

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 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/UWxdKPHilw4?t=194>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/UWxdKPHilw4?t=722>

PRESENTATIONS - None

PUBLIC COMMENT

<https://youtu.be/UWxdKPHilw4?t=1099>

John Weiss, Morro Bay, expressed concern regarding the cost of the WRF Project, specifically the Conveyance Facility portion of the project.

Betty Winholtz, Morro Bay, thanked staff for the update on face mask requirements and enforcement and asked what was being done to reopen meetings at the Veterans' Hall.

Dan Sedley, Morro Bay, concurred with Betty in terms of capacity to meet at Veterans' Hall again.

Carole Truesdale, Morro Bay, addressed Item C-2, posed questions for staff regarding mitigation measures identified in the EIR, and stated rate payers should not be held financially responsible for costs related to the landslide.

Cheryl Vines, NAACP San Luis Obispo County, expressed appreciation to the City for acknowledging Juneteenth Day.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA
<https://youtu.be/UWxdKPHilw4?t=2256>

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 MAY 14, 2020, CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE JUNE 9, 2020, CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 AUTHORIZATION TO PROVIDE A TOTAL OF \$500,000 OF FINANCIAL ASSISTANCE TO THE HASLO AFFORDABLE HOUSING PROJECT TO BE LOCATED AT 405 ATASCADERO ROAD. THE PROPOSED FINANCIAL ASSISTANCE WILL BE IN THE FORM OF \$150,000 LOAN FROM THE AFFORDABLE HOUSING IN-LIEU FUND AND \$350,000 DEFERRED PERMIT FEE LOAN; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 46-20 authorizing a loan in the amount of \$150,000 from the Affordable Housing In-Lieu Funds and a deferred permit fee loan in the amount of \$350,000 to assist with the funding required for the Housing Authority of the City of San Luis Obispo (HASLO) affordable rental housing development located at 405 Atascadero Road.

A-4 ADOPTION OF ORDINANCE NO. 634; AMENDMENTS TO MORRO BAY MUNICIPAL CODE FOR SIDEWALK VENDING PERMIT REQUIREMENTS (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Staff recommends Council adopt, by second reading by title only and with further reading waived, Ordinance No. 634, entitled "An Ordinance of the City Council of the City of Morro Bay, California, creating a program to regulate and permit sidewalk vending pursuant to California Senate Bill 946."

A-5 GENERAL MUNICIPAL ELECTION RESOLUTIONS FOR NOVEMBER 3, 2020 ELECTION; (CITY CLERK)

RECOMMENDATION: Staff recommends Council adopt Resolution No. 51-20 calling a general municipal election for November 3, 2020, and requesting consolidation of the election with the County, and Resolution No. 52-20 adopting regulations for candidate statements.

- A-6 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL PROJECT MONTHLY UPDATE REPORT AND PROVIDE DIRECTION, IF ANY, DEEMED APPROPRIATE; (PUBLIC WORKS DEPARTMENT)

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

- A-7 ANNUAL WATER REPORT 2019 AND RECOMMENDATION FOR ALLOCATION OF WATER EQUIVALENCY UNITS (WEU) FOR FY 2020-21; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council review the 2019 annual water report and the proposed allocation of the FY 2020/21 Water Equivalency Units (WEU) and adopt Resolution No. 53-20 allocating a total of 115 WEUs for FY 2020/21, comprised of a total of 50 WEUs for residential development (30 for Single Family Residences (SFR) and 20 for Multi-Family Residences (MFR)) and 65 for commercial development.

- A-8 APPOINTMENT OF COUNCIL MEMBER ADDIS AS THE CITY OF MORRO BAY'S CHILD CARE LIAISON; (CITY CLERK)

RECOMMENDATION: Staff recommends the Council appoint Council Member Addis as the City's Child Care Liaison and point of contact for the We Are the Care Initiative.

- A-9 ADOPTION OF RESOLUTION NO. 54-20 APPROVING AMENDMENT #5 TO THE NEW MASTER LEASE AGREEMENT BETWEEN THE CITY OF MORRO BAY AND BOATYARD LLC FOR LEASE SITE 89/89W, LOCATED AT 845 EMBARCADERO, AND COMMONLY KNOWN AS "THE BOATYARD"; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend the City Council adopt Resolution No. 54-20, approving Amendment #5 to the new Master Lease Agreement (MLA) for Lease Site 89/89W.

- A-10 APPROVAL OF SB1 FUNDING PROJECT LIST FOR PAVEMENT MANAGEMENT PLAN PROJECT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Adopt Resolution No. 55-20 approving the Fiscal Year 2020/21 project list for Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funding.

- A-11 ADJUSTMENT TO CALIFORNIA FIRE SERVICE AGREEMENT (CFAA) TO ADD POSITION OF FIRE MARSHALL TO PERSONNEL ELIGIBLE FOR MUTUAL AID REIMBURSEMENT, BY ADOPTION OF RESOLUTION NO. 56-20; (FIRE DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 56-20 approving the addition of the Fire Marshal position as an eligible position for mutual aid, applicable when the Fire Department responds away from the official duty station on assignment to a mutual aid emergency incident. Passage of this

resolution ensures the City of Morro Bay will be fully reimbursed for out-of-county mutual aid responses.

A-12 PROCLAMATION DECLARING SATURDAY, JUNE 20, 2020 AS "JUNETEENTH DAY"; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

Mayor Heading opened public comment for the Consent Agenda.

<https://youtu.be/UWxdKPHilw4?t=2266>

Dan Sedley, Morro Bay, opposed Item A-3 being placed on the Consent Agenda and encouraged discussion and review of the item; questioned whether allowing sidewalk vending permits provided adequate social distancing (Item A-4); and stated Item A-6 should not be on the Consent Agenda as it allowed the Council to provide direction, if deemed appropriate.

Scott Smith, HASLO Executive Director, encouraged the Council to approve Item A-3 and explained it must show some local commitment, either in-lieu funds or a fee deferral, in order to apply for funding. He clarified the effect of not approving the item presented would result in a 9 month delay to the project.

Betty Winholtz, Morro Bay, sought clarification regarding projects identified in Item A-10; raised several questions regarding the WRF Monthly Report provided in Item A-6; and, regarding Item A-3, suggested there were issues with the project that needed to be aired.

The public comment period was closed.

Council Member Heller pulled Items A-3, A-6 and A-12.

MOTION: Council Member Addis moved approval of all items on Consent except Items A-3, A-6 and A-12. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

A-3 AUTHORIZATION TO PROVIDE A TOTAL OF \$500,000 OF FINANCIAL ASSISTANCE TO THE HASLO AFFORDABLE HOUSING PROJECT TO BE LOCATED AT 405 ATASCADERO ROAD. THE PROPOSED FINANCIAL ASSISTANCE WILL BE IN THE FORM OF \$150,000 LOAN FROM THE AFFORDABLE HOUSING IN-LIEU FUND AND \$350,000 DEFERRED PERMIT FEE LOAN; (COMMUNITY DEVELOPMENT)
<https://youtu.be/UWxdKPHilw4?t=2976>

Community Development Director Graham responded to questions raised by Council and clarified, if the project appeal were successful, the City would not be responsible for project funding.

MOTION: Council Member Heller moved approval of Item A-3. The motion was seconded by Mayor Heading and carried 5-0 by roll call vote.

A-6 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL PROJECT MONTHLY UPDATE REPORT AND PROVIDE DIRECTION, IF ANY, DEEMED APPROPRIATE; (PUBLIC WORKS DEPARTMENT)
<https://youtu.be/UWxdKPHilw4?t=3105>

WRF Program Manager Casares responded to questions raised by Council Member Heller.

MOTION: Council Member Heller moved approval of Item A-6. The motion was seconded by Mayor Headding and carried 5-0 by roll call vote.

- A-12 PROCLAMATION DECLARING SATURDAY, JUNE 20, 2020 AS "JUNETEENTH DAY"; (ADMINISTRATION)
<https://youtu.be/UWxdKPHilw4?t=4088>

MOTION: Council Member Heller moved approval of Item A-12. The motion was seconded by Mayor Headding and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS

- B-1 ADOPTION OF RESOLUTION NO. 57-20 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)
<https://youtu.be/UWxdKPHilw4?t=4224>

City Engineer Livick provided the report and responded to Council inquires.

Mayor Headding opened public comment for the Public Hearing.

Dawn Beattie, Morro Bay, suggested replacing the play structure with swings as she did not believe the Homeowners' Association should pay for a play structure.

The Public Hearing was closed.

MOTION: Council Member Addis moved to adopt Resolution No. 57-20, approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District for FY 2020/21. The motion was seconded by Council Member Heller for discussion.

There was Council concurrence to direct staff to consult with Cloisters residents and local schools before deciding on the type of play equipment to be installed, keeping in mind the possibility of a fully accessible park.

Following discussion, the motion carried 5-0 by roll call vote.

- B-2 ADOPTION OF RESOLUTION NO. 58-20 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)
<https://youtu.be/UWxdKPHilw4?t=4979>

City Engineer Livick provided the report and responded to Council inquires.

Mayor Headding opened the Public Hearing.

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

The Public Hearing was closed.

MOTION: Mayor Headding moved to approve the levy of the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance

District by adopting Resolution No. 58-20. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

- B-3 ADOPTION OF RESOLUTION NO. 59-20 CONTINUING THE PROGRAM AND LEVYING THE ASSESSMENTS FOR THE 2020/21 FISCAL YEAR FOR THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID); (ADMINISTRATION)
<https://youtu.be/UWxdKPHilw4?t=5217>

City Manager Collins provided the report and responded to Council inquires.

Mayor Headding opened the Public Hearing.

City Clerk Swanson confirmed no protests against the renewal of the TBID had been received.

Mayor Headding opened public comment for the Public Hearing.

Dan Sedley, Morro Bay, urged the Council to continue the conversation about a percentage of TBID assessment funds being be used for improvements along the Embarcadero, in an effort to support tourism in ways other than advertising.

The Public Hearing was closed.

MOTION: Mayor Headding moved to adopt Resolution No. 59-20 continuing the program and levying the assessments for the 2020/21 Fiscal Year for the Morro Bay Tourism Business Improvement District. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

- B-4 ADOPTION OF RESOLUTION NO. 60-20, WHICH RESCINDS RESOLUTION NO. 36-20 TO AMENDS THE ADOPTED FY 20/21 MASTER FEE SCHEDULE BY ADDING A NEW FEE FOR SIDEWALK VENDING PERMITS AND REVISING COST RECOVERY LANGUAGE RELATED TO CALIFORNIA PUBLIC RECORDS ACT REQUESTS; (COMMUNITY DEVELOPMENT DEPARTMENT)
<https://youtu.be/UWxdKPHilw4?t=6298>

Community Development Director Graham provided the report and responded to Council inquires.

Mayor Headding opened the Public Hearing.

Mayor Headding opened Public Comment; seeing none, the public comment period was closed.

The Public Hearing was closed.

MOTION: Council Member McPherson moved to adopted master fee schedule, and adopt Resolution No. 60-20, which rescinds Resolution No. 36-20 to amend the adopted FY 20/21 Master Fee Schedule, to add a new fee of \$331.00 for Sidewalk Vending Permits, and to modify the cost recovery language associated with California Public Records Act requests. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

The Council took a brief recess at 7:23 p.m. The meeting reconvened at 7:30 p.m. with all members present.

C. BUSINESS ITEMS

- C-1 ADOPT RESOLUTION NO. 61-20 APPROVING THE FISCAL YEAR 2020/21 OPERATING AND CAPITAL BUDGETS AND RESOLUTION NO. 62-20 ADOPTING THE CITY'S SALARY SCHEDULE AND RESOLUTION NO. 63-20 AMENDING COMPENSATION AND BENEFITS FOR THE UNREPRESENTED MANAGEMENT DESIGNATED EMPLOYEES TO ADD THE CITY ENGINEER JOB CLASSIFICATION; (FINANCE DEPARTMENT)
<https://youtu.be/UWxdKPHilw4?t=6807>

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

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

John Weiss, Morro Bay, spoke regarding potential sale of City-owned property, expressing concern about the sale of the Bike Park and commenting the well sites would likely not be worth it. He recalled the 2nd Fire Station being important to have in the event of a flood.

Betty Winholtz, Morro Bay, questioned the statement 70% of sales tax comes from visitors as opposed to locals, opposed RV camping and urged caution with regard to sale of City owned properties. She stated she would support a sales tax increase in exchange for lowering water/sewer bills.

Dan Sedley, Morro Bay, suggested negotiating different retirement plans for new employees, either a larger contribution on the part of the employee or 401K instead of CalPERS retirement, and stated he would oppose a sales tax increase.

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

The Council expressed its appreciation for salary concessions agreed to by a majority of the employees and acknowledged this is a tentative document that will be revisited frequently in the coming year. A majority of the Council agreed to move forward on the following items to generate one-time or new ongoing revenues:

- RV camping
- Explore potential sale and/or lease of the following City-owned properties: Dunes Street, 985 Shasta, vacant lot on Downey/Bolton and Chorro well sites.
- A less expensive parking study to determine if paid parking is feasible

MOTION: Mayor Headding moved to adopt Resolution No. 61-20, authorizing the FY 2020/21 Operating and Capital Budgets, including any amendments approved by the City Council, prior to the adoption of that Resolution; and adopt Resolution No. 62-20 approving the City's Salary Schedules for FY 2020/21; and adopt Resolution No. 63-20 amending the Compensation and Benefits Resolution for Unrepresented Management Designated Employees to add the City Engineer job classification. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

- C-2 APPROVAL OF AMENDMENT NO. 3 TO THE WATER RECLAMATION FACILITY PROGRAM MANAGEMENT CONTRACT AND AUTHORIZATION FOR THE PUBLIC WORKS DIRECTOR TO SIGN THE AGREEMENT TO COVER PLANNED PROGRAM MANAGEMENT COSTS FOR FISCAL YEAR 2020/2021; (PUBLIC WORKS DEPARTMENT)
https://youtu.be/6_hi0wDPe28

City Engineer Livick provided the report and, along with WRF Program Manager Casares and City Manager Collins, responded to Council inquires.

MOTION: Council Member McPherson moved the meeting go past 9:30. The motion was seconded by Mayor Heading and carried 5-0 by roll call vote.

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

John Weiss, Morro Bay, raised questions and expressed concern about the conveyance system cost component. Regarding the proposed contract with Carollo Engineers, he deferred to the City Manager's judgment.

Betty Winholtz, Morro Bay, questioned the remaining budget items and speculated about total project costs and rate impacts.

Dan Sedley, Morro Bay, opposed renewing the contract with Carollo Engineers.

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

Staff responded to questions raised during public comment.

MOTION: Mayor Heading moved for approval, and authorization for the City Manager to sign an Amendment No. 3 to the existing agreement with Carollo Engineers, dated April 11, 2018, for continued program management of the Water Reclamation Facility Project in an increased amount of \$2,073,133 to cover estimated program management scope of work and costs for FY 2020/21. The motion was seconded by Council Member McPherson.

Council Member Heller expressed concern about the total cost and limited contingency remaining at this stage of the project.

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

- C-3 CONSIDERATION OF TEMPORARY EMBARCADERO STREET CLOSURE – SOUTHBOUND LANE BETWEEN HARBOR STREET AND MARINA STREET; (CITY MANAGER/FINANCE DIRECTOR)
https://youtu.be/6_hi0wDPe28?t=2701

City Manager Collins provided the report and, along with City Engineer Livick, responded to Council inquires.

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

Following Council discussion, there was consensus to close one lane of the Embarcadero, as proposed, in an effort to provide pedestrians adequate space for social distancing. A

majority of the members were also supportive of full closure of the Embarcadero as a pilot program in the shoulder season.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

None

E. ADJOURNMENT

The meeting adjourned at 10:28 p.m.

Recorded by:

Dana Swanson
City Clerk