

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – MAY 14, 2019  
VETERAN'S MEMORIAL HALL – 5:30 P.M.

AGENDA NO: A-2  
MEETING DATE: June 11, 2019

PRESENT:	John Headding Dawn Addis Robert Davis Marlys McPherson	Mayor Council Member Council Member Council Member
ABSENT:	Jeff Heller	Council Member
STAFF:	Scott Collins Chris Neumeyer Dana Swanson Jennifer Callaway Rob Livick Scot Graham Jody Cox Steve Knuckles Eric Endersby	City Manager City Attorney City Clerk Finance Director Public Works Director Community Development Director Police Chief Fire Chief Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 p.m., with all but Council Member Heller 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 during Closed Session.

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/8lkFPKre7JA?t=82>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/upOp-3zQ3pA?t=303>

PRESENTATIONS

- Hunger Awareness Day Proclamation Presented to Andrea Keisler, Director of Programs for the Food Bank Coalition of San Luis Obispo County  
<https://youtu.be/upOp-3zQ3pA?t=303>

PUBLIC COMMENT PERIOD

<https://youtu.be/upOp-3zQ3pA?t=764>

Certified Massage Therapist, Lynsey Hansen, provided the business spot. She has eight years' experience and has been at her current Morro Bay location at 645 Main Street, Suite F, since December 2018. She offers both in-office and mobile massage services. For more information, call (805) 801-4958 -- online booking is also available at [www.lynseyhansen.massagetherapy.com](http://www.lynseyhansen.massagetherapy.com).

Del Mar Elementary Student Council representatives, Tyler Hixon, Emily Biddles and Ava Katen, announced upcoming events.

Sandy Potter, Del Mar Elementary School Counselor, thanked the students, teachers and parents for their participation, and announced Del Mar Elementary School Principal, Janet Gould, was named District Administrator of the Year.

Mimi Goldberg, Morro Bay, asked the City to provide trash cans at the rock.

A Morro Bay Beautiful Board Member offered potential solutions to prevent overflowing trash from blowing away and spoke in opposition to Item C-1.

Mayor Headding closed public comment.

The Council asked staff to respond to issues raised during public comment.

A. CONSENT AGENDA  
<https://youtu.be/upOp-3zQ3pA?t=2017>

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 APRIL 9, 2019, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE APRIL 23, 2019, CITY COUNCIL SPECIAL  
CLOSED SESSION MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF MINUTES FOR THE APRIL 23, 2019, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-4 ADOPTION OF RESOLUTION NO. 29-19 APPROVING THE FISCAL YEAR 2019/20  
BUSINESS TAX SCHEDULE; (FINANCE)

**RECOMMENDATION: Council review the Business Tax Schedule and adopt Resolution No. 29-19, setting the Fiscal Year 2019/20 Business Tax Schedule.**

A-5 SET RATES (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 THROUGH APPROVAL OF  
RESOLUTION NO. 30-19; (CITY ATTORNEY)

**RECOMMENDATION: Council approve Resolution No. 30-19 to set rates (collection, penalty and interest) for the Morro Bay commercial cannabis tax.**

A-6 ADOPTION OF RESOLUTION NO. 31-19, WHICH RESCINDS RESOLUTION 37-18  
AND EXTENDS THE ADOPTED FY 2018/19 MASTER FEE SCHEDULE INTO FY  
2019/20 UNTIL THE FEE STUDY IS COMPLETE AND PRESENTED TO COUNCIL;  
(FINANCE)

**RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 31-19, which extends the adopted Fiscal Year (FY) 2018/19 Master Fee Schedule until the pending Fee Study is complete and presented to Council. That Resolution will also rescind Resolution No. 37-18 that adopted the current FY 2018/19 Master Fee Schedule and replaces it in its entirety.**

- A-7 ADOPTION OF RESOLUTION NO. 32-19 APPROVING AMENDMENT #1 TO THE NEW MASTER LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND FLYING DUTCHMAN ENTERPRISES (STAN VAN BEURDEN) FOR LEASE SITE 96/96W, LOCATED AT 945 EMBARCADERO; (HARBOR)

**RECOMMENDATION: City Council adopt Resolution No. 32-19, approving Amendment #1 to the new Master Lease Agreement (“MLA”) for Lease Site 96/96W, as proposed.**

- A-8 PROCLAMATION DECLARING JUNE 7, 2019 AS “HUNGER AWARENESS DAY”; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

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

Council Member Davis pulled Items A-4 and A-6.

MOTION: Council Member McPherson moved for approval of Items A-1, A-2, A-3, A-5, A-7 and A-8. The motion was seconded by Council Member Davis and carried 4-0-1 by roll call vote with Council Member Heller absent.

- A-4 ADOPTION OF RESOLUTION NO. 29-19 APPROVING THE FISCAL YEAR 2019/20 BUSINESS TAX SCHEDULE; (FINANCE)

- A-6 ADOPTION OF RESOLUTION NO. 31-19, WHICH RESCINDS RESOLUTION 37-18 AND EXTENDS THE ADOPTED FY 2018/19 MASTER FEE SCHEDULE INTO FY 2019/20 UNTIL THE FEE STUDY IS COMPLETE AND PRESENTED TO COUNCIL; (FINANCE)

<https://youtu.be/upOp-3zQ3pA?t=2017>

Council Member Davis asked why two different CPI indexes were used in the Business Tax Schedule and Master Fee Schedule. Finance Director Callaway noted both indexes fluctuate and one is not always higher than the other. While the index used for the Master Fee Schedule could be changed by resolution, the index used to adjust Business Tax rates requires an ordinance change. She also shared using two different indexes does not raise issues for staff.

MOTION: Council Member Davis moved for approval of Items A-4 and A-6. The motion was seconded by Council Member McPherson and carried 4-0-1 with Council Member Heller absent.

## B. PUBLIC HEARINGS

- B-1 ADOPTION OF RESOLUTION NO. 28-19 APPROVING CONCEPT/PRECISE PLAN CONDITIONAL USE PERMIT NO. CUP18-10 FOR US COAST GUARD STATION BUILDING, 1279 EMBARCADERO. (PROJECT INCLUDES 806SF ADDITION TO EXISTING US COAST GUARD BUILDING ON CITY LEASE SITE 141); (COMMUNITY DEVELOPMENT)

<https://youtu.be/upOp-3zQ3pA?t=2275>

Senior Planner Jacinth presented the staff report and responded to Council inquiries.

Mayor Heading opened the Public Hearing and invited the applicant to speak.

Lieutenant Commander Jared England, United States Coast Guard, explained project timeline constraints based on funding and responded to Council inquiries regarding berthing space for female crew members. He also acknowledged the importance of addressing traffic flow and parking during construction.

Mayor Heading opened Public Comment.

Bob Keller, Morro Bay, supports and recommends Council adopt the resolution.

Gerry Luhr, Morro Bay Planning Commissioner, explained the Planning Commission did not want to encumber project to slow the timeline but wanted to earmark funds for a high speed electric vehicle (EV) charging station, which it deemed a critical need for Morro Bay. He added there are no fast charging stations between San Luis Obispo and Monterey and that the Planning Commission voted 5-0 to support this item.

The Public Hearing was closed.

Staff suggested there may be other funding sources for an EV charging station and that could be discussed as part of the budget process.

**MOTION:** Council Member Addis moved the Council adopt Resolution No. 28-19, making the necessary findings for approval of Conditional Use Permit (CUP) No. 18-10 as Concept/Precise Plan approval, for Lease Site 141, located at 1279 Embarcadero and that staff report back to Council in the form of an informational report on the efforts to hire women on Coast Guard at least annually starting after the building construction is complete and through the end of the lease. The motion was seconded by Council Member McPherson for discussion.

**AMENDED MOTION:** Council Member McPherson suggested the motion be amended to read, “efforts to assign women”, rather than “efforts to hire women.” Council Member Addis agreed with the amended motion.

Council Member Davis and Mayor Heading disclosed ex parte conversations with Mark Tognazzini and spoke to the importance of keeping a through lane open during construction at all times (except during material drop off), and to have a single point of contact for local business owners to bring their concerns. Staff assured the Council that would be a project requirement.

The motion carried 4-0-1 with Council Member Heller absent.

**C. BUSINESS ITEMS**

**C-1 REVIEW AND APPROVAL OF BASIS OF DESIGN REPORT (BODR), POTENTIAL CHANGE ORDERS (PCO), AND INCREASE OF THE GUARANTEED MAXIMUM PRICE (GMP) FOR THE WATER RECLAMATION FACILITY; (PUBLIC WORKS)**  
<https://youtu.be/upOp-3zQ3pA?t=4600>

Public Works Director Livick clarified the staff recommendation to authorize the City Manager to approve future change orders would be up to a maximum of \$125,000 in total, not \$125,000 per change order. .

Program Manager Casares presented the report and responded to Council inquiries.

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

Barry Branin, Morro Bay, suggested more review was needed before the report was approved and asked for clarification regarding status of the WIFIA loan.

Lori Lewis, Morro Bay, asked questions and suggested the Council postpone approval of the report to allow time for further review.

Dan Sedley, Morro Bay, suggested Council approval be delayed pending further review by WRFCAC.

Bob Keller, Morro Bay, expressed concern about the change orders and reminded staff to seek additional funding and keep costs down.

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

**MOTION:** Council Member Addis moved the Council approve the Draft Basis of Design Report and approve the potential change orders for the Water Reclamation Facility that increases the Guaranteed Maximum Price for the construction of the WRF from \$67,243,512 to \$69,102,419; and that we authorize the City Manager to approve future changes to the GMP up to approximately 2% of the GMP as a maximum of \$125,000 that will be reported to Council in the regular updates; and that we authorize the City Attorney to prepare and the City Manager to sign an amendment to the design build agreement of the WRF for the DB Agreement to memorialize items 2 and 3 above. The motion was seconded by Council Member McPherson.

The Mayor and staff responded to questions raised during public comment and provided a status update on WIFIA and SRF funding opportunities.

**AMENDED MOTION:** Council Member McPherson requested the motion be amended to authorize the City Manager to approve future changes to the GMP up to a maximum of \$125,000, "when speed is of the essence." Council Member Addis agreed to amend the motion as requested.

The City Clerk requested clarification the motion was to authorize up to .2%, of the GMP, not 2% for City Manager approval.

The motion carried 4-0-1 by roll call vote with Council Member Heller absent.

The Council took a brief recess at 8:12 p.m. The meeting reconvened at 8:20 p.m. with all but Council Member Heller present.

C-2 CITY COUNCIL GOALS AND WORK PLAN FOR 2019 AND 2020; (CITY MANAGER)  
<https://youtu.be/upOp-3zQ3pA?t=9702>

City Manager Collins presented the 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 discussed and agreed on the following changes and additions:

Goal #1

New Item 13: Complete a detailed review of the CalPERS pension liability / OPEB and health liability and determine specific actions to minimize the financial impact to the City.

Goal #2

Modify Item 3: Complete and bring to Council a Parking Management Plan to address parking issues in the downtown and waterfront areas.

Modify Item 4: HAB to pursue grants for an RFP for marine services facility ("boatyard") feasibility study and bring forward to Council for next steps.

New Item 6: Implement approved CIP's

Goal #3

Modify Item 2 to incorporate Tourism staff in the partnership policy discussion as grant funds are often used for City facility fees.

MOTION: Council Member McPherson moved the Council adopt the 2019 and 2020 City Goals and Work Plan, as amended by the Mayor. The motion was seconded by Council Member Addis and carried 4-0-1 by roll call vote with Council Member Heller absent.

C-3 ADOPTION OF RESOLUTION NO. 33-19 APPROVING THE ENGINEER'S REPORT AND DECLARING THE INTENT TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

<https://youtu.be/upOp-3zQ3pA?t=13541>

Public Works Director Livick presented the report and responded to Council inquiries.

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

Dawn Beattie, Morro Bay, shared her appreciation for staff resources dedicated to the Cloisters Assessment District and suggested when the assessment by the property owners becomes insufficient, the City should put some skin in the game.

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

MOTION: Council Member Davis moved the Council adopt Resolution No. 33-19 declaring the intent to levy the annual assessment for the maintenance of the Cloisters Park and Open Space for fiscal year 2019/20 and approving the Engineer's Report. The motion was seconded by Council Member McPherson and carried 4-0-1 with Council Member Heller absent.

C-4 ADOPTION OF RESOLUTION NO. 34-19 APPROVING THE ENGINEER'S REPORT AND DECLARING THE INTENT TO LEVY THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)

<https://youtu.be/upOp-3zQ3pA?t=13948>

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

MOTION: Council Member Davis moved the Council adopt Resolution No. 34-19 approving the Engineer's Report and declaring the intent to levy the annual assessment for maintenance of the North Point Natural Area. The motion was seconded by Council Member Addis and carried 4-0-1 by roll call vote with Council Member Heller absent.

C-5 ADOPTION OF ORDINANCE NO. 622 AUTHORIZING AN AMENDMENT TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM CONTRACT TO IMPLEMENT COST SHARING AND ADOPTION OF RESOLUTION NO. 35-19 APPROVING A 1% SALARY INCREASE FOR LOCAL POLICE MEMBERS IN THE MORRO BAY PEACE OFFICERS ASSOCIATION; (ADMINISTRATION)  
<https://youtu.be/upOp-3zQ3pA?t=14153>

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

MOTION: Council Member Davis moved the Council adopt by title only, with further reading waived, Ordinance No. 622 Authorizing an Amendment to the Contract between the City of Morro Bay and the Board of Administration of the California Public Employees' Retirement System Implementing Section 20516 to provide employee cost sharing of 1% for local police members in the Morro Bay Peace Officers Association (MB POA) for Fiscal Year 2018/19 and authorize the Mayor to execute the contract amendment; and, adopt Resolution No. 35-19 approving a 1% salary increase for those affected employees as agreed in the Successor Memorandum of Understanding with the MB POA for the period July 1, 2018 – June 30, 2020, effective June 15, 2019. The motion was seconded by Council Member McPherson and carried 4-0-1 with Council Member Heller absent.

C-6 OPTIONS TO ENHANCE COMMUNICATION AND ENGAGEMENT WITH THE COMMUNITY; (CITY MANAGER)

Mayor Headding requested the Council consider continuing this item to the next meeting as Council Member Heller, who requested the item, was unable to attend tonight's meeting. There was full support to continue this item to the next Council Meeting.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
None

E. ADJOURNMENT

The meeting adjourned at 9:39 p.m.

Recorded by:

Dana Swanson  
City Clerk