

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

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/1sMPpeG7NJA?t=239>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

PRESENTATIONS

- Domestic Violence Awareness Month Proclamation presented to Sandra Gresham from Stand Strong.
<https://youtu.be/1sMPpeG7NJA?t=1148>
- Presentation of Business Heroes Awards to the following Morro Bay businesses:
 - Dutchman Restaurant
 - Dealers Choice
 - Pizza Port
 - Albertsons<https://youtu.be/1sMPpeG7NJA?t=1698>

PUBLIC COMMENT

<https://youtu.be/1sMPpeG7NJA?t=2525>

John Weiss, Morro Bay, asked for clarification regarding the vacation rental ordinance, expressing concern about grandfathering of vacation rentals in residential areas. He supported an unlimited number of hosted vacation rentals.

Dan Sedley, Morro Bay, suggested the Council may have violated the Brown Act by attending an event at the Water Reclamation Facility.

David Wiseman, Morro Bay, was dismayed to receive an election mailer from the City that seemed to support the sales tax measure and asked what degree of due diligence was done to ensure this would not run afoul of the FPPC.

Betty Winholtz, Morro Bay, raised questions regarding statements during a recent interview regarding the water reclamation facility capacity and use of recycled water.

Mayor Heading closed public comment.

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

A. CONSENT AGENDA
<https://youtu.be/1sMPpeG7NJA?t=3496>

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 SEPTEMBER 8, 2020, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE SEPTEMBER 17, 2020, CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE SEPTEMBER 24, 2020, CITY COUNCIL SPECIAL
MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPROVAL OF MINUTES FOR THE SEPTEMBER 30, 2020, CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 ADOPT RESOLUTION NO. 87-20 APPROVING FISCAL YEAR 2019/20 FOURTH
QUARTER YEAR-END BUDGET ADJUSTMENTS; (FINANCE DEPARTMENT)

RECOMMENDATION: Staff recommends that the City Council adopt Resolution No. 87-20 approving Fiscal Year 2019/20 Fourth Quarter Year-End Budget Adjustments.

- A-6 CONSIDERATION OF APPROVAL OF CONDITIONAL CONSENT OF LANDOWNER PERTAINING TO LEASE SITE REDEVELOPMENT PROPOSAL FOR LEASE SITE 78-81/78W-81W, LOCATED AT 701 EMBARCADERO (DUTCHMAN'S SEAFOOD HOUSE) TO VAN BEURDEN INVESTMENTS; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend the City Council grant Conditional Consent of Landowner (COL) approval to Van Beurden Investments for their proposal to redevelop a portion of Lease Site 78-81/78W-81W as described in this staff report.

- A-7 ADOPTION OF RESOLUTION NO. 88-20 APPROVING REVISIONS TO THE SAN LUIS OBISPO REGIONAL TRANSIT AUTHORITY JOINT POWERS AGREEMENT (JPA) TO CONSOLIDATE WITH SOUTH COUNTY TRANSIT JPA AND PROVIDE CLARIFYING OPERATIONAL AMENDMENTS; (CITY MANAGER)

RECOMMENDATION: Staff recommends approval of Resolution No. 88-20 authorizing execution of the amended and restated Joint Powers Agreement (JPA) for the San Luis Obispo Regional Transit Authority (RTA) allowing consolidation of South County Transit into the San Luis Obispo Regional Transit Authority and approving clarifying operational amendments to the RTA JPA.

- A-8 APPROVAL OF RESOLUTION NO. 89-20 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A \$85,000 2020/2021 BOATING SAFETY AND ENFORCEMENT EQUIPMENT GRANT CONTRACT WITH THE STATE OF CALIFORNIA DEPARTMENT OF PARKS AND RECREATION, DIVISION OF BOATING AND WATERWAYS FOR PURCHASE OF PORT SAN LUIS' SURPLUS 26-FOOT HARBOR PATROL VESSEL; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 89-20, authorizing the Harbor Director to execute and act as the City's agent for the attached Boating Safety and Enforcement Equipment Grant Agreement No. C20L0605 with the State of California Department of Parks and Recreation, Division of Boating and Waterways in the amount of \$85,000 to purchase Port San Luis Harbor District's surplus 26-foot Radon patrol vessel.

- A-9 HARBOR ADVISORY BOARD MEETING SCHEDULE AMENDMENT REQUEST; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 90-20 approving a request from the Harbor Advisory Board (HAB) to establish January, April and July as three months per each calendar year the HAB would not have a regularly scheduled monthly meeting.

- A-10 PROCLAMATION DECLARING OCTOBER 2020 DOMESTIC VIOLENCE AWARENESS MONTH; (ADMINISTRATION)

RECOMMENDATION: Approved as submitted

Mayor Headding opened public comment for the Consent Agenda.

Dan Sedley, Morro Bay, spoke regarding Item A-8, questioning the proposed expenditure of \$85,000 to purchase a replacement vessel for boating safety and enforcement.

The public comment period was closed.

Mayor Headding pulled Item A-8 and Council Member Heller pulled Item A-5.

MOTION: Council Member Davis moved approval of all items on Consent except Items A-5 and A-8. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

A-5 ADOPT RESOLUTION NO. 87-20 APPROVING FISCAL YEAR 2019/20 FOURTH QUARTER YEAR-END BUDGET ADJUSTMENTS; (FINANCE DEPARTMENT)
<https://youtu.be/1sMPpeG7NJA?t=3736>

Finance Director Callaway responded to questions regarding transfers from the General Fund Emergency Reserve and parking receipts for the launch ramp.

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

A-8 APPROVAL OF RESOLUTION NO. 89-20 AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO A \$85,000 2020/2021 BOATING SAFETY AND ENFORCEMENT EQUIPMENT GRANT CONTRACT WITH THE STATE OF CALIFORNIA DEPARTMENT OF PARKS AND RECREATION, DIVISION OF BOATING AND WATERWAYS FOR PURCHASE OF PORT SAN LUIS' SURPLUS 26-FOOT HARBOR PATROL VESSEL; (HARBOR DEPARTMENT)
<https://youtu.be/1sMPpeG7NJA?t=4014>

Harbor Director Endersby responded to questions raised during public comment. Council Member Davis thanked the Friends of Morro Bay Harbor Department for their fundraising efforts to repair and fit out the boat.

MOTION: Mayor Headding moved approval of Item A-8. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS

B-1 INTRODUCTION AND FIRST READING OF ORDINANCE 640; AMENDMENTS TO MORRO BAY MUNICIPAL CODE, REPEALING CHAPTER 5.47 (SHORT-TERM VACATION RENTAL PERMIT) AND ADDING CHAPTER 17.41 (SHORT-TERM VACATION RENTALS) SO AS TO PROVIDE REGULATIONS TO PROTECT THE QUALITY AND CHARACTER OF OUR RESIDENTIAL NEIGHBORHOODS THROUGH APPLICATION OF DENSITY LIMITATIONS, EXPANDED PERMIT REQUIREMENTS AND OPERATIONAL REQUIREMENTS; (CITY MANAGER/COMMUNITY DEVELOPMENT)
<https://youtu.be/1sMPpeG7NJA?t=4302>

Community Development Director Graham provided the report and, along with City Manager Collins and City Attorney Neumeyer, responded to Council inquires.

Mayor Headding opened the Public Hearing.

Dan Sedley, Morro Bay, spoke in support of unlimited hosted vacation rentals and vacation rentals in commercially zoned areas. He suggested giving un-hosted vacation rentals one year to discontinue operations.

Karen questioned the number of complaints received by the City and noted she had not observed problems in her neighborhood.

Cynthia, owner of a short-term rental property, requested clarification regarding the transfer of permits and appreciated the City allowing the grandfathering of existing permitted rentals.

Sean Green, Morro Bay, appreciated there was a clear path forward and encouraged the City to enforce the new regulations.

Nicholas Juren, co-owner of Beach-N-Bay Getaways and URelax Vacation Rentals, supported the noise ordinance being included by reference, asked the Council to consider raising the maximum occupancy to 12 and, if not, to allow operators to honor contracts already signed and under deposit for occupancies more than 10. Regarding transfer and sale, he suggested allowing continued operation to honor contracts made for 60-120 days after the sale.

Belin asked for clarification regarding apartments being excluded and grandfathering of existing permits.

David Zepp, Morro Bay, supported the ordinance as drafted and appreciated the compromise made by all stakeholders.

Maggie Juren, Vacation Rental Ad Hoc Committee Member, requested the Council allow grandfathering for existing permitted accessory dwelling units, urged caution regarding unlimited home shares as being more difficult to validate and also in direct competition with hotels, and believed the discussion had been 175' linear buffer rather three lots or a 175' radius.

Kristen Headland, Morro Bay, supported hosted vacation rentals and was concerned the proposed ordinance did not adequately protect neighborhoods.

The Public Hearing was closed.

After Council discussion, City Attorney Neumeyer confirmed there was consensus on the following changes:

- Accessory Dwelling Units ("ADU's") - Grandfather existing permitted STR ADU's, prospectively prohibit new ADU's as STRs, and confirm ADU's are included in cap of 175.
 - On Page 5, definition of "Short-term vacation rental" to be corrected accordingly.
 - On Page 7, Item N, replace with the following language, "Notwithstanding any other provision herein, short-term vacation rentals shall not be operated out of accessory dwelling units or junior accessory dwelling units, as provided in state law, except as provided for in Section 17.41.050(A)."
 - On page 7, delete Section 17.41.050(B).
 - On Page 7, affirm the cap in Section 17.41.040(A) applies to ADU's.
- Space limitation between single family full-home short-term vacation rentals in residential zones - 175' radius
 - On page 8, Section D(1) was modified to establish a 175' radius buffer between full-home short-term vacation rentals (as measured from exterior property line) in residential zones. This applies to full-home single family rentals and all ADU's.
- Noise regulations
 - On page 15, Section H, delete all except the final sentence, to read "Guests must comply with all local noise restrictions."

- 10-person limit
 - Number of guests limited to 10 persons, except that City will honor existing contracts for stays booked prior to effective date of ordinance, consistent with federal Contract Clause. (Note: this clarification does not affect language of the ordinance).
- No short-term vacation rentals in multi-family developments in residential zones, including apartments; multi-family short-term vacation rentals allowed in commercial and mixed use zones subject to 12.5% (1/8th) density limitation; with existing non-conforming multi-family short-term vacation rentals grandfathered in.
 - On Page 7, delete Section O.
 - On Page 8, modify Sections C and E accordingly.

MOTION: Council Member McPherson moved to introduce for first reading Ordinance No. 640, amendments to Morro Bay Municipal Code repealing Chapter 5.47 (Short-Term Vacation Rental Permit) and adding Chapter 17.41 (Short-Term Vacation Rentals) so as to provide regulations to protect the quality and character of our residential neighborhoods through application of density limitations, expanded permit requirements and operational requirements, along with the recommended additional changes made this evening. The motion was seconded by Council Member Davis and carried 4-1 by roll call vote with Council Member Heller opposed.

C. BUSINESS ITEMS

- C-1 CONSIDERATION OF PROPOSED MORRO BAY SMALL BUSINESS GRANT PROGRAM, TO BE FUNDED BY CALIFORNIA SENATE BILL 1090 FUNDS; (CITY MANAGER/FINANCE DIRECTOR/ACTING PUBLIC WORKS DIRECTOR)
<https://youtu.be/1sMPpeG7NJA?t=13263>

City Manager Collins and Finance Director/Acting Public Works Director Callaway provided the report and responded to Council inquires.

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

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

Erica Crawford, Morro Bay Chamber of Commerce, expressed appreciation on behalf of the business community.

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

MOTION: Council Member Davis moved to adopt Resolution No. 91-20, approving the Morro Bay Small Business Grant Program to support local businesses impacted by COVID-19 and to be funded entirely through California Senate Bill (SB) 1090 funds. The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

- #### D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS <https://youtu.be/1sMPpeG7NJA?t=14141>

Council Member Heller requested discussion of the process to appoint a replacement when someone leaves the Council. Mr. Neumeyer explained the process defined in the

City's municipal code, which requires a special election to be held and that Council has authority to appoint a replacement for the interim. Council Member Heller withdrew the request.

Council Member Heller requested the Council review the current noise ordinance to ensure it has specific metrics and can effectively be used to enforce complaints, particularly with regard to vacation rentals. Council Member Davis and Mayor Heading supported the request.

Council Member Heller wished to discuss ideas on how to transmit information regarding SB 1383 requirements and agreed to discuss this with the City Manager to before bringing forward to Council.

E. ADJOURNMENT

The meeting adjourned at 9:29 p.m.

Recorded by:

Dana Swanson
City Clerk