

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – JULY 14, 2020  
TELECONFERENCE – 5:30 P.M.

AGENDA NO: A-2  
MEETING DATE: August 25, 2020

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  
Nancy Hubbard Contract Planner

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. Council Member Heller joined the meeting at 5:31 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/CW0BwGQiv3w?t=147>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/CW0BwGQiv3w?t=733>

PRESENTATIONS

- Proclamation honoring Michael Manchak, President & CEO of EVC  
<https://youtu.be/CW0BwGQiv3w?t=901>

PUBLIC COMMENT

<https://youtu.be/CW0BwGQiv3w?t=1312>

Carole Truesdale, Morro Bay, commented on a recent statement by the City Manager regarding potential cuts to public safety, asked for clarification regarding payment arrangements for Cerrito Peak, and inquired about the possibility of allowing residents to donate trash cans to the City.

Dan Sedley, Morro Bay, requested an update on the parking study and potential for paid parking.

Erica Crawford, Morro Bay Chamber of Commerce, thanked the City for recognizing Mike Manchak, provided a brief update on Chamber activities, and encouraged community members to remain supportive of local businesses as they adapt to changing regulations.

Glenn Silloway, Morro Bay, spoke in support of the proposed sales tax measure provided as Item C-1 and urged everyone to wear masks and support local businesses.

Jane Heath, Morro Bay resident and business owner, spoke in support of Item C-1 and urged the Council to vote in favor of placing a sales tax measure on the ballot.

Betty Winholtz, Morro Bay, expressed concern about the impacts 4<sup>th</sup> of July fireworks have on animals, residents, and wildlife. She requested the Council repeal the current City ordinance and prohibit use of Safe and Sane fireworks.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA  
<https://youtu.be/CW0BwGQiv3w?t=2433>

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 26, 2020, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE JUNE 3, 2020, CITY COUNCIL SPECIAL  
MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF MINUTES FOR THE JUNE 9, 2020, CITY COUNCIL MEETING;  
(ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-4 DESIGNATION OF REPRESENTATIVE(S) TO THE CALIFORNIA JOINT POWERS  
INSURANCE AUTHORITY; (CITY CLERK)

**RECOMMENDATION: Staff recommends the City Council designate the Mayor as the official representative of the City of Morro Bay on the California Joint Powers Insurance Authority (CJPIA) Board of Directors, designate the City Clerk/Human Resources Manager as first alternate, and designate the City Manager as second alternate.**

A-5 ADOPT RESOLUTION NO. 65-20 ESTABLISHING THE ANNUAL PROPOSITION 4  
APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2020/21; (FINANCE  
DEPARTMENT)

**RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 65-20, which sets the FY 2020/21 appropriations limit at \$28,990,070.**

- A-6 AUTHORIZATION TO ACCEPT, IF AWARDED, STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER) GRANT AND ASSISTANCE TO FIREFIGHTERS GRANT (AFG); (FIRE DEPARTMENT)

**RECOMMENDATION: Authorization for the Fire Department to accept the grant if awarded from the Department of Homeland Security and Federal Emergency Management Agency for consideration of funding under the Assistance to Firefighters Grants (AFG) for Personal Protective equipment and the Staffing for Adequate Fire and Emergency Response (SAFER) Grant for the hiring of a limited term firefighter.**

- A-7 RESOLUTION NO. 66-20 APPROVING A SECOND AMENDMENT TO THE MORRO BAY TRANSIT AND TROLLEY OPERATIONS AND MANAGEMENT AGREEMENT WITH MV TRANSPORTATION, INC.; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 66-20 approving a Second Amendment to the Morro Bay Transit and Trolley Operations and Management Agreement with MV Transportation, Inc.**

- A-8 APPROVE RESOLUTION NO. 67-20 AUTHORIZING SUBMISSION OF RURAL TRANSIT FUND GRANT CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) 5311 PHASE 1 CYCLE APPLICATION AND EXECUTION OF RELATED DOCUMENTS UPON AWARD; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 67-20 authorizing Submission of Rural Transit Fund Grant Coronavirus Aid, Relief, and Economic Security (CARES) 5311 Phase 1 Cycle Application and Execution of Related Documents Upon Award.**

- A-9 APPROVAL OF RESOLUTION NO. 73-20, APPROVING A SUPPLEMENTAL LEASE AGREEMENT TO THE UNITED STATES COAST GUARD STATION MORRO BAY BUILDING LEASE FOR CONSTRUCTION OF A NEW COAST GUARD STATION EMERGENCY BACKUP POWER GENERATOR TO BE BUILT ADJACENT TO THE COAST GUARD BUILDING, LOCATED ON LEASE SITES 141, AT 1279 EMBARCADERO; (HARBOR DEPARTMENT)

**RECOMMENDATION: Staff recommend the City Council approve Resolution No. 73-20, approving a Supplemental Lease Agreement to the Coast Guard's Station Morro Bay building lease to enable the Coast Guard to build an emergency backup power generator.**

- A-10 PROCLAMATION HONORING MICHAEL MANCHAK PRESIDENT & CEO OF ECONOMIC VITALITY CORPORATION (EVC) ON HIS UPCOMING RETIREMENT; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

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

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

B. PUBLIC HEARINGS

- B-1 APPEAL OF PLANNING COMMISSION APPROVAL ON JUNE 2, 2020 OF THE CONDITIONAL USE PERMIT (CUP19-12), COASTAL DEVELOPMENT PERMIT (CDP20-001), PARKING EXCEPTION (PKG19-05) AND A MITIGATED NEGATIVE DECLARATION (MAY 2020) TOGETHER WITH THE MITIGATION MONITORING AND REPORTING PROGRAM FOR A PROPOSED 35-UNIT AFFORDABLE HOUSING PROJECT ON .94 ACRES. THE PROJECT IS ZONED MCR/R-4/PD/SP AND IS NOT WITHIN THE COASTAL COMMISSION APPEALS JURISDICTION; (COMMUNITY DEVELOPMENT DEPARTMENT)  
<https://youtu.be/CW0BwGQiv3w?t=2519>

Contract Planner Hubbard provided the report and, along with Community Development Director Graham, responded to Council inquires.

Mayor Headding opened the Public Hearing.

Betty Winholtz, Appellant, questioned the income range for qualified residents, restated her position an elevator should be required for health and safety reasons, and that 35 parking spaces was insufficient as those making \$54,000 - \$77,000 per year would have two vehicles. She suggested reducing parking needs either by having 35 one-bedroom units or removing the 3<sup>rd</sup> story. With regard to EV parking spaces, she mentioned this should be fleshed out in light of laws recently passed.

Scott Smith, Executive Director of Housing Authority of SLO ("HASLO"), responded to issues raised by the Appellant, providing clarification with respect to income requirements, and building regulations related to elevators and parking.

The applicant responded to questions by Council Members.

Mayor Headding opened Public Comment.

Jim Rendler, Co-Developer with HASLO, clarified 30% of the median income for a single-person household is \$20,000, which equates to less than \$10 per hour.

An unnamed individual asked the Council to consider the parking, traffic, and safety issues the project would create for neighbors.

Roger Ewing, Morro Bay, spoke in support of the Appellant, stating he was primarily concerned with traffic impacts.

Erica Crawford, Chamber of Commerce, spoke in support of affordable housing in terms of how it helps business owners retain employees. She encouraged the Council to engage members for their perspective on the issue.

Dan Sedley, Morro Bay, raised questions and expressed concern regarding safety issues, parking and increased traffic.

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

Staff responded to additional questions from the Council and issues raised during public comment.

The Public Hearing was closed.

MOTION: Council Member Davis moved to adopt Resolution No. 68-20, making the necessary findings to deny the appeal and uphold the Planning Commission approval of Conditional Use Permit (CUP19-12), Coastal Development Permit (CDP20-001), Parking Exception (PKG19-05) and a Mitigated Negative Declaration dated May 2020 for the site at 405 Atascadero Road to allow a 35-unit deed restricted affordable housing project on a 0.94 acre site. The motion was seconded by Council Member Addis.

Council Member Heller stated for the record that, while it was important to pursue affordable housing projects, he didn't believe the project provided adequate parking, was not convinced there are no traffic safety problems at this location, and also not convinced the project will be significantly close to public transportation.

A majority of the Council agreed affordable housing is desperately needed, the project had been carefully reviewed by the Planning Commission and met all State and local requirements, and the Appellant's issues and concerns had been adequately addressed. Following discussion, the motion carried 4-1 by roll call vote with Council Member Heller opposed.

C. BUSINESS ITEMS

- C-1 CONSIDERATION OF APPROVING THREE ELECTION RESOLUTIONS TO PLACE BEFORE CITY VOTERS, AT THE NOVEMBER 3, 2020 GENERAL MUNICIPAL ELECTION, A LOCAL RECOVERY AND EMERGENCY PREPAREDNESS SALES TAX BALLOT MEASURE TO REPEAL CHAPTER 3.22 (TRANSACTIONS AND USE TAX) AND ADD CHAPTER 3.26 (TRANSACTIONS AND USE TAX) TO TITLE 3 OF THE MORRO BAY MUNICIPAL CODE TO RAISE THE CITY'S TRANSACTIONS AND USE TAX RATE BY 1 CENT; CONDUCT FIRST READING, BY TITLE ONLY, OF THE PROPOSED ORDINANCE INCREASING THE CITY'S TRANSACTIONS AND USE TAX RATE BY 1 CENT (CITY MANAGER/CITY ATTORNEY)  
<https://youtu.be/CW0BwGQiv3w?t=7366>

City Manager Collins, Finance Director Callaway, and City Attorney Neumeyer provided the report and responded to Council inquiries.

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

John Weiss, Morro Bay, opposed the sales tax measure and suggested the City explore consolidating non-safety staff at the Community Center and other cost saving measures.

Homer Alexander, Morro Bay, supported placing a 1-cent sales tax measure on the ballot so residents can decide adding those revenues could be used to replenish emergency reserves depleted due to COVID, maintain safety services, and fund projects.

Betty Winholtz, Morro Bay, disputed the statement tourists pay 70% of sales tax collected and suggested lowering water/sewer bills to gain support for a tax measure.

Dan Sedley, Morro Bay, opposed placing a sales tax measure on the ballot and suggested more can be done to reduce City expenses.

Walter Heath, Morro Bay, served on the City Manager roundtable with six other residents who looked at both cost reductions and revenue increases and decided unanimously it was appropriate to let the voters weigh in. He hoped the Council would vote unanimously

to place the measure on the ballot as an indication the voters should have the opportunity to decide.

Erica Crawford, Morro Bay Chamber of Commerce, referred to the fiscal memo submitted at the previous meeting and offered the Chamber's support for a sales tax measure.

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

MOTION: Council Member Davis moved to adopt Resolutions No. 69-20 Submitting to the Voters a Measure, entitled Morro Bay's Local Recovery/Emergency Preparedness Measure, which increases the City's Transactions and Use Tax Rate from .5% to 1.5%. The motion was seconded by Council Member McPherson for discussion.

Council Member McPherson requested the motion be amended to change language in Section 3 on page 159 to read, "the City Council hereby approves the form of the Ordinance and approves its submission to the voters at the November election." Council Member Davis accepted the friendly amendment.

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

MOTION: Council Member Davis moved approval of Resolution No. 70-20, as presented, Setting Priorities for Filing Written Argument(s) and Directing the City Attorney to Prepare an Impartial Analysis regarding the Morro Bay General Transactions and Use Tax Measure, submitted at the General Municipal Election on November 3, 2020. The motion was seconded by Council Member McPherson for discussion.

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

MOTION: Council Member McPherson moved the meeting go beyond 9:30 p.m. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

MOTION: Council Member Davis moved approval of Resolution No. 71-20 Providing for the Filing of Rebuttal Arguments regarding the Morro Bay General Transactions and Use Tax Measure, submitted at the General Municipal Election on November 3, 2020. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

MOTION: Council Member McPherson moved to conduct first reading, by title only, with further reading waived, of the proposed Ordinance No. 635 "An Ordinance of the People of the City of Morro Bay, California, Repealing Chapter 3.22 and Adopting Chapter 3.26 of the Morro Bay Municipal Code to increase the City's Transactions and Use Tax Rate from .5% to 1.5%", with the ordinance being subject to voter approval for enactment. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

C-2 APPROVAL OF PURCHASE AND SALE AGREEMENT FOR PERMANENT AND TEMPORARY EASEMENTS RELATED TO THE WATER RECLAMATION FACILITY OVER PORTIONS OF THE REAL PROPERTY LOCATED NEAR THE INTERSECTION OF SOUTH BAY BOULEVARD AND TERESA ROAD, ASSESSOR'S PARCEL NO. 068-411-07; (CITY ATTORNEY)

<https://youtu.be/CW0BwGQiv3w?t=14196>

City Attorney Neumeyer provided the report.

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

Dan Sedley, Morro Bay, felt the agenda item did not adequately describe the need for the property, its location, surroundings, and acreage.

Betty Winholtz, Morro Bay, concurred with Mr. Sedley's comments and asked why it was necessary to purchase the property when the City was initially comfortable having an easement. She also questioned the property owner's desire to re-zone property

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

Staff responded to questions raised during public comment.

MOTION: Council Member Addis moved to approve as submitted and authorize City Manager to sign the Purchase and Sale Agreement and all necessary documents to implement the agreement. The motion was seconded by Council Member Davis for discussion.

Following discussion, the motion carried 4-1 by roll call vote with Council Member Heller opposed.

C-3 ADOPTION OF RESOLUTION NO. 72-20 APPROVING A NEW HARBOR DEPARTMENT LEASE MANAGEMENT POLICY THAT INCLUDES A NEW MASTER LEASE FORMAT, RESCINDING RESOLUTIONS NO. 66-01 THAT APPROVED THE CURRENT LEASE MANAGEMENT POLICY AND NO. 31-02 THAT APPROVED A NEW MASTER LEASE FORMAT, AND PROVIDE DIRECTION ON NEW POLICY IMPLEMENTATION NEXT STEPS; (HARBOR DEPARTMENT)

<https://youtu.be/CW0BwGQiv3w?t=14969>

Harbor Director Endersby provided the report and responded to Council inquires.

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

MOTION: Council Member McPherson moved to adopt Resolution No. 72-20 approving a new Harbor Department Lease Management Policy (LMP) and Master Lease format, rescinding Resolution Nos. 66-01 that approved the current Lease Management Policy and Resolution No. 31-02 that approved a new Master Lease Format. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

A majority of the Council agreed discussions about in-house vs. contracted lease/property management and the possible formation of a harbor district or parcel tax to help fund capital improvements should begin early 2021.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/CW0BwGQiv3w?t=17735>

Mayor Headding referred to the current WRF rate surcharge adjustment policy requiring staff to analyze revenues and expenses and provide a report to Council on the ability to

potentially decrease rates. He requested the report be brought to Council in late August and received full support for the item.

Council Member Heller requested discussion of options related to the current fireworks ordinance. There was Council support to bring this issue back prior to July 4, 2021.

E. ADJOURNMENT

The meeting adjourned at 10:28 p.m.

Recorded by:

Dana Swanson  
City Clerk