Headding joined the meeting at 6:02 p.m.

PLEDGE OF ALLEGIANCE
MOMENT OF SILENCE
RECOGNITION – None

CLOSED SESSION REPORT – City Attorney Pannone reported there were three items on the Closed Session Agenda and no reportable action was taken on two of those items. Regarding Initiation of Litigation, there was authorization and direction to bring action, as necessary, to recover damages the City received due to the condition the Off the Hook lease site was left in when her lease terminated by operation of law.

MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

https://youtu.be/l0u_UboGKB4?t=3m56s

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS - None

PRESENTATIONS

https://youtu.be/l0u_UboGKB4?t=12m51s

- Morro Bay High School Cinco de Mayo Scholarship Presentation
 - Maria Villalvazo, on behalf of the English Language Advisory Council (“ELAC”), invited the public to attend a Cinco de Mayo celebration and scholarship fundraiser on Friday, May 4, 2018 from 4:00 – 7:00 p.m. at Morro Bay High School.
- SLOCOG Bike to Work Day Presentation
 - Peter Williamson, SLOCOG Rideshare Coordinator, announced Bike to Work Day activities planned for Friday, May 18, 2018
- Sexual Assault Awareness Month Proclamation Presented to RISE
 - Jenny Baltes, RISE Client Advocate, and Brian Covarrubias, RISE Education Program Coordinator, accepted the proclamation and announced activities

planned during Sexual Assault Awareness Month. Visit www.walkamileslo.org for more information

PUBLIC COMMENT

https://youtu.be/I0u_UboGKB4?t=31m24s

Haley Green, lead mediator and founder of Open Gate Communication Center located at 325 Pacific Street, provided the business spot. She offers mediation and coaching services for families, co-parents, businesses, landlords/tenants and others who find themselves in difficult circumstances. For more information, visit www.opengatemediate.com.

Ed Griggs, Morro Bay resident speaking on behalf of Morro Bay Stakeholders, read a letter submitted to Mr. Pannone on March 27th inquiring about the 3300 Panorama project.

Aaron Ochs, Save Morro Bay, expressed concern about citizen oversight and the public process related to contracts, stating citizens want to have more dialogue on the water reclamation facility project.

Barry Branin, Morro Bay, stated a group of residents reviewed the WIFIA application and believe misstatements were made and should be corrected.

Eric Foor, Morro Bay, expressed concern regarding the cost of the proposed water reclamation facility and need to repair broken and misaligned sewer pipes. He invited residents to attend the next CAL workshop and organize to protest the bill hike.

Annie Pivarski, Morro Bay, asked if it is the Council's goal to annex the property surrounding the City for future development, justifying the cost of the proposed wastewater treatment plant. She also asked how staff arrived at the proposed amount for appeal fees.

Kerrigan Mahan, Morro Bay, asked why the City is continuing to pursue a \$150 Million sewer plant when it can be accomplished for \$50 Million.

Anne Marie Schnetzler, Morro Bay, requested the City give priority to City Council meeting minutes, as required by the municipal code. She also stressed the waste water treatment project would need community support and encouraged the Council to choose wisely.

Cynthia Hawley posed the following questions: Has the City bought the South Bay Blvd. site, has the Master Water Reclamation Plan been publicly adopted, has the Facility Master Plan been formally adopted, and when does the Council intend to apply for permits?

Mandy Davis, Morro Bay, expressed concern about increased appeal fees and pointed out the ability to appeal is part of democratic process. She also stated her opposition to ESHA designations provided to the Coastal Commission and requested the last set of maps be reinstated.

Marla Jo Bruton, Morro Bay, asked if there would be another opportunity to speak to the proposed revisions to the Council Policies & Procedures. She also suggested the WIFIA letter of intent sent by the City in April 2017 was misleading.

Steve Stevens, Morro Bay, asked the Council to state a threshold for a wastewater treatment plant that would be too expensive, a summary of what occurred on the trip to Washington D.C., and suggested inadequate information was provided on the WIFIA loan application.

David Nelson, Morro Bay, asked the Council to explore less expensive waste water treatment plant alternatives and expressed concern about cancelled committee meetings.

Betty Winholtz, Morro Bay, opposed the increased appeal fees in Item B-1 and suggested CPI increases be based on Los Angeles/Orange County. Regarding Item C-1, she believes its counter-productive to hire a corporation to do something a single person could do and hoped the Council would discuss the pros and cons.

Mark Hanson, Morro Bay, stated his opposition to the proposed water reclamation facility project and asked why the City is pursuing a project that is unaffordable.

The following individuals spoke to Item C-1:

Carolyn Brinkman, Morro Bay, expressed concern Carollo Engineering's working relationship with Mike Nunley and the City, may not provide fresh eyes committed to looking at less expensive alternatives.

Carole Truesdale, Morro Bay, suggested Carollo Engineering has a conflict of interest and asked the Council to reconsider the award of contract.

Debbie Highfill, Morro Bay, opposed the appeal fees in Item B-1, stating it would disrupt the democratic process.

The Council and staff responded to comments raised during public comment. Mr. Collins announced the WRF workshop to be held Wednesday, April 25th @ 6:30pm in the Veterans Hall.

The public comment period was closed.

A. CONSENT AGENDA
https://youtu.be/l0u_UboGKB4?t=1h34m13s

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 MARCH 21, 2018 CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE MARCH 28, 2018 CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF JOB DESCRIPTION AND SALARY SCHEDULE FOR ACCOUNT CLERK IN-TRAINING; (HUMAN RESOURCES/FINANCE)

RECOMMENDATION: Council review and approve the proposed Account Clerk In-Training job description and salary range.

A-4 APPROVAL OF PROCLAMATION DECLARING APRIL 2018 AS SEXUAL ASSAULT AWARENESS MONTH; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 APPROVAL OF PROCLAMATION DECLARING APRIL 2018 FAIR HOUSING MONTH; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-6 ADOPTION OF RESOLUTION NO. 15-18 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS PARK AND OPEN SPACE - LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

RECOMMENDATION: City Council adopt Resolution No. 15-18 ordering the preparation of an Engineer's Report detailing the expenses projected for Fiscal Year 2018-19 for the maintenance of the Cloisters Park and Open Space under the provisions of the "Landscaping and Lighting Act of 1972."

A-7 ADOPTION OF RESOLUTION NO. 16-18 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA - LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

RECOMMENDATION: City Council adopt Resolution No. 16-18 ordering the preparation of an Engineer's Report detailing the expenses projected for Fiscal Year 2018-19 for the maintenance of the North Point Natural Area under the provisions of the "Landscaping and Lighting Act of 1972."

A-8 APPROVAL OF AMENDMENT NO. 2 TO CITY'S CONTRACT WITH MIKE BRANNAGAN (TERRA SOLUTIONS) FOR CONSULTING SERVICES FOR ARCGIS SERVER SETUP AND MAINTENANCE AND FOR OVERALL GIS DATA MANAGEMENT; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Council authorize the City Manager to execute Amendment No. 2 to the agreement with Mike Brannagan (Terra Solutions), in the amount of \$15,000, for maintenance of the City's ArcGIS server and management of City Geographic Information System (GIS) data.

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

Council Member McPherson commented briefly on Item A-8, noting the additional work hours were needed for implementation of CityWorks.

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 AND ADOPTION OF RESOLUTION NO. 17-18, WHICH RESCINDS RESOLUTION 11-17 AND AMENDS AND ADOPTS THE COMPLETE FY 2018/19 MASTER FEE SCHEDULE AND CONSIDERATION TO RELEASE A REQUEST FOR PROPOSALS TO SEEK QUALIFIED FIRMS TO PERFORM A COMPREHENSIVE FEE STUDY AND COST ALLOCATION PLAN; (FINANCE)

https://youtu.be/l0u_UboGKB4?t=1h36m6s

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

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

Cynthia Hawley stated certain types of development can be appealed directly to the Coastal Commission rather than through local jurisdiction, thereby skipping the local appeal process.

Ted deMont, Morro Bay, opposed increased appeal fees and hoped the Council would not put the need for financial responsibility above the ability for public participation.

David Nelson, Morro Bay, requested the Council not increase appeal fees.

Tina Metzger, Morro Bay, stated the appeal process isn't being abused and requested fees not be increased.

The public comment period for item B-1 was closed.

Council Members agreed that, while consistent with established policy, the proposed increase to appeal fees might limit public participation. Following discussion of various approaches, it was determined appeal fees would remain at \$250 until the comprehensive fee study was complete, that it be refundable in the event the appellant prevails, and the Master Fee Schedule denote the cost recovery percentage, so it was clear that amount did not cover actual costs.

The Council also agreed dedication fees for trees, plaques and benches recover actual cost plus time and materials, rather than a fixed price.

Mayor Irons requested the Request for Proposals be revised to identify options for incentives in development impact fees. There was Council support for this addition.

MOTION: Council Member Davis moved appeal fees be set at \$250 in this Master Fee Schedule and shall be refundable if appellant prevails, and that the Master Fee Schedule denote what percentage of recovery that amount is. The motion was seconded by Council Member Makowetski for discussion.

Council Member Heading suggested benchmark data from other cities indicates appeal fees are higher than \$250 and supported about 40% of cost or \$400 for both. Council Member McPherson recognized that was an alternative, or something in the middle, perhaps setting both at \$300. She also commented the difference being discussed was not significant. Council Member Heading agreed and retracted his statement.

The motion carried unanimously, 5-0.

MOTION: Council Member Heading moved for adoption of Resolution No. 17-18 which rescinds Resolution No. 11-17 and amends and adopts the complete Fiscal Year 2018/19 Master Fee Schedule, with the appeal fees amended as stated, and tree and plaque/bench fees as amended. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

MOTION: Council Member Heading moved the Council release the Request for Proposals to seek qualified firms to perform a Comprehensive Fee Study, Cost Allocation Plan and Development Impact Fee study, with the language as agreed upon during discussion added. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

The Council took a brief recess at 8:43 p.m. the meeting reconvened at 8:51 p.m. with all members present.

C. BUSINESS ITEMS

C-1 AWARD OF CONTRACT FOR PROFESSIONAL SERVICES: PROGRAM MANAGEMENT FOR THE MORRO BAY WATER RECLAMATION FACILITY PROJECT TO CAROLLO ENGINEERS; (CITY MANAGER/PUBLIC WORKS)

https://youtu.be/I0u_UboGKB4?t=2h44m42s

City Manager Collins presented the report and responded to Council inquiries.

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

Bart Beckman, Morro Bay, opposed the selection of Carollo Engineering, asked if there was incentive for Carollo to look for cost savings in the project, and was concerned the staff report implied Jeff Heller and WRFCAC supported the selection.

David Nelson, Morro Bay, asked to be on record as being against the selection of Carollo Engineering.

Paul Donnelly, Morro Bay resident and member of WRFCAC subcommittee, noted he was speaking individually, not behalf of WRFCAC. The WRFCAC subcommittee was asked individually to give their recommendation and he recommended John Hollenbeck.

Homer Alexander, Morro Bay, spoke in support of awarding the Program Management contract to Carollo Engineers, noting there could be projects savings because of this change.

Tina Metzger, Morro Bay, opposed the selection of Carollo Engineering and expressed concern the RFQ process eliminated cost-effective construction companies.

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

Mr. Collins clarified Jeff Heller was involved in the effort and WRFCAC subcommittee members provided input, but he didn't mean to imply there was support, just that he appreciated their time and input.

Council Member McPherson had the opportunity to sit in on the interviews and was confident Carollo Engineering has the experience, technical expertise and breadth of knowledge needed at this critical juncture, and that they will work to help define cost savings in the project. Mr. Hollenbeck would have been a fine project lead but admitted he did not have the necessary technical background in wastewater treatment and recycling. She supported moving forward as recommended by staff.

Mayor Irons stated Mr. Hollenbeck likely was the best choice to manage the build, but Carollo was very experienced on the wastewater side and offered solutions to reduce scope and identified permitting challenges. He supported Carollo as the project management team.

Council Member Makowetski stated the City is at a juncture point with the project and the City is focused on trying to save money and streamline the process. He agreed a group of people, like Carollo, seemed to be most able to intertwine the various project management needs. He agreed with what has been said but wanted to validate different opinions and note concerns are being acknowledged and addressed.

Council Member Davis read the following statement into the record:

“The folks who formed the Citizens for Affordable Living have provided great service to the City. They have brought us questions, objections, proposals—all designed to improve the project. And the City has spent significant time and money responding to those proposals and that’s good, because that’s what we are supposed to do.

- We paused during site selection to choose a site that did not offend any of our neighbors.
- When community members asked to have a group of outside experts look at the project, we paused for a peer review, and that was performed by a panel of licensed, registered engineers who had all recently completed water treatment facilities.
- When community members asked us to see about joining Cayucos, I met with Robert Enns and Rick Koon and found out that we could not build a joint project because of their funding limitations.
- When community members asked us to build a site next to the Cayucos project, we investigated and found out that the distance to their site was too great to make that project economically feasible.
- When community members asked us to hire Frank Cunningham as the project manager, I called Frank and found out he wasn’t interested and that nobody had even talked to him about it.
- When community members asked us to revisit building the plant in its current location, we paused, we asked the Coastal Commission staff one more time to reconsider the application that the Commission denied in 2013, and we received no encouragement from staff.
- When community members said we could not proceed in designing the project without knowing the true cost of the plant, we issued an RFP to get a guaranteed maximum price.
- When community members said that the RFP excluded alternative low-cost solutions for water treatment, we added a paragraph that specifically invited and requested cheaper alternative solutions that would still meet community goals.
- When community members said that we were excluding PERC Water Systems from bidding, I personally called Steve Owen and asked him to submit a bid, and I believe other Council Members talked to Steve as well.
- When community members asked for a program manager to act as the owner’s agent, we worked with a member of CAL to get help with hiring and tonight we will probably hire a manager who meets the specifications that CAL helped us to develop.

I feel confident that we have conducted our activities with due diligence and that we welcome outside ideas. We have actively looked for alternative solutions and we will continue to do that.

We have support and encouragement from the EPA, from the Water Quality Control Board, from the Coastal Commission, from Public Works directors throughout the County who have all recently built similar projects and, I believe, the community at large.

I think that we, City staff and consultants, are on the right track, we have been on the right track all along, and that we will continue on the right track – and we will remain open to public input and alternative ideas.” Council Member Davis closed by stating his support for award of contract to Carollo Engineering.

Council Member Heading appreciated Mr. Collins’ efforts to gather community input, examine capabilities and limitations, cost, technical components and critical evaluation of the existing project team. He agreed Carollo Engineering had the depth of information and ability to produce the best and most cost-effective project.

Mayor Irons stated he reviewed the February 2013 JPA meeting video following the Coastal Commission's decision to deny the former project, and public comment at that time was overwhelmingly in favor of moving the project. The other important issue was water recycling and, while he understands cost is an important part of the discussion, water resiliency and sustainability is a necessary part of the project.

MOTION: Council Member Davis moved the staff recommendation to award a four-year and eight-month contract to Carollo Engineers, as the most qualified respondent to the request for proposal for Program Management services for the City's Water Reclamation Facility project, in the initial amount of \$292,000 to cover services through the end of 2018; and to authorize the City Manager to execute the agreement with Carollo Engineers, in a form approved by the City Attorney; and to provide direction to staff to precisely define the level of effort and budget required for FY 18/19 and include that amount in the Capital Projects section of the City's annual budget along with other fiscal needs of the project as you bring that budget forward. The motion was seconded by Council Member McPherson

Council Member Headding commented he looks forward to reviewing the Carrollo integration plan to inform future needs and transition for technical consultants.

The motion carried unanimously, 5-0.

C-2 PRESENTATION AND DISCUSSION OF THE FISCAL YEAR 2016/17 COMPREHENSIVE ANNUAL FINANCIAL REPORT; (FINANCE)
https://youtu.be/I0u_UboGKB4?t=4h1m40s

Finance Director Callaway introduced Kenneth Pun of The Pun Group who presented the financial report and responded to Council inquiries.

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

The Council appreciated the report and input provided by the Citizens Finance Advisory Committee. The Council also expressed confidence the issues identified were being addressed by current Finance staff.

No formal action was taken by the City Council.

C-3 RECEIPT OF SECOND QUARTER INVESTMENT REPORT (OCTOBER THROUGH DECEMBER 2017) FOR FISCAL YEAR 2017/18 AND APPROVAL OF THE RECOMMENDED LIQUIDITY RATIO; (FINANCE)
https://youtu.be/I0u_UboGKB4?t=4h33m20s

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

The public comment period for Item C-3 was opened; seeing none, the public comment period was closed.

MOTION: Council Member Headding moved the Council approve the staff recommended liquidity ratio of 65-70% of the City's total investment portfolio and receive the 2nd quarter investment report for Fiscal Year 2017/18. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

https://youtu.be/l0u_UboGKB4?t=4h38m40s

None

ADJOURNMENT

The meeting adjourned at 10:45 p.m. The next Regular Meeting will be held on Tuesday, April 24, 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

