

*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
	Laurel Barton	Council Member
	Robert Davis	Council Member
	Jeff Heller	Council Member
ABSENT:	None	
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Katie Lichtig	Interim Finance Director
	Greg Kwolek	Public Works Director
	Scot Graham	Community Development Director
	Steve Knuckles	Fire Chief
	Jody Cox	Police Chief
	Eric Endersby	Harbor Director
	Kyle Rohrer	WRF Program Manager (Carollo Engineering)

#### ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 p.m., with all but Council Member Barton present. Council Member Barton joined the meeting at 5:33 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

#### CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

#### PRESENTATIONS

- o Proclamation presented to Fire Chief Steven C. Knuckles on his retirement.  
<https://youtu.be/Z07iO0Hf8LQ?t=1142>

#### PUBLIC COMMENT

<https://youtu.be/Z07iO0Hf8LQ?t=2768>

Betty Winholtz, Morro Bay, congratulated Chief Knuckles on his retirement and requested the City join others in opposing SB-9, a bill making its way through the legislature that would affect planning and zoning.

Mayor Heading closed public comment.

The Mayor responded to issues raised during public comment.

A. CONSENT AGENDA  
<https://youtu.be/Z07iO0Hf8LQ?t=2931>

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 JUNE 16, 2021 CITY COUNCIL SPECIAL CLOSED SESSION MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF SB1 FUNDING PROJECT LIST FOR PAVEMENT MANAGEMENT PLAN PROJECT; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION: Adopt Resolution No. 30-21 approving the Fiscal Year 2021/22 project list for Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funding.**

A-3 ADOPTION OF RESOLUTIONS APPROVING MEMORANDA OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND EACH OF THE CITY'S BARGAINING GROUPS, AND ESTABLISHING COMPENSATION AND BENEFITS FOR UNREPRESENTED MANAGEMENT AND CONFIDENTIAL, AND DEPARTMENT HEAD EMPLOYEES OF THE CITY OF MORRO BAY ; (CITY MANAGER/ADMINISTRATION)

**RECOMMENDATION: Staff recommends the City Council:**

**1) Adopt Resolution No. 31-21 implementing the Tentative Agreement and approving the 2021-2022 Memorandum of Understanding Between the City of Morro Bay ("City") and the Morro Bay Peace Officers Association ("MBPOA"); and 2) Adopt Resolution No. 32-21 implementing the Tentative Agreement and approving the 2021-2022 Memorandum of Understanding Between the City of Morro Bay ("City") and the Service Employees International Union Local 620 ("SEIU"); and 3) Adopt Resolution No. 33-21 implementing the Tentative Agreement and approving the 2021-2022 Memorandum of Understanding Between the City of Morro Bay ("City") and the Morro Bay Firefighters Association, IAFF Local 3725 ("MBFFA"); and 4) Adopt Resolution No. 34-21 amending and restating compensation and benefits for unrepresented Confidential Employees of the City of Morro Bay; and 5) Adopt Resolution No. 35-21 amending and restating compensation and benefits for unrepresented Management Employees of the City of Morro Bay; and 6) Adopt Resolution No. 36-21 amending and restating maximum compensation and benefits for Department Head Positions.**

A-4 COVID-RELATED DEFERRED MASTER LEASE RENT PAYBACK PROGRAM; (HARBOR DEPARTMENT)

**RECOMMENDATION: Staff recommend Council adopt Resolution No. 37-21, setting forth a repayment program for any remaining deferred Tidelands Trust Master Tenant waterfront lease site rents, and authorizing, in arrears, the deferment of Tidelands Trust Master Tenant rents from July, 2020 through July, 2021, inclusive, without penalty or interest.**

- A-5 ADOPTION OF RESOLUTION NO. 38-21 AUTHORIZING ACCEPTANCE OF A LOCAL ROAD SAFETY PLAN (LRSP) GRANT THROUGH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS), DISTRICT 5 AND EXECUTION OF THE MASTER AND SUPPLEMENTAL AGREEMENTS; (PUBLIC WORKS DEPARTMENT)

**RECOMMENDATION:** Staff recommends the City Council adopt Resolution No. 38-21 authorizing staff accept a \$40,000 Local Road Safety Plan (LRSP) Grant provided by the California Department of Transportation (CalTrans), District 5 and authorize the City Manager or designee to execute the Master and Supplemental Agreements, and expend \$5,000 in City matching funds.

- A-6 AUTHORIZE THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH BROWN ARMSTRONG ACCOUNTANCY CORPORATION TO PERFORM ANNUAL FINANCIAL AUDITS OF THE CITY OF MORRO BAY FOR FISCAL YEARS ENDING JUNE 30, 2021 THROUGH 2025 AND TWO POSSIBLE ONE-YEAR EXTENSIONS FOR FISCAL YEARS ENDING JUNE 30, 2026 AND 2027, WITH COST OF \$45,740 PER YEAR. AGREEMENT INCLUDES A SINGLE AUDIT OF THE CONSTRUCTION OF NEW WATER RECLAMATION FACILITY; (FINANCE DEPARTMENT)

**RECOMMENDATION:** Authorize the City Manager to Execute an Agreement with Brown Armstrong Accountancy Corporation (BAAC) to perform annual comprehensive financial audits of the City of Morro Bay for fiscal years ending June 30, 2021 through 2025 and two possible one-year extensions for fiscal years ending June 30, 2026 and 2027, and a single financial audit of the construction of the new Water Reclamation Facility.

- A-7 ~~\*THIS ITEM HAS BEEN WITHDRAWN AT THE REQUEST OF STAFF\*  
PUBLIC HEARING, AND ADOPTION OF RESOLUTION NO. 39-21, FOR MINOR REVISIONS TO THE ADOPTED FISCAL YEAR 2021/22 (FY 2021/22) REVISED MASTER FEE SCHEDULE; (FINANCE DEPARTMENT)~~

~~**RECOMMENDATION:** Staff recommends that the City Council hold the public hearing, consider the proposed amendments to the Master Fee Schedule for FY 2021/22, and then adopt Resolution No. 39-21 (Attachment 1), which updates the City's Master Fee Schedule for FY 2021/22 to correct two fees that need to be consistent with State law and one revision of the explanation of the fee's applicability.~~

- A-8 DESIGNATION OF REPRESENTATIVE(S) TO THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY; (ADMINISTRATION)

**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-9 PROCLAMATION COMMENDING AND HONORING FIRE CHIEF STEVEN C. KNUCKLES ON HIS RETIREMENT; (ADMINISTRATION)

**RECOMMENDATION:** Approve as submitted.

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

Mayor Headding pulled Items A-3 & A-4.

MOTION: Council Member Davis moved approval of all items on Consent except Items A-3 A-4 and A-7 (this item was withdrawn at the request of staff). The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

A-3 ADOPTION OF RESOLUTIONS APPROVING MEMORANDA OF UNDERSTANDING BETWEEN THE CITY OF MORRO BAY AND EACH OF THE CITY'S BARGAINING GROUPS, AND ESTABLISHING COMPENSATION AND BENEFITS FOR UNREPRESENTED MANAGEMENT AND CONFIDENTIAL, AND DEPARTMENT HEAD EMPLOYEES OF THE CITY OF MORRO BAY ; (CITY MANAGER/ADMINISTRATION)  
<https://youtu.be/Z07iO0Hf8LQ?t=3057>

Mayor Headding expressed his gratitude for community support of Measure E, which allowed the City to maintain public safety and maintenance by providing salary and wage increases that are more competitive with other cities.

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

A-4 COVID-RELATED DEFERRED MASTER LEASE RENT PAYBACK PROGRAM; (HARBOR DEPARTMENT)  
<https://youtu.be/Z07iO0Hf8LQ?t=3154>

MOTION: Mayor Headding moved approval of Item A-4 and requested if balances remain outstanding as of October 31, 2021, that staff would bring back a report on those items. 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 MAY 18, 2021 OF THE CONDITIONAL USE PERMIT (CUP21-03) FOR A PROPOSED 560 SQUARE FOOT (SF) ADDITION TO AN EXISTING NONCONFORMING 1,683 SF SINGLE-FAMILY RESIDENCE. THE EXISTING RESIDENCE IS NONCONFORMING IN REGARD TO THE FRONT AND SOUTH SIDE SETBACKS. THE PROJECT IS ZONED R-1 AND IS NOT WITHIN THE COASTAL COMMISSION APPEALS JURISDICTION; (COMMUNITY DEVELOPMENT)  
<https://youtu.be/Z07iO0Hf8LQ?t=3293>

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

Mayor Headding opened the Public Hearing.

Wayne Johnson, Appellant, stated his concerns regarding the roof lines and stated the design was not appropriate for the neighborhood.

Brian Ridley, the Project Architect, spoke on behalf of the Applicant and responded to concerns noting the upper story is smaller than all but one of the seven nearby 2-story properties. He clarified the roofline is designed to be lowest on the street side, which may not be clear in the design drawings.

Mr. Johnson and Mr. Ridley responded to Council inquiries.

Mayor Heading opened Public Comment; seeing none, public comment and the public hearing were closed.

MOTION: Council Member Heller moved to adopt Resolution No. 40-21, making the necessary findings to deny the appeal and uphold the Planning Commission approval of Conditional Use Permit (CUP20-03) for the site at 429 Tulare to allow an addition to a single-family residence. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

- B-2 ADOPTION OF RESOLUTION NO. 41-21 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)  
<https://youtu.be/Z07iO0Hf8LQ?t=4984>

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

Mayor Heading opened the Public Hearing.

Mayor Heading opened Public Comment; seeing none, public comment and the public hearing were closed.

MOTION: Council Member Addis moved to adopt Resolution No. 41-21, approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District for Fiscal Year 2021/22. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

- B-3 ADOPTION OF RESOLUTION NO. 42-21 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/Z07iO0Hf8LQ?t=5265>

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

Mayor Heading opened the Public Hearing.

Mayor Heading opened Public Comment; seeing none, public comment and the public hearing were closed.

MOTION: Council Member Addis moved to approve the levy of the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance District by adopting Resolution No. 42-21. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

C. BUSINESS ITEMS

- C-1 ADOPT RESOLUTION NO. 43-21 ADOPTING THE FISCAL YEAR 2021/22 OPERATING AND CAPITAL BUDGETS; RESOLUTION NO. 44-21 ADOPTING THE CITY'S MASTER COMBINED SALARY SCHEDULE; APPROVE JOB CLASSIFICATIONS FOR THE FIRE MARSHAL/DIVISION CHIEF, SENIOR ADMINISTRATIVE SERVICES ANALYST AND FINANCE MANAGER; ADOPTING A SERIES OF RESOLUTIONS AMENDING AND/OR READOPTING THE CITY'S FINANCIAL POLICIES; AND ADOPT RESOLUTION NO. 54-

21 EXTENDING THE EXPANDED AND INCREASED COVID-19 UTILITY DISCOUNT AND SUBSIDY PROGRAM; (FINANCE DEPARTMENT)

<https://youtu.be/Z07iO0Hf8LQ?t=5495>

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

The public comment period for Item C-1 was opened; seeing none, the public comment period was closed.

MOTION: Mayor Headding moved to adopt Resolution No. 43-21 authorizing the Fiscal Year 2021/22 Operating and Capital Budgets, including amendments approved by the City Council, prior to the adoption of that Resolution; and adopt Resolution No. 44-21 approving the FY 2021/22 Master Combined Salary Schedule; and approve new or revised job descriptions for Fire Marshal/Division Chief, Senior Administrative Services Analyst and Finance Manager; and adopt Resolution No. 45-21 approving the revised General Fund Emergency Reserve Policy; and adopt Resolution No. 46-21 approving the revised Internal Services Fund Reserve Policy; and adopt Resolution No. 47-21 rescinding the Tourism Accumulation Fund Policy; and adopt Resolution No. 48-21 approving the revised Risk Management Reserve Policy; and adopt Resolution No. 49-21 approving the revised Local Agency Investment Fund Transaction Officers; and adopt Resolution No. 50-21 approving the revised Investment Policy; and adopt Resolution No. 51-21 readopting the Harbor Reserve Policy; and adopt Resolution No. 52-21 readopting the Revenue Policy; and adopt Resolution No. 53-21 readopting the Expenditure Policy; and adopt Resolution No. 54-21 extending the Utility Discount Program through December 31, 2021 and asking staff to bring back an evaluation of future viability of the fund over the long-term. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

C-2 APPROVAL OF AMENDMENT NO. 4 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 2021/2022; (PUBLIC WORKS DEPARTMENT)

<https://youtu.be/Z07iO0Hf8LQ?t=8316>

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

The public comment period for Item C-2 was opened; seeing none, the public comment period was closed.

MOTION: Mayor Headding moved to approve, and authorize the City Manager to sign, Amendment No. 4 to the existing agreement with Carollo Engineers, Inc., (Carollo), dated April 11, 2018, for continued program management of the Water Reclamation Facility Project in an increased amount of \$5,454,352 to cover estimated program management scope of work and costs for Fiscal Year 2021/22. The motion was seconded by Council Member Addis for discussion.

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

C-3 APPROVAL OF AMENDMENT NO. 5 TO CONTRACT SERVICES AGREEMENT WITH ALESHIRE & WYNDER, LLP FOR CITY ATTORNEY SERVICES; (CITY MANAGER)  
<https://youtu.be/Z07iO0Hf8LQ?t=10081>

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

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

MOTION: Council Member Heller moved to approve Amendment No. 5 to the contract services agreement with Aleshire & Wynder, LLP for City Attorney Services, as presented. The motion was seconded by Mayor Heading and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/Z07iO0Hf8LQ?t=10659>

Council Member Addis requested and received full support for a discussion of the City's policy related to water turn-offs and alternatives for those who don't pay their utility bills.

Council Member Addis requested and received full support for bringing forward a resolution to state explicitly the City supports free, fair, and enfranchised elections, with maximum access to voting.

Council Member Davis requested and received full support for consideration of City sponsorship of live music events in Cloister's Park.

Council Member Heller requested discussion of pending legislation around zoning and housing. Mayor Heading suggested if items lingered after the July break, the City could invite Dave Mullinax to provide an update. There was full support for that approach.

E. ADJOURNMENT

The meeting adjourned at 8:35 p.m.

Recorded by:

Dana Swanson  
City Clerk