

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – AUGUST 27, 2019
VETERAN'S MEMORIAL HALL – 5:30 P.M.

AGENDA NO: A-1
MEETING DATE: September 24, 2019

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

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 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/0E7TMuSxh3k?t=96>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS - None

Dave Schultz from The Bike Shop located at 3118 Main Street provided the business spot. For more information, visit www.thebikeshopmb.com.

<https://youtu.be/0E7TMuSxh3k?t=725>

PRESENTATIONS

- Morro Bay Chamber of Commerce Quarterly Report
<https://youtu.be/0E7TMuSxh3k?t=895>

PUBLIC COMMENT

<https://youtu.be/0E7TMuSxh3k?t=1547>

Bob Swain, Morro Bay, announced the Morro Bay Maritime Museum is offering tours of a World War II crash vehicle for two more weeks. He also shared his opinion on vacation rentals, stating they should be on a level playing field as everyone else.

Larry Guesno, owner of Morro Strand RV Park, opposed including RV parks in the TBID stating they would not benefit from the advertising it provides. He also mentioned his plan for a coffee house and batting cages at the Flippo's location; stated it would be good for the community.

Janice Peters, Morro Bay, announced By the Sea Productions will be presenting Veronica's Position September 6 – 29. For more information visit www.bytheseaproductions.org.

David Nelson, Morro Bay, commented on Neil Farrell's article regarding Cayucos sewer project and requested the power plant stacks be removed.

Linda Winters, Morro Bay, asked the Council and staff to read and familiarize themselves with Morro Bay's mobile home rent stabilization Ordinance No. 499 to better understand the needs of mobile home residents.

Betty Winholtz, Morro Bay, requested information regarding trees removed at Lila Keiser Park and also asked when the addendum to the WRF FEIR would be available on the City website.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA
<https://youtu.be/0E7TMuSxh3k?t=2771>

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

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE AUGUST 14, 2019, CITY COUNCIL CLOSED
SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL
PROJECT MONTHLY UPDATE REPORT AND PROVIDE DIRECTION, IF ANY,
DEEMED APPROPRIATE; (PUBLIC WORKS)

**RECOMMENDATION: Council receive WRF Capital Project Monthly Update Report
and provide direction, if any, deemed appropriate.**

A-4 ADOPTION OF ORDINANCE NO. 623, PRE-ZONING THE 27.6 ACRE WATER
RECLAMATION FACILITY (WRF) PORTION OF APN: 073-101-017 TO PUBLIC
FACILITY. (CASE NO. MIN#19-009); (COMMUNITY DEVELOPMENT)

**RECOMMENDATION: Staff recommends Council adopt, by second reading by title
only and with further reading waived, Ordinance No. 623: "An Ordinance of the City
Council of Morro Bay, California establishing prezoning for the 27.6-acre portion of
parcel APN 073-101-071 (CASE No. MIN#19-001)."**

A-5 ADOPTION OF RESOLUTION 74-19 APPROVING A NEW "MOORING AND SUPPORT
FACILITY" LEASE AGREEMENT WITH THE UNITED STATES COAST GUARD FOR
COAST GUARD STATION MORRO BAY LOGISTICAL NEEDS AT AND AROUND
STATION MORRO BAY, LOCATED AT LEASE SITE 141 (1279 EMBARCADERO ROAD)
(HARBOR)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 74-19 approving a ten-year Lease Agreement, with an initial term of one year and a series of nine one-year renewals, with the United States Coast Guard (CG) for Coast Guard Station Morro Bay logistical needs.

- A-6 AUTHORIZATION TO SUBMIT A GRANT APPLICATION FOR CALIFORNIA COASTAL COMMISSION ROUND 6 GRANT FUNDING; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Adopt Resolution No. 75-19 authorizing staff to submit a grant application for California Coastal Commission (CCC) Round 6 grant funding to support the ongoing update of the City's General Plan/Local Coastal Program in the amount of \$65,000.

Mayor Heading opened public comment for the Consent Agenda.

Carolyn Brinkman, Morro Bay, spoke to Item A-3 asking if the Recycled Water Management Plan required by the Coastal Commission would be made available to the community or brought back to the Council. She also questioned challenges noted in the report, such as difficulty getting access to properties owned by PG&E and Vistra.

David Nelson, Morro Bay, regarding Item A-4, he asked if the City owns the land and expected cost of the property. He also expressed concern about the proposed location as it relates to the estuary.

The public comment period was closed.

Mayor Heading pulled Items A-3 and A-4.

MOTION: Council Member McPherson moved approval of Items A-1, A-2, A-5 and A-6 on the Consent Agenda. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

- A-3 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL PROJECT MONTHLY UPDATE REPORT AND PROVIDE DIRECTION, IF ANY, DEEMED APPROPRIATE; (PUBLIC WORKS)
<https://youtu.be/0E7TMuSxh3k?t=3202>

WRF Program Manager Casares addressed questions raised during public comment.

- A-4 ADOPTION OF ORDINANCE NO. 623, PRE-ZONING THE 27.6 ACRE WATER RECLAMATION FACILITY (WRF) PORTION OF APN: 073-101-017 TO PUBLIC FACILITY. (CASE NO. MIN#19-009); (COMMUNITY DEVELOPMENT)
<https://youtu.be/0E7TMuSxh3k?t=3452>

In response to questions raised during public comment, Public Works Director Livick stated the City had not yet purchased the property but is in receipt of the appraisal which is within the project budget.

MOTION: Mayor Heading moved approval of Items A-3 and A-4 on the Consent Agenda. The motion was seconded by Council Member Davis and carried 4-1 by roll call vote with Council Member Heller opposed.

- B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 CONSIDERATION OF INCLUDING VACATION RENTALS AND RECREATIONAL VEHICLE PARKS IN THE TOURISM BUSINESS IMPROVEMENT DISTRICT ASSESSMENT; (CITY MANAGER/TOURISM)
<https://youtu.be/0E7TMuSxh3k?t=3569>

City Manager Collins provided the report and, along with Tourism Manager Little, responded to Council questions.

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

Aaron Ochs, Morro Bay, expressed support for the staff recommendation, provided on how RV Park (RVs) and vacation rental owners (VRs) have input on how their assessment dollars are spent. He also encouraged the City to elaborate on the specifics of how that money will benefit them.

Doug Claassen, Morro Dunes RV Park, urged the Council to exempt RVs from the TBID assessment to remain competitive with nearby State Parks that do not pay either transient occupancy tax or TBID assessments.

Michael Strickland, co-owner of Harbor View RV Park, opposed RVs being added to the TBID assessment district.

Nick Juren, Beach N Bay Getaways, was agreeable to a 3% assessment for VRs, if at least half that went to improvements. He encouraged the Council to put oversight in place to ensure a reasonable return on marketing investment.

Maggie Juren, Beach N Bay Getaways, asked the Council to consider whether the marketing dollars will benefit VRs and RVs equally to hotels. She also advocated for changing to the 1994 BID rules which allow for a positive rather than a protest vote.

Betty Winholtz, Morro Bay, suggested the vacation rental ordinance and issue of illegal vacation rentals be dealt with before moving forward on this item. She also hoped the Council would consider concerns RV owners as they would not benefit by being included in the TBID.

Andy Hampp, Cypress Mobile Home Park, reported his occupancy rates and comparison to State Parks. He opposed including RVs in the TBID, stating the marketing received through Visit SLO Cal was sufficient.

Ian Starkie, Rock Star Properties, expressed concern regarding the outreach process and questioned how VRs and RVs would be represented on the Board.

Dan Sedley, Morro Bay, suggested a decision not be made on this item until other issues related to vacation rentals are decided.

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

There was Council consensus to make separate motions regarding VRs and RVs as they are different situations, that VRs should be brought into the assessment district and receive proportional representation on the TBID board, that RVs would be at a competitive disadvantage compared to State Parks and other RVs that do not pay transient occupancy tax or assessments and would not receive a commensurate benefit, and that further

consideration of funding for physical improvements that would bring more benefit than marketing dollars was needed. Additionally, the Council discussed the importance of addressing the vacation rental ordinance.

MOTION: Council Member Heller moved that RV parks not be assessed TBID. The motion was seconded by Council Member Davis.

Following discussion of concerns related to the motion, City Attorney Neumeyer suggested one option would be to not initiate the process to add the RV parks into the TBID.

AMENDED MOTION: Council Member Heller moved to not initiate the process to add RV parks into the TBID. The amended motion was seconded by Council Member Davis and failed 2-3 with Council Member Addis, Council Member McPherson and Mayor Headding opposed.

MOTION: Mayor Headding moved the Council initiate a process to include vacation rentals at a TBID assessment level of 3% into the TBID, and that we not consider at present initiating a process to add RV parks into the TBID assessment, and that further consideration be added to determining if a RV assessment would be appropriate if staff were to bring back appropriate improvement opportunities that were identifiable improvements in tourism, physical attributes of the City, for which the contribution could be allocated to. The motion was seconded by Council Member Addis.

The Mayor withdrew his motion and Council Member Addis withdrew the second.

MOTION: Mayor Headding moved to initiate process of bringing the vacation rentals into the TBID at an assessment rate of 3%. The motion was seconded by Council Member Addis.

Council Member Heller wished to resolve the vacation rental ordinance before moving forward with inclusion to the TBID.

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

MOTION: Mayor Headding moved the Council not initiate process at present to assess or bring RVs into the TBID but give further consideration regarding an assessment after staff brings back information on potential infrastructure improvement opportunities that might be appropriate for assessment contributions. The motion was seconded by Council Member Addis for discussion.

Following discussion, the Mayor withdrew the motion and Council Member Addis withdrew the second.

MOTION: Mayor Headding moved to not initiate the process of adding RVs into the TBID Assessment District at this time. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

MOTION: Mayor Headding moved the Council ask staff to bring back a plan to look at potential Citywide infrastructure improvement opportunities that could improve tourism draw in the future. The motion was seconded by Council Member Addis for discussion.

Mr. Neumeyer clarified any proposed improvements would need to have clear findings the assessment monies levied are being used appropriately.

The motion carried 5-0 by roll call vote.

MOTION: Council Member McPherson moved the Council delay the initiation of the VR inclusion in the TBID until after we address the vacation rental ordinance and it is passed. The motion was seconded by Council Member Heller.

Following discussion, Council Member McPherson withdrew the motion and Council Member Heller withdrew the second.

MOTION: Council Member Davis moved that as part of the initiation of bringing VRs in at 3% that staff provides proportional representation for the VR community on the TBID board. The motion was seconded by Council Member McPherson and carried 4-1 by roll call vote with Council Member Heller opposed.

The Council took a brief recess at 8:41 p.m. The meeting reconvened at 8:54 p.m. with all members present.

C-2 REVENUE GENERATING MEASURES FOR THE NOVEMBER 2020 GENERAL ELECTION BALLOT; (CITY MANAGER/FINANCE)
<https://youtu.be/0E7TMuSxh3k?t=11391>

City Manager Collins and Finance Director Callaway provided the report and responded to Council questions.

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

Betty Winholtz, Morro Bay, opposed spending \$100,000 from Emergency Reserves to learn the community will not support this type of measure.

Dan Sedley, Morro Bay, suggested staff evaluate budget cuts at the department level and outline resulting service impacts. He appreciated negotiations with employee groups to help pay for pension and health benefits.

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

MOTION: Council Member McPherson moved the meeting go past 9:30 to a time uncertain. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

MOTION: Mayor Heading moved to authorize the City Manager to enter into consulting agreements with both a lead consulting firm and public opinion research agency to conduct polling for a sales tax revenue ballot measure and/or a Harbor Assessment ballot measure for consideration during the November 2020 general election with appropriate budget adjustments from the General Fund Emergency Reserves, specifically utilizing companies mentioned in the staff report. The motion was seconded by Council Member McPherson.

Council Member Heller requested a friendly amendment to include a parcel tax. Mayor Headding declined, explaining the Harbor Assessment was a form of parcel tax and that based on previous Council discussion, there was not consensus to explore a Citywide parcel tax at this time. The motion carried 4-1 by roll call vote with Council Member Heller opposed.

MOTION: Council Member McPherson moved to establish a Council ad-hoc committee to help in the beginning process. The motion was seconded by Council Member Davis for discussion.

Council Members McPherson and Davis volunteered to be on the ad-hoc committee and it was clarified there would be a future need to have community members involved. The motion carried 5-0 by roll call vote.

MOTION: Mayor Headding moved to appoint Council Members McPherson and Davis to the ad-hoc committee for this issue. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

C-3 REVIEW AND DISCUSSION OF CITY COUNCIL POLICIES & PROCEDURES AND ADVISORY BODIES HANDBOOK AND BY-LAWS; (CITY MANAGER)
<https://youtu.be/0E7TMuSxh3k?t=14127>

City Clerk Swanson provided the report.

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

Mayor Headding reviewed both policies in light of issues brought forward and identified the following sections needing review:

- Page 116 of agenda packet – Time to Serve in Appointed Capacity
- Page 118 - Section 3.3, Advisory Body Work Plans
- Page 119 - Sections 5 & 6, Advisory Body/Staff Relationship and Advisory Body/City Council Relationship
- Page 115 – Section B, Membership Qualifications, specifically regarding magnitude of time required.
- Page 123 - Section 5, Chair Responsibilities.
- Page 168-169 - Placing Items on the Agenda
- Page 184 – Section 2.1, CFAC review of Council compensation in 2019
- Page 190 – Section 3.1.5, Written Communications
- Page 193 – Section 3.10, Legislative Action Program
- Page 201 – Section 5.2.2, Direction to Staff by Mayor/Council Members
- Page 202 – Section 5.3.2, Direction from Council
- Page 203 – Section 5.3.5, Significant Information
- Page 206 – Section 6.4 – Support for Advisory Bodies & Council
- Page 207 – Sections 6.5 – 6.6.3, Advisory Body Appointment Procedures and Terms

MOTION: Mayor Headding moved to recommend the City Council review and discuss the policies as outlined by myself and establish a subcommittee to perform in depth review of the items noted. The motion was seconded by Council Member McPherson for discussion.

Council Member McPherson sought clarification to ensure the following issues were included in the review: advisory board member communications to Council, clarification on the types of changes advisory bodies can make without Council approval, advisory

body declaration of future agenda items not on the approved work plan, and other inconsistencies.

AMENDED MOTION: Mayor Headding amended his motion to include areas cited and be sure they are inclusive of those mentioned. The amended motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

MOTION: Council Member Davis moved to appoint the Mayor and Council Member McPherson to the subcommittee. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtu.be/0E7TMuSxh3k?t=15509>

Council Member McPherson requested an update on the vacation rental ordinance update according to the existing plan and, if there are opportunities to expedite that, provide a notation without specifics about what that would involve. A majority of the Council supported the request.

E. ADJOURNMENT

The meeting adjourned at 10:17 p.m.

Recorded by:

Dana Swanson
City Clerk