

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – AUGUST 23, 2022
VETERAN'S MEMORIAL HALL /
TELECONFERENCE – 5:30 P.M.

AGENDA NO: A-2
MEETING DATE: September 27, 2022

Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation.

PRESENT:	John Headding	Mayor
	Dawn Addis	Council Member
	Laurel Barton	Council Member
	Jennifer Ford	Council Member
	Jeff Heller	Council Member
ABSENT:	None	
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Sarah Johnson-Rios	Assistant City Manager/Admin Services Dir.
	Greg Kwolek	Public Works Director
	Scot Graham	Community Development Director
	Daniel McCrain	Fire Chief
	Eric Endersby	Harbor Director
	Amy Watkins	Police Commander
	Eric Riddiough	City Engineer
	Nancy Hubbard	Contract Planner
	Paul Amico	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 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

<https://youtu.be/LeW-lmAkK2k?t=167>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/LeW-lmAkK2k?t=671>

PRESENTATIONS

<https://youtu.be/LeW-lmAkK2k?t=865>

- Lighthouse Century Bicycling Event Presentation by Mary Ann Gustafson

PUBLIC COMMENT

<https://youtu.be/LeW-lmAkK2k?t=1226>

Paul Donnelly, Morro Bay, congratulated the City on its \$9.3 Million grant award and asked when the \$41 surcharge would end.

Rigmor, Morro Bay, commented on various topics.

Linda Winters, Morro Bay, spoke regarding the importance of a mobile home rent control ordinance.

Sarah Robinson, Morro Bay, announced her candidacy for City Council.

Susan Stewart, Member of Historical Society of Morro Bay, announced an upcoming meeting and discussion on historic preservation to be held Sunday, August 28th at 3:00p.m. at Calvary Lutheran Church.

Betty Winholtz, Morro Bay, asked what progress had been made to display flyers and information on the screen and when residents would have an opportunity to provide input regarding Coleman Park improvements.

Aaron Ochs, Morro Bay, commented on issues he's observed that are impeding public comment.

Allen Hoshtetler, Morro Bay, spoke against Item B-1.

Zara Landrum, Morro Bay, announced her candidacy for City Council.

Mayor Headding closed public comment.

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

A. CONSENT AGENDA
<https://youtu.be/LeW-lmAKK2k?t=2547>

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 RESOLUTION MAKING FINDINGS RELATED TO THE CONTINUED EXISTENCE OF A STATE OF EMERGENCY DUE TO COVID-19 AND RE-AUTHORIZING FOR PUBLIC HEALTH AND SAFETY THE CONDUCT OF PUBLIC MEETINGS OF THE LEGISLATIVE BODIES OF THE CITY VIA REMOTE TELECONFERENCING (INCLUDING PARTIALLY REMOTE) FOR A 30-DAY PERIOD PURSUANT TO THE RALPH M. BROWN ACT AS AMENDED BY ASSEMBLY BILL NO. 361; (CITY ATTORNEY)

RECOMMENDATION: Staff recommends Council consider adoption of attached Resolution No. 78-22 reauthorizing for public health and safety the conduct of public meetings of the legislative bodies of the City via remote teleconferencing (including partially remote) for 30 days, thereby allowing the City Council and the City's advisory bodies to meet remotely (including partially remote) through September 22, 2022.

With approval of this motion and until such further notice, City Council and advisory bodies will continue to hold their meetings in public at the Veterans Hall, with the option for individual Councilmembers and advisory body members to teleconference.

A-2 APPROVAL OF SB1 FUNDING PROJECT LIST FOR FY 22/23 PAVEMENT MANAGEMENT PLAN PROJECT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Adopt Resolution No. 79-22 approving the Fiscal Year 2022/23 project list for use of Senate Bill 1 (Road Repair and Accountability Act of 2017) Road Maintenance and Rehabilitation Account (RMRA) funds.

A-3 CONSIDERATION OF A FREE PUBLIC CONCERTS AT TIDELANDS PARK IN PARTNERSHIP WITH MORRO BAY SENIOR CENTER, INC.; (CITY MANAGER/RECREATION SERVICES)

RECOMMENDATION: Staff recommends City Council approve a proposed free public concert series in fall of 2022 at Tidelands Park and direct staff to move forward with the support and planning for such a series in partnership with Morro Bay Senior Center, Inc. (MBSCI) and return to City Council at fiscal Midyear with a budget amendment to cover City costs up to \$10,000.

A-4 DESIGNATION OF VOTING DELEGATE AND ALTERNATE(S) AT LEAGUE OF CALIFORNIA CITIES 2022 ANNUAL CONFERENCE BUSINESS MEETING; AND, AUTHORIZE THE VOTING DELEGATES TO APPROVE PROPOSED CAL CITIES BYLAWS AMENDMENTS; (CITY CLERK)

RECOMMENDATION: Staff recommends the City Council:

1) Select Mayor Headding, as the voting delegate, and Council Members Barton and Ford, as the alternate voting delegates, for the upcoming annual business meeting to be held at the League of California Cities Annual Conference; and 2) Authorize City Clerk to sign the League of California Cities' form affirming the selection of the voting delegate and the alternate voting delegates (page 4 of Attachment 1); and 3) Authorize the selected voting delegate (or selected alternates as needed) to approve the proposed Bylaws Amendments provided as Attachment 2.

Mayor Headding opened public comment for the Consent Agenda.

<https://youtu.be/LeW-lmAkK2k?t=2555>

Betty Winholtz, Morro Bay, commented on Items A-2 & A-3.

The public comment period was closed.

Mayor Headding pulled Item A-2 & A-3.

MOTION: Council Member Addis moved approval of Items A-1 and A-4. The motion was seconded by Council Member Barton and carried 5-0 by roll call vote.

A-2 APPROVAL OF SB1 FUNDING PROJECT LIST FOR FY 22/23 PAVEMENT MANAGEMENT PLAN PROJECT; (PUBLIC WORKS DEPARTMENT)

<https://youtu.be/LeW-lmAkK2k?t=2735>

Staff responded to questions raised during public comment.

A-3 CONSIDERATION OF A FREE PUBLIC CONCERTS AT TIDELANDS PARK IN PARTNERSHIP WITH MORRO BAY SENIOR CENTER, INC.; (CITY MANAGER/RECREATION SERVICES)

<https://youtu.be/LeW-lmAkK2k?t=2897>

Staff responded to questions raised during public comment.

MOTION: Mayor Headding moved approval of Items A-2 and A-3. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS

B-1 AN APPEAL WAS FILED MAY 24, 2022, IN RESPONSE TO PLANNING COMMISSIONS DENIAL ON MAY 17, 2022, OF CONDITIONAL USE PERMIT (CUP19-20), COASTAL DEVELOPMENT PERMIT (CDP19-047) AND VARIANCE REQUEST (VAR20-001); FOR A SMALL NEW HOME ON A RESIDENTIALLY ZONED PARCEL. THE APPELLANT IS REQUESTING THE PROJECT BE RECONSIDERED BY CITY COUNCIL AND THE PLANNING COMMISSION DECISION OVERTURNED. THE PROJECT SITE IS IN THE R-1/PD WITH A PORTION IN THE WF/PD ZONING DISTRICT AND IS LOCATED WITHIN THE COASTAL COMMISSION APPEAL JURISDICTION; (COMMUNITY DEVELOPMENT DEPARTMENT)
<https://youtu.be/LeW-lmAkK2k?t=2989>

Contract Planner Hubbard provided the report and responded to Council inquiries.

Mayor Headding opened the Public Hearing.

Mayor Headding opened public comment.
<https://youtu.be/LeW-lmAkK2k?t=4623>

Sandy Bean, property owner/Applicant/Appellant requested to speak at the end of public comment.

Betty Winholtz, Morro Bay, spoke against the project and requested simulation pictures be displayed on screen.

Randolph Watkins spoke in support of the project.

Susan Stewart voted in favor of the project as the Planning Commission Chair and urged the Council to uphold the appeal and overturn Planning Commission's denial of the project.

Terry Simons, Morro Bay, urged the City Council to approve the project.

Bob Crizer, speaking on behalf of the applicant, addressed concerns raised by previous speakers and requested the Council approve the project.

Allen Hoshtetler, Morro Bay, expressed concerns regarding potential fire hazards.

Krista Jeffries, advocate for affordable housing in San Luis Obispo County, offered comments and stated denial of the project would be inconsistent with the City's housing goals.

Craig Shaffer, owner of Bayfront Marina, shared concerns but was supportive of a project that fit within the property lines.

Sandy Bean, Applicant/Appellant, responded to questions raised during public comment.

The public comment period and Public Hearing were closed.

Council Member Heller expressed safety concerns regarding traffic along that section of Main Street and parking constraints for the subject property and downslope property owners.

MOTION: Council Member Ford moved to uphold the appeal and overturn the Planning Commission denial of the CUP/CDP/VAR approving the project pursuant to the findings and conditions of approval included in Attachment 1. The motion was seconded by Council Member Addis and carried 4-1 by roll call vote with Council Member Heller opposed.

The Council took a brief recess at 7:40 p.m. The meeting reconvened at 7:47 p.m. with all members present.

C. BUSINESS ITEMS

C-1 LAND USE & ZONING MAP AUTHORIZATION; (COMMUNITY DEVELOPMENT DEPARTMENT)
<https://youtu.be/LeW-lmAKK2k?t=8346>

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

The public comment period for Item C-1 was opened.
<https://youtu.be/LeW-lmAKK2k?t=10963>

John Hinchey, Steiner Development, hoped to build 40-70 units on the Seashell Cove and, if the item was approved, would begin preparing site plans.

Dan Shepard looked forward to the opportunity to partner with the City to turn this difficult parcel into an asset for the city.

Mike Martz echoed Mr. Shepard's comments and was excited to partner with the City in this effort.

Paul Donnelly, Morro Bay, appreciated the Planning Commission's discussion on this subject and opposed the item, stating the terrain was not conducive to development.

Betty Winholtz, Morro Bay, voiced her opposition to the proposed change in zoning prior to a project being submitted.

Linda Donnelly, Morro Bay, opposed the change in zoning and restated the Planning Commission's recommendation a project be submitted prior to approval.

Jeff Eckles, Morro Bay, spoke regarding the need for workforce housing and urged the Council to adopt the zoning amendments.

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

MOTION: Mayor Heading moved to direct staff to work on processing of a change to the General Plan/LCP Coastal Land Use Map and Zoning Map for the properties north of Hwy 1 and west of South Bay Blvd from Low Density Residential to Medium Density Residential; and direct staff to return with a Midyear Budget Amendment to authorize \$13,900 in General Fund

expenditures for this year, and recommend an ad hoc committee be formed, including members of the City Council, Planning Commission, City staff, and Chamber to meet with developers interested in developing on these parcels to discuss how to incorporate concerns raised by the Chamber and Planning Commission in their plans for development. The motion was seconded by Council Member Addis for discussion.

Following discussion, the motion carried 3-2 by roll call vote with Council Members Barton and Heller opposed.

C-2 APPROVE WRF CONTRACT AMENDMENTS AND REVIEW AND COMMENT ON FISCAL YEAR 21-22 Q4 WRF QUARTERLY REPORT; (PUBLIC WORKS DEPARTMENT)

<https://youtu.be/LeW-lmAkK2k?t=12849>

Public Works Director Kwolek and Water Reclamation Facility Program Manager Amico provided the report and responded to Council inquiries.

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

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

<https://youtu.be/LeW-lmAkK2k?t=14430>

Paul Donnelly, Morro Bay, raised several questions and asked if all special conditions of the Coastal Commission permit had been satisfied.

Betty Winholtz, Morro Bay, questioned whether other Public Works functions would be conducted onsite, stating those operations should not be paid from water and sewer fees.

Linda Donnelly, Morro Bay, raised several questions regarding the report and WRF Project.

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

Staff responded to questions raised during public comment.

MOTION: Council Member Addis moved review and provide input on the Fiscal Year (FY) 21-22 4th Quarter (Q4) WRF Quarterly Report and authorize the City Manager to execute the following Water Reclamation Facility (WRF) contract amendments:

1. Amendment No. 4 to the agreement with Waterworks Engineers (Waterworks) for engineering services during construction of the WRF Lift Station and Offsite Pipelines for a total amount of \$108,706 and to extend the contract expiration date to December 31st, 2022, resulting in a total not to exceed amount of \$2,540,113.
2. Amendment No. 7 to the agreement with Carollo Engineers, Inc. (Carollo) for Program Management Services for the Water Reclamation Facility Program for a total of \$1,700,000 resulting in a total not to exceed amount of \$13,508,401.
3. Amendment No. 2 to the agreement with Kevin Merk Associates (KMA) for biological monitoring, reporting, and mitigation services the WRF Lift Stations and Offsite Pipelines construction for a total of \$15,000 resulting in a total not to exceed amount of \$86,310 for KMA.

4. Amendment No. 5 to the agreement with Anvil Builders, Inc. (Anvil) for the WRF Lift Stations and Offsite Pipelines construction for \$1,253,667, which results in a total not to exceed contract value for Anvil of \$34,196,581.
5. Revised Amendment No. 7 to the agreement with FBV Morro Bay Joint Venture (FBV) for the Water Reclamation Facility Construction project for \$359,885 (not including PCO's #103, 106 & 107), increasing the Guaranteed Maximum Price (GMP) to \$77,057,879.

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

- C-3 CONSIDERATION OF CALIFORNIA STATE REVOLVING FUND (SRF) LOW-INTEREST LOAN AMENDMENT TO INCREASE MAXIMUM CONSTRUCTION LOAN AMOUNT TO \$87,770,000 FOR THE WATER RECLAMATION FACILITY (WRF) AND REVIEW CHANGES IN WRF PROJECT COSTS; (CITY MANAGER/ADMIN SERVICES DEPARTMENT/PUBLIC WORKS DEPARTMENT)
<https://youtu.be/LeW-lmAkK2k?t=15241>

City Manager Collins, WRF Program Manager Amico and Assistant City Manager/Admin Services Director Johnson-Rios provided the report and responded to Council inquiries.

The public comment period for Item C-3 was opened.
<https://youtu.be/LeW-lmAkK2k?t=16544>

Paul Donnelly, Morro Bay, believed the standard of care was not followed and suggested an audit may be needed.

Linda Donnelly, Morro Bay, inquired about annual repayment obligations and when an audit of all WRF expenses would occur.

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

MOTION: Mayor Headding moved to adopt Resolutions Nos. 80-22 and 81-22 to support an application for a State Revolving Fund construction loan amendment in the amount of \$21,172,000 to cover the full Water Reclamation Facility program cost and authorize a maximum SRF construction loan amount of \$87,770,000; and review changes in WRF project costs over the life of the project. The motion was seconded by Council Member Barton and carried 5-0 by roll call vote.

- C-4 APPROVAL OF WATER RECLAMATION FACILITY INDIRECT POTABLE REUSE PROGRAM UPDATE AND AUTHORIZATION OF A CONTRACT AMENDMENT WITH CONFLUENCE ENGINEERING SOLUTIONS; (PUBLIC WORKS DEPARTMENT)
<https://youtu.be/LeW-lmAkK2k?t=17119>

Public Works Director Kwolek and Dan Heimel of Confluence Engineering Solutions provided the report and responded to Council inquiries.

The public comment period for Item C-4 was opened.
<https://youtu.be/LeW-lmAkK2k?t=18207>

Paul Donnelly, Morro Bay, raised questions regarding the report.

Linda Donnelly, Morro Bay, raised questions regarding the report and increased project costs.

The public comment period for Item C-4 was closed.

Staff responded to questions raised during public comment.

MOTION: Council Member Addis moved to approve Confluence Engineering Solutions' proposal to provide IPR Program Management, WRF and Engineering Support Services for Fiscal Year (FY) 2022/23 and authorize a contract amendment in the amount of \$582,619 for a not to exceed contract amount of \$627,619. The motion was seconded by Mayor Heading and carried 4-1 by roll call vote with Council Member Heller opposed.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/LeW-lmAkK2k?t=19134>

Council Member Heller requested and received support for review of inclusionary housing requirements that establish the 10% requirement, and gradients of low and very low income.

Council Member Ford requested a status update on the Ironman event. Mr. Collins offered to provide an update via the City Manager Update.

E. ADJOURNMENT

The meeting adjourned at 10:51 p.m.

Recorded by:

Dana Swanson
Dana Swanson (Oct 10, 2022 14:55 PDT)

Dana Swanson
City Clerk

A2 CC_2022-08-23 Regular Meeting Minutes_v2

Final Audit Report

2022-10-10

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