

MINUTES - MORRO BAY CITY COUNCIL
CLOSED SESSION – AUGUST 25, 2008
CITY HALL CONFERENCE ROOM - 5:00 P.M.

Mayor Peters called the meeting to order at 5:00 p.m.

PRESENT:	Janice Peters	Mayor
	Melody DeMeritt	Councilmember
	Rick Grantham	Councilmember
	William Peirce	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney

CLOSED SESSION

MOTION: Councilmember Winholtz moved the meeting be adjourned to Closed Session. The motion was seconded by Councilmember Grantham and unanimously carried. (5-0)

Mayor Peters read the Closed Session Statement.

CS-1 **GOVERNMENT CODE SECTION 54956.8; REAL PROPERTY TRANSACTIONS:** Instructing City's real property negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease of real property as to two (2) parcels.

- Property: Embarcadero/Market.
Negotiating Parties: Potential Buyers and City of Morro Bay.
Negotiations: Voluntary Purchase and Sale.
- Property: Navy Fuel Depot Property along Panorama Drive
Negotiating Parties: US Government and City of Morro Bay.
Negotiations: Voluntary Purchase and Sale.

CS-2 **GOVERNMENT CODE SECTION 54957.6; CONFERENCE WITH LABOR NEGOTIATOR.** Conference with City Manager, the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to the City Employees and giving instructions to the Designated Representative.

The meeting adjourned to Closed Session at 5:00 p.m. and returned to regular session at 5:55 p.m.

MOTION: Councilmember Peirce moved the meeting be adjourned. The motion was seconded by Councilmember Grantham and unanimously carried. (5-0)

The meeting adjourned at 5:55 p.m.

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VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Peters called the meeting to order at 6:00 p.m.

PRESENT:	Janice Peters	Mayor
	Melody DeMeritt	Councilmember
	Rick Grantham	Councilmember
	William Peirce	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Bridgett Bauer	City Clerk
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	Tim Olivas	Police Commander
	Mike Pond	Fire Chief
	Mike Prater	Planning Manager
	Susan Slayton	Finance Director
	Dylan Wade	Utilities/Capital Projects Manager
	Joe Woods	Acting Recreation & Parks Director

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

MAYOR'S REPORTS & ANNOUNCEMENTS

CLOSED SESSION REPORT - City Attorney Robert Schultz reported the City Council met in Closed Session, and no reportable action under the Brown Act was taken.

PUBLIC COMMENT

Marla Jo Bruton addressed Item D-1 (Update on the Morro Basin Nitrate Study) stating she and Richard Sadowski questions the analysis made by Cleath & Associates regarding the source of the nitrate contamination in the Morro Basin. She submitted a copy of a presentation made to the Public Works Advisory Board on the Morro Basin Nitrate Study, and a letter to the California Regional Water Quality Control Board dated July 7, 2008 for the record (on file in the City Clerk's office).

Joan Carter stated she is a volunteer at Pacific Wildlife Care and found a pelican on the bait dock that was tied up in fishing line and died from shock of the trauma. She said the City should be responsible for being a bird sanctuary and posting signs to properly dispose of fishing line and do not feed the animals.

Claire Grantham announced raffle tickets are being sold at \$100 each to benefit the Friends of the Fire Department, Friends of the Police Department and Rotary Club. She said the grand prize is a new Prius or \$18,000 cash; second prize is \$3,000 and third prize is \$1,500. Ms. Grantham stated the raffle would be held at the Harbor Festival.

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David Nelson stated there would be an alternative energy development seminar in Oregon regarding alternative approaches to power plants, and he would hope someone from staff would attend. He also said the City needs to repair the entrance to the City.

Cathy Novak announced the Central Coast Natural History Association would be hosting its first “One-Eyed Skunk” golf tournament on October 18th and requested participation or sponsorship.

Noah Smukler stated a Rainwater Harvesting workshop would be held on September 2nd, which will discuss ways of turning water scarcity into water abundance.

Roger Ewing stated he attended the Chamber of Commerce Mixer at the Library on Wednesday, August 6th, and the Garden Day event on Saturday, August 9th both of which were wonderful events. He also reminded the City that discussions on the library lease with the County are forthcoming.

Mayor Peters closed the hearing for public comment.

DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Winholtz requested to agendize a discussion on signage to be located at the Harbor Department regarding no feeding of animals and proper disposal of fishing line; Councilmember DeMeritt and Mayor Peters concurred.

Mayor Peters requested to agendize the reconsideration of the Palm Avenue right-of-way walkway; Councilmember Grantham and Councilmember Peirce concurred.

A. CONSENT CALENDAR

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 REGULAR CITY COUNCIL MEETING
OF AUGUST 11, 2008; (ADMINISTRATION)

RECOMMENDATION: This item has been pulled from the agenda.

A-2 ANNUAL REVIEW OF MASTER FEE SCHEDULE; (FINANCE)

RECOMMENDATION: Accept the Master Fee Schedule as amended.

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- A-3 DISCUSSION ON COST ALLOCATION PLAN UPDATE PROPOSAL FROM REVENUE AND COST SPECIALISTS; (FINANCE)

RECOMMENDATION: Approve the proposal, and direct staff to enter into a service contract.

- A-4 RESOLUTION NO. 54-08 OPPOSING FISCALLY IRRESPONSIBLE STATE BUDGET DECISIONS THAT WOULD “BORROW” LOCAL GOVERNMENT, REDEVELOPMENT AND TRANSPORTATION FUNDS; (COUNCIL)

RECOMMENDATION: Adopt Resolution No. 54-08.

- A-5 APPROVAL OF LETTER OF SUPPORT FOR THE COMMERCIAL AIR SERVICE AT THE SAN LUIS OBISPO COUNTY REGIONAL AIRPORT; (COUNCIL)

RECOMMENDATION: Approve sending letter of support to the San Luis Obispo County Air Transportation Alliance

Councilmember Winholtz pulled Items A-2 and A-3 from the Consent Calendar; Mayor Peters pulled Item A-4.

MOTION: Councilmember DeMeritt moved the City Council approve Item A-5 of the Consent Calendar. The motion was seconded by Councilmember Peirce and carried unanimously. (5-0)

- A-2 ANNUAL REVIEW OF MASTER FEE SCHEDULE; (FINANCE)

Councilmember Winholtz suggested the following amendments to the Master Fee Schedule: A) Public Services – Tree Removal: include “Private” Tree Removal; B) Condominium Conversion Inspection: include Condominium Conversion “Site” Inspection; and C) Appeals of City decisions excluding Coastal Permits in Coastal Appeal Jurisdiction – should be listed as a flat fee of \$250.00.

MOTION: Councilmember DeMeritt moved the City Council approve Item A-2 of the Consent Calendar as amended. The motion was seconded by Councilmember Winholtz and carried unanimously. (5-0)

- A-3 DISCUSSION ON COST ALLOCATION PLAN UPDATE PROPOSAL FROM REVENUE AND COST SPECIALISTS; (FINANCE)

Councilmember Winholtz asked for staff clarification regarding the City preparing its own service cost study.

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Finance Director Susan Slayton responded the City does not have the tools to prepare the initial cost study at this time.

MOTION: Councilmember Winholtz moved the City Council approve Item A-3 of the Consent Calendar. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

A-4 RESOLUTION NO. 54-08 OPPOSING FISCALLY IRRESPONSIBLE STATE BUDGET DECISIONS THAT WOULD “BORROW” LOCAL GOVERNMENT, REDEVELOPMENT AND TRANSPORTATION FUNDS; (COUNCIL)

Mayor Peters addressed this Resolution for public information.

MOTION: Mayor Peters moved the City Council approve Item A-4 of the Consent Calendar. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

Mayor Peters called for a break at 7:00 p.m.; the meeting resumed at 7:07 p.m.

B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 CONCEPT PLAN APPROVAL FOR A CONDITIONAL USE PERMIT FOR THE TEMPORARY HARBOR OFFICE REPLACEMENT PROJECT; (PUBLIC SERVICES)

Planning Manager Mike Prater stated the Harbor Department is proposing to replace the existing Harbor office with a new modular building that will continue to serve the City employees. This project requires the removal/demolition of the existing 966 square foot structure that is 50+ years old and shows signs of wear. It has been found the existing structure contains asbestos, lead paint and mold. The Harbor Department employees have been operating out of the current facility since the 1980's and are running out of room to effectively and efficiently continue City business. The Planning Commission held a public hearing on May 19, 2008 to discuss this project and made a recommendation to the City Council to approve the replacement of the Harbor office with the recommendation that the maximum height of the building not exceed 14-feet. The Planning Commission expressed concern with the aesthetics of the building and felt it should be industrial in nature; that the new building is not attractive and looks almost the same as the existing building from the 1950's, and the project lacks sidewalk access. Mr. Prater recommended the City Council conditionally approve this project.

Mayor Peters opened the hearing for public comment.

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Roger Ewing expressed support for this project, and said the Harbor Department would function better with a building that creates a more peaceful environment.

Mayor Peters closed the public comment hearing.

Councilmember Grantham stated he supports the proposed temporary office replacement project.

Councilmember DeMeritt stated she would like a restriction in height added to the conditions of the proposed building; otherwise she supports this project.

Councilmember Peirce stated he is supportive of the proposed temporary building; however, he is not ready to place height or size restrictions at this time.

Councilmember Winholtz stated she would like the height to be restricted to 14-feet. She said she would like a sidewalk and some nautical theme added to the building conditions.

Mayor Peters stated she supports the replacement of the present building.

MOTION: Councilmember DeMeritt moved the City Council approve the Concept Plan for a Conditional Use Permit for the temporary Harbor Office Replacement Project including a condition for a 14-foot height limit and adding another condition that the lot shall be restricted to any future second story of 50% volume of the first floor. The motion was seconded by Councilmember Winholtz.

Councilmember Winholtz stated she could support the motion if the percentage of volume was higher.

VOTE: The motion failed with Councilmember Grantham, Councilmember Peirce, Councilmember Winholtz and Mayor Peters voting no. (1-4)

MOTION: Councilmember Grantham moved the City Council approve the Concept Plan for a Conditional Use Permit for the temporary Harbor Office Replacement Project with the condition that it does not exceed a 14-foot maximum height limit. The motion was seconded by Councilmember Peirce.

Councilmember Peirce asked if the 14-foot height limit was going to be a problem with the modular structure company.

Mr. Prater responded the company would need the additional 8-inches to get the pitch of the roof.

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Councilmember Peirce withdrew his second to the motion.

The motion was seconded by Councilmember Winholtz.

Councilmember Peirce stated the cost is going to go up if the manufactured building becomes a custom building.

Councilmember Grantham amended his motion that the modular building will be no higher than 14 feet if possible at no additional cost; Councilmember Winholtz accepted the amendment to her second.

VOTE: The motion carried unanimously. (5-0)

Mayor Peters called for a break at 8:06 p.m.; the meeting resumed at 8:14 p.m.

C. UNFINISHED BUSINESS

C-1 DISCUSSION ON THE STATUS OF THE SALE OF CITY-OWNED PROPERTY AT THE SEC OF CORAL AND SAN JACINTO AND AUTHORIZATION FOR STAFF TO PREPARE AND SOLICIT A REQUEST FOR PROPOSALS FOR REAL ESTATE CONTRACT SERVICES TO ASSIST IN THE SALE OF THE PROPERTY; (CITY ATTORNEY)

City Attorney Robert Schultz stated the City obtained ownership of the property at SEC Coral/San Jacinto Street in September 1996. At the time of the dedication, the property was a possible site for an additional fire station. In 2005, the City Council determined that alternative sites were better suited for a fire station. Therefore, pursuant to Resolution No. 30-05, the City Council authorized the sale of the City-owned property and received a few unacceptable bids for the property. In 2006, the City Council decided to subdivide the property to maximize its value. Mr. Schultz stated due to the lack of interest in the property, he recommends the City Council direct staff to prepare and solicit a Request for Proposals for real estate contract services with the intent that a real estate company can assist the City in finding a buyer for this property at an acceptable price.

MOTION: Councilmember Grantham moved the City Council authorize staff to prepare and solicit a Request for Proposals for real estate contract services with a Morro Bay realtor to assist in the sale of City-owned property located at the southeast corner of Coral Avenue and San Jacinto Street. The motion was seconded by Councilmember Peirce and carried unanimously. (5-0)

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C-2 CONSIDERATION AND CHOICE OF WEBSITE REDESIGN VENDOR;
(FINANCE)

Finance Director Susan Slayton stated at the April 28, 2008 City Council meeting, staff was directed to reissue the Request for Proposal for website redesign with reduced requirements and a top budget of \$10,000. Twenty proposals were submitted and reviewed by the Website Redesign Proposal Review Committee. The following three vendors are recommended for Council consideration: 1) CivicPlus - \$9,930; 2) PMC - \$9,949; and 3) Elements - \$10,000. Ms. Slayton recommended the City Council select a vendor for this task and direct staff to secure a contract and begin the project. She said staff has verified that the project costs can be paid with PEG access fees that are being collected in the General Fund or, since this is a one-time project, General Fund Accumulation money can be authorized.

MOTION: Councilmember DeMeritt moved the City Council direct staff to contact CivicPlus and offer them a contract that would not exceed \$10,000, and to include a site for each department; if that is not accepted, Council directs staff to choose another vendor. The motion was seconded by Councilmember Peirce.

Councilmember Grantham suggested amending the motion to offer a contract not to exceed \$12,000 that would include a site for each department.

Councilmember DeMeritt amended her motion that the contract will not exceed \$12,000; Councilmember Peirce accepted the amendment to his second.

VOTE: The motion carried unanimously. (5-0)

D. NEW BUSINESS

D-1 UPDATE ON THE MORRO BASIN NITRATE STUDY; (PUBLIC SERVICES)

Utilities/Capital Projects Manager Dylan Wade stated earlier this year the City Council adopted the Morro Basin Groundwater Study and provided direction to staff on the approach to take regarding the contamination of the groundwater basin. The update on the Morro Basin Nitrate Study was presented to the Public Works Advisory Board, and they recommended the City Council make resolution of the nitrate issue a top priority for action. Staff has made and will continue to make efforts in working with both the commercial farming interests in the Morro Basin as well as with the Regional Water Quality Control Board; in time these efforts may lead to reductions in the nitrate levels in the groundwater basin. Mr. Wade recommended the City Council review this update and provides direction to staff in regards to remediation of the nitrate levels in the groundwater basin.

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MOTION: Councilmember Peirce moved the City Council continue discussion on the Morro Basin Nitrate Study, and authorize the City Attorney to contact the law firm who handled the Mtbe issues for the City. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

Council requested staff return to Council with the Ordinance relating to water conservation measures.

D-2 APPROVAL TO ENTER INTO THE 2008/2009 CENTRAL COAST WATER RELIABILITY AGREEMENT WITH THE COUNTY OF SAN LUIS OBISPO; (PUBLIC SERVICES)

Utilities/Capital Projects Manager Dylan Wade stated the historical practice by the County of San Luis Obispo has been to ensure requested deliveries to the State Water Subcontractors, the largest of which is the City of Morro Bay. They have accomplished this by using the unallocated State water amount allotted to the County of San Luis Obispo as a form of informal drought buffer to benefit the reliability of water delivered to the subcontractors. For the first half of calendar year 2008, the City entered into an agreement for the draft form of this program; the agreement as finalized is now a multi-year agreement serving both 2008/2009. The pricing of the water to be transferred under this agreement will be \$160 an acre-foot. The City under current projections is facing a shortfall of up to 52 acre-feet of State Water Deliveries for the remainder of 2008, which will result in a maximum impact of \$8,320 to the Water Division Operating budget. Mr. Wade recommended the City Council authorize him to enter into the 2008/2009 Central Coast Water Reliability Agreement with the County of San Luis Obispo.

MOTION: Councilmember Grantham moved the City Council authorize the Utilities/Capital Projects Manager to enter into the 2008/2009 Central Coast Water Reliability Agreement with the County of San Luis Obispo. The motion was seconded by Councilmember Peirce.

Councilmember Winholtz stated she would be voting in opposition to this motion because the City already pays for more than enough water with the State. She said she would prefer to promote conservation rather than purchase more water.

VOTE: The motion carried with Councilmember Winholtz voting no. (4-1)

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D-3 DISCUSSION ON TRADEMARKING THE SLOGAN, “DISCOVER YOUR BETTER NATURE”; (CITY ATTORNEY)

City Attorney Robert Schultz stated the City’s Community Promotions Committee requested he research the process of an application with the Federal Trademark Commission to trademark the slogan, “Discover Your Better Nature.” He noted that obtaining a federal trademark registration is a time-consuming process that may require the expertise of an intellectual property attorney to successfully navigate the numerous obstacles that can arise. Mr. Schultz recommended the City Council review the information provided and directs staff on whether to trademark the slogan, “Discover Your Better Nature.”

MOTION: Mayor Peters moved the City Council direct staff to hire an attorney to secure the trademark slogan “Discover Your Better Nature”, and consider the cost of \$3,000 be taken from the \$10,000 that may be allocated to the Community Promotions Committee at the mid-year budget review. The motion was seconded by Councilmember Peirce.

Councilmember DeMeritt requested an amendment to the motion to state the cost is to not exceed \$3,000.

Mayor Peters amended her motion to state the cost is to not exceed \$3,000; Councilmember Peirce amended his second.

City Attorney Robert Schultz clarified that the previous motion does not allocate secured funds.

Mayor Peters withdrew her motion; Councilmember Peirce withdrew his second to the motion.

MOTION: Councilmember Grantham moved the City Council direct staff to move forward with trademarking the slogan “Discover Your Better Nature”, and funding should be taken out of the Community Promotions Committee budget. The motion was seconded by Councilmember Winholtz and failed with Councilmember DeMeritt, Councilmember Peirce and Mayor Peters voting no. (2-3)

MOTION: Councilmember Peirce moved the City Council direct staff to proceed with trademarking the slogan “Discover Your Better Nature” with the cost not to exceed \$3,000. The motion was seconded by Councilmember DeMeritt and carried with Councilmember Grantham voting no. (4-1)

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D-4 CONSIDERATION OF REORGANIZATION OF CITY DEPARTMENTS INCLUDING ADMINISTRATION, FINANCE AND RECREATION & PARKS; AMENDMENTS AND TITLE CHANGE TO THE JOB DESCRIPTIONS FOR THE FINANCE DIRECTOR AND RECREATION AND PARKS MAINTENANCE SUPERINTENDENT AND APPROVAL OF THE PERSONNEL TECHNICIAN JOB DESCRIPTION; (ADMINISTRATION)

City Manager Andrea Lueker stated the City Council contracted with Management Partners in late 2007 to conduct an organizational assessment of the City of Morro Bay. The firm began fact finding and research for the study in early 2008 and produced a document entitled *Assessment of City Organization and Financial Options* in May 2008. A Goal Setting workshop was held in June 2008; and, another workshop on the strategies and recommendations was held on August 13, 2008. Based on the discussions held on cost-saving strategies, Ms. Lueker made recommendations to the City Council on the reorganization of City departments.

MOTION: Councilmember Grantham moved the City Council approve the reorganization of City departments including Administration, Finance and Recreation & Parks; amendments and title change to the job descriptions for the Finance Director and Recreation and Parks Maintenance Superintendent, and approval of the Personnel Technician job description. The motion was seconded by Councilmember Peirce and carried unanimously. (5-0)

ADJOURNMENT

The meeting adjourned at 9:30 p.m.

Recorded by:

Bridgett Bauer
City Clerk