

*City Council conducted this meeting in accordance with Section 3 of California Governor Newsom's Executive Order N-29-20 issued on March 17, 2020 in response to the present State of Emergency in existence due to the threat of COVID-19. This meeting was held via teleconference for all participants.*

PRESENT:            John Headding            Mayor  
                         Dawn Addis                Council Member  
                         Robert Davis              Council Member  
                         Jeff Heller                Council Member  
                         Marlys McPherson      Council Member

ABSENT:            None

STAFF:             Scott Collins              City Manager  
                         Chris Neumeyer          City Attorney  
                         Dana Swanson            City Clerk  
                         Jennifer Callaway      Finance Director / Acting Public Works Director  
                         Scot Graham              Community Development Director  
                         Steve Knuckles          Fire Chief  
                         Jody Cox                  Police Chief  
                         Eric Endersby            Harbor Director  
                         Rob Livick                City Engineer  
                         Eric Casares             WRF Program Manager

**ESTABLISH QUORUM AND CALL TO ORDER**

Mayor Headding called the meeting to order at 5:30 p.m. with all but Council Member Addis present. Council Member Addis joined the meeting at 5:32 p.m.

**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/YEHDJozCSyc?t=160>

**CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS**

<https://youtu.be/YEHDJozCSyc?t=862>

**PRESENTATIONS - NONE**

**PUBLIC COMMENT**

<https://youtu.be/YEHDJozCSyc?t=1174>

John Weiss, Morro Bay, spoke in support of a mask initiative and encouraged the community to work together and provide constructive comments.

Carole Truesdale, Morro Bay, spoke in support of a mask initiative and requested further review of the potential change orders for the WRF project presented in Item C-1.

Kris Roudebush announced the We Are the Care Initiative, a local effort by First 5 SLO County to address the growing childcare crisis. She requested the City demonstrate its support by appointing a council member or staff person as the City's childcare liaison. For more information visit [www.first5slo.org](http://www.first5slo.org).

Melanie Williams Mahan, Morro Bay, expressed concern about the influx of tourists and spoke in opposition to the WRF project.

Dan Sedley, Morro Bay, expressed his appreciation to Council Member Heller for picking up trash and directing traffic over the weekend and to Assemblyman Jordan Cunningham for his efforts to reopen businesses in SLO County.

Mayor Headding closed public comment.

A. CONSENT AGENDA  
<https://youtu.be/YEHDJozCSyc?t=2092>

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 14, 2020, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE APRIL 28, 2020, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF MINUTES FOR THE MAY 12, 2020, CITY COUNCIL SPECIAL CLOSED  
SESSION MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-4 ADOPTION OF RESOLUTION NO. 45-20 APPROVING COOPERATION  
AGREEMENT WITH THE URBAN COUNTY (CDBG PROGRAM) FOR FISCAL  
YEARS 2021-2023; (COMMUNITY DEVELOPMENT)

**RECOMMENDATION: Council review and approve Resolution No. 45-20 for  
Cooperation Agreement with the Urban County for Fiscal Years 2021-2023.**

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

MOTION: Council Member McPherson moved approval of all items on the Consent Agenda. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS

- B-1 INITIATION OF A SPHERE OF INFLUENCE (SOI) AMENDMENT TO ADD 5 LOTS ABOVE PANORAMA DRIVE TO THE CITY'S SOI. APN: 073-075-002 AND PORTIONS OF APN 073-076-016 (LOTS 2, 8, 7 & 6); AND INITIATION OF DETACHMENT PROCEEDINGS FOR APN: 065-022-008. PROPERTY WOULD BE DETACHED FROM WITHIN THE CITY BOUNDARY RESULTING IN THE LOT BEING LOCATED WITHIN THE UNINCORPORATED COUNTY OF SAN LUIS OBISPO; (COMMUNITY DEVELOPMENT DEPARTMENT)  
<https://youtu.be/YEHDJozCSyc?t=2169>

MOTION: Mayor Headding moved to table Item B-1 to a future date uncertain. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

C. BUSINESS ITEMS

- C-1 REVIEW AND APPROVE POTENTIAL CHANGE ORDERS FOR THE WATER RECLAMATION FACILITY (WRF); REVIEW AND RECEIVE THE WRF CAPITAL PROJECT QUARTERLY UPDATE REPORT; AND REVIEW AND APPROVE PROPOSED GOOD FAITH LOCAL HIRE PROVISIONS FOR BID DOCUMENTS FOR THE REMAINING WRF PROJECT COMPONENTS INCLUDING AN AMOUNT FOR LIQUIDATED DAMAGES RELATED THERETO; (PUBLIC WORKS DEPARTMENT)  
<https://youtu.be/YEHDJozCSyc?t=2222>

WRF Program Manager Casares provided the report and responded to Council inquires.

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

John Weiss, Morro Bay, expressed concern the project contingency appeared to be largely exhausted and urged the Council to hold to the \$126 Million baseline.

Betty Winholtz, Morro Bay, raised questions submitted as agenda correspondence and suggested the Council to take separate votes on the action being requested.

Dan Sedley, Morro Bay, urged the Council to not approve the potential change orders.

Melanie Williams-Mahan, Morro Bay, raised additional questions and expressed concern about the impact these change orders would have on utility bills.

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

The Mayor and Council provided individual comments and a majority agreed on the following:

- Approve the 26 Potential Change Orders as presented; and
- Maintain the current WRF Quarterly Report format and decline CFAC's recommendation to provide an integrated Microsoft project management schedule with key milestones; and
- Support local labor provision as presented with liquidated damages set at \$5,000 - \$10,000 to be determined by staff.

Council Member Heller supported the local labor provision but opposed the potential change orders presented for several reasons, including concern they were incorporated into construction documents without the owner's approval.

MOTION: Council Member Heller moved to approve the five credit change orders where we actually get money back (No. 19, 42, 62, 64 and 66). The motion failed for lack of a second.

MOTION: Council Member McPherson moved to approve the 26 Potential Change Orders for the WRF; keep the quarterly report format in the current one that is approved by the Council; and approve proposed local labor provision language for the bid packages and contract amendments / agreements for the remaining components of the WRF project and set liquidated damages between \$5,000-10,000 at the staff's discretion. The motion was seconded by Mayor Headding and carried 4-1 with Council Member Heller opposed.

The Council took a brief recess at 8:43 p.m. The meeting reconvened at 8:49 p.m. with all members present.

C-2 REVIEW AND APPROVE CONSTRUCTION WORK RESTRICTIONS DEVELOPED FOR THE CONVEYANCE FACILITIES COMPONENT OF THE WATER RECLAMATION FACILITY PROJECT; (PUBLIC WORKS DEPARTMENT)  
<https://youtu.be/wrYhTxfRqCY?t=35>

Water Reclamation Facility Program Manager Casares, Paul Amico from Carollo Engineers and Sarah Rosetto from Katz & Associates provided the report and responded to Council inquires.

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

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

Betty Winholtz, Morro Bay, requested clarification regarding the budget for outreach, expressed concern about impacts on businesses and mobile home parks, and stressed the importance of outreach to Los Osos, the CSD and State Parks.

John Weiss, Morro Bay, appreciated the business outreach conducted thus far, expressed concern about impacts on businesses, and asked for clarification regarding timing for construction.

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

MOTION: Council Member McPherson moved to approve the construction work restrictions that have been developed for construction of the Conveyance Facilities component of the Water Reclamation Facility (WRF) Project. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

C-3 INTRODUCTION OF ORDINANCE NO. 633 TO AMEND CHAPTER 5.50 (COMMERCIAL CANNABIS OPERATIONS REGULATORY PROGRAM) OF TITLE 5 OF THE MORRO BAY MUNICIPAL CODE TO PERMIT CERTAIN ADULT-USE COMMERCIAL CANNABIS USES (RETAIL SALES, DELIVERIES AND (WHOLESALE) DISTRIBUTOR) AND

AUTHORIZE COMMUNITY DEVELOPMENT DIRECTOR TO ISSUE ADMINISTRATIVE REGULATIONS; AND, GENERAL DISCUSSION AND POTENTIAL DIRECTION TO STAFF ON AUTHORIZED COMMERCIAL CANNABIS OPERATIONS; (CITY ATTORNEY)

<https://youtu.be/wrYhTxfRqCY?t=4733>

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

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

Caity Maple, Perfect Union, expressed strong support for the proposed ordinance.

Nick Andre, Natural Healing Center, spoke in support of the ordinance and stated his belief it was a great opportunity to provide additional revenue.

Melanie Williams Mahan, Morro Bay, stated the proposed ordinance and City's recent ban on vaping seemed to send mixed messages.

John Weiss, Morro Bay, spoke in support of the proposed ordinance.

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

**MOTION:** Council Member Davis moved to introduce for first reading by title only and with further reading waived, Ordinance No. 633: An Ordinance of the City Council of the City of Morro Bay, California, Amending Chapter 5.50 (Commercial Cannabis Operations Regulatory Program) of Title 5 of the Morro Bay Municipal Code to Permit Certain Adult-Use Commercial Cannabis Uses (Retail Sales, Deliveries and (Wholesale) Distributor) and to Authorize Community Development Director to Issues Administrative Regulations. The motion was seconded by Council Member McPherson for discussion.

Following discussion, the motion carried 3-1-1 with Council Member Heller opposed and Council Member Addis having abstained.

There was Council support to consider allowing cannabis testing, cultivation and manufacturing in the City. As subcommittee members, Council Members Davis and McPherson agreed to research these opportunities and bring information and recommendations back to Council.

**D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS**

<https://youtu.be/wrYhTxfRqCY?t=6871>

Council Member Heller suggested the Council discuss options on how we can get some of the WRF money back into the hands of the Morro Bay residents by increasing the number of residents providing professional services on the project. There was no support for this item.

Council Member Davis requested staff bring forward recommendations for temporary use of the City right-of-way to facilitate social distancing and support COVID-19 economic recovery. A majority of the members supported the request.

Council Member Davis requested full Council discussion of a potential ordinance requiring face coverings. There was unanimous support for discussion at a future meeting.

Council Member Davis asked if Council Member Addis would be willing to be the point person for We are the Care early childhood initiative and suggested agendaizing for future approval by Council as a Consent item. Council Member Addis agreed and there was full support for the item.

E. ADJOURNMENT

The meeting adjourned at 11:02 p.m.

Recorded by:

Dana Swanson  
City Clerk