

City of Morro Bay

City Council Agenda

Mission Statement

The City of Morro Bay is dedicated to the preservation and enhancement of the quality of life. The City shall be committed to this purpose and will provide a level of municipal service and safety consistent with and responsive to the needs of the public.

**REGULAR MEETING
TUESDAY, SEPTEMBER 24, 2013
VETERANS MEMORIAL HALL - 6:00 P.M.
209 SURF ST., MORRO BAY, CA**

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE
CLOSED SESSION REPORT
MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PUBLIC PRESENTATIONS

- **2013 Lifeguard Program Summary**

PUBLIC COMMENT - Members of the audience wishing to address the Council on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the Council at this time.

To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Mayor, please come forward to the podium and state your name and address for the record. Comments are to be limited to three minutes.
- All remarks shall be addressed to Council, as a whole, and not to any individual member thereof.
- The Council respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commission and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the City Council to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in City Council meetings is welcome and your courtesy will be appreciated.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (805) 772-6205. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT AGENDA

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion.

A-1 APPROVAL OF CITY COUNCIL MINUTES FOR THE SPECIAL CLOSED SESSION MEETING HELD ON SEPTEMBER 10, 2013; (CITY ATTORNEY)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF THE CITY COUNCIL MINUTES FOR THE REGULAR COUNCIL MEETING HELD ON SEPTEMBER 10, 2013; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF CITY COUNCIL MINUTES FOR THE SPECIAL CLOSED SESSION MEETING HELD ON SEPTEMBER 12, 2013; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 PROCLAMATION DECLARING OCTOBER 2013 AS ENERGY AWARENESS MONTH; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-5 PROCLAMATION DECLARING OCTOBER 2013 AS RIDESHARE MONTH AND OCTOBER 9, 2013 AS INTERNATIONAL WALK TO SCHOOL DAY; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-6 APPROVAL OF ONE YEAR CONTRACT EXTENSION WITH MV TRANSPORTATION FOR MORRO BAY TRANSIT AND TROLLEY OPERATIONS AND MANAGEMENT; (PUBLIC SERVICES)

RECOMMENDATION: Approve a one (1) year extension of the current Morro Bay Transit and Trolley Operations and Management Agreement with MV Transportation and authorize staff to prepare a Request for Proposals for the operation and management of Morro Bay Transit and Trolley services for release in August 2014 for award by Council in November 2014..

A-7 OBTAIN OUTSIDE INDEPENDENT LEGAL COUNSEL TO ADVISE CITY COUNCIL ON CITY MANAGER AND CITY ATTORNEY CONTRACTS AND RELATED ISSUES; (MAYOR)

RECOMMENDATION: Authorize Mayor Jamie Irons to obtain outside independent legal counsel for the purpose of guiding Council through any and all personnel matters of the City Attorney and City Manager..

B. PUBLIC HEARINGS - NONE

C. UNFINISHED BUSINESS

C-1 PROJECT STATUS REPORT; (ADMINISTRATION)

RECOMMENDATION: Review and discuss this informational item and provide staff direction.

D. NEW BUSINESS

D-1 APPROVAL OF CONSENT OF LANDOWNER AGREEMENT FOR LEASE SITE 96/96W (ROCCA'S, VAN BEURDEN) TO FILE AN APPLICATION FOR LEASE SITE IMPROVEMENTS AND ALLOW STAFF TO ENTER INTO LEASE NEGOTIATIONS; (HARBOR)

RECOMMENDATION: Consider the two alternatives and provide direction; staff is recommending Alternative A.

D-2 DISCUSSION ON ESTABLISHING A SUBCOMMITTEE TO MEET WITH THE OWNERS OF THE PROPERTY LOCATED AT THE SEC EMBARCADERO AND HARBOR TO DISCUSS POTENTIAL USES OF THE PROPERTY; (CITY ATTORNEY)

RECOMMENDATION: Do not establish an Ad Hoc Council Subcommittee to meet with the property owner to discuss potential uses for the property but instead encourage staff to meet with the property owner regarding his potential project for the property.

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

F. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 772-6205 FOR FURTHER INFORMATION. MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL LOCATED AT 595 HARBOR STREET; MORRO BAY LIBRARY LOCATED AT 625 HARBOR STREET; AND MILL'S COPY CENTER LOCATED AT 495 MORRO BAY BOULEVARD DURING NORMAL BUSINESS HOURS.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 24 HOURS PRIOR TO THE MEETING TO INSURE THAT REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

MINUTES – MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
SEPTEMBER 10, 2013
CITY HALL CONFERENCE ROOM – 5:00PM

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Eric Endersby	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

SUMMARY OF CLOSED SESSION ITEMS - The Mayor read a summary of Closed Session items.

CLOSED SESSION PUBLIC COMMENTS - Mayor Irons opened the meeting for Public Comment

Jay and Mereline Coakley of 201 Main Street provided information regarding planned improvements for Lease Site 30W-33W and asked Council to consider a new long term lease agreement.

The Public Comment period was closed.

The City Council moved to Closed Session and heard the following items:

CS-1 GOVERNMENT CODE SECTION 54956.8: PROPERTY TRANSACTIONS:

Instructing City's real property negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease of real property as to one parcel.

- **Property: Lease Site 30W-33W; Bay Front Marina, Water Lease Adjacent to 201 Main Street**

Negotiating Parties: Coakley and City of Morro Bay

Negotiations: Lease Terms and Conditions

CS-2 GOVERNMENT CODE SECTION 54957.6; CONFERENCE WITH LABOR NEGOTIATOR:

Conference with City Manager, the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to the following employee organizations and giving instructions to the Designated Representative: Police Officer's Association (POA), Management and Confidential Employees.

CITY COUNCIL CONVENED TO OPEN SESSION – The City Council convened to open session; City Attorney, Rob Schultz reported that no reportable action under the Brown Act was taken.

ADJOURNMENT

The meeting adjourned at 5:50pm.

Recorded by:

Dana Swanson
Deputy City Clerk

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – SEPTEMBER 10, 2013
VETERAN’S MEMORIAL HALL – 6:00P.M.

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Jamie Boucher	City Clerk
	Steve Knuckles	Fire Chief
	Susan Slayton	Administrative Services Director
	Eric Endersby	Harbor Director
	Joe Woods	Recreation & Parks Director
	Rob Livick	Public Services Director

Mayor Irons called the meeting to order at 6:00 p.m.

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT – City Attorney Robert Schultz reported that City Council met in a Special Closed Session on September 10, 2013 on the following items: Government Code Section 54956.8: Property Transactions: Instructing City’s real property negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease of real property as to one parcel: Lease Site 30W-33W, Bay Front Marina; and, Government Code Section 54957.6: Conference with Labor Negotiator: Conference with City Manager, the City’s Designated Representative, for the purpose of reviewing the City’s position regarding the terms and compensation paid to the following employee organizations and giving instructions to the Designated Representative: Police Officer’s Association (POA), Management and Confidential Employees; no reportable action under the Brown Act was taken.

MAYOR AND COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PUBLIC PRESENTATIONS

PUBLIC COMMENT

The local business presentation was made by Jon Greisser, the Executive Director of the Central California Seafood Marketing Association (CCSMA). CCSMA is a non-profit fisherman’s co-op marketing association based in Morro Bay who hopes to bring high quality, locally harvested wild seafood to consumers, protecting the health and productivity of fish stocks and habitat and to help stabilize fishery activity and business in Morro Bay. They currently represent six vessel

owners and operators located in Morro Bay and Half Moon Bay. Their mission is to build value and security for their members, their local fishing operations and their seafood products. Their goals are to build a strong foundation for an association with sufficient opportunity to be enduring, efficient and effective; build regional recognition, demand and value of association and member brands and products; and build mid to long term security in the fishery for current and prospective association members. They currently participate in the Morro Bay Chamber of Commerce's Business Incubator Program which allows them subsidized office space, office equipment and supplies, support and access to resources and business counseling for start-up businesses. They have appreciated all the help that Lisa, Hank, Craig and John have been able to give them.

Robert Davis announced the upcoming Annual Lighthouse Century 2013 on Saturday, September 28th. The event begins at Morro Bay High School at 7:00am and is a fundraising event for many programs including our very own Morro Bay Community Police Services as well as Morro Bay High School. They are working diligently with the local community and law enforcement to make this a safe event.

Nicole Dorfman along with her sons Avery and Eli voiced her support for a Resolution that would enable Morro Bay to choose a large percentage of renewable sources for our electric power. She believes we need to keep moving away from being a society dependent on fossil fuels and to be more reliant upon renewable energy.

John Solu played a 30 second commercial advertising the upcoming Harbor Festival. There will be an oyster eating contest, Hawaiian t-shirt contest, vendors, beer and wine, incredible food and music. Advance tickets can be purchased at the Harbor Festival office or Albertsons for \$8 or they will be \$10 at the door. He reminded Council that they talked about and financially helped the Morro Bay 4th with their event; the Harbor Festival committee has also requested City financial support and as of the present, hasn't heard anything back. And finally, regarding Item D-5, he hopes that Council does not look to increase the City's TOT tax. He realizes there is a road problem but the tourists and tour busses don't drive the streets slated to be fixed and as such, shouldn't be footing the bill.

Garry Johnson presented a history of Dahlia Days. This annual event was held over the weekend and was a huge success. He thanked the City and Recreation & Parks staff for all the help they gave. Also, the 50th Year Anniversary is coming up and he continues to look for historical pictures.

Jan Watson commented on Item D-7. She recommends that Council vote no to join the CCA as we already have viable sources of energy with Diablo and the solar plant in our County supplying our energy needs. She feels this is a power controlling organization that will eventually eliminate all fossil fuel resources used for energy. She also feels this program would be taking away our freedoms of choice; she agrees we need to curb our use of fossil fuels but not at the risk of destroying our whole society.

Lynda Merrill spoke about the street work that has just been completed in her neighborhood, around San Jacinto. She feels a dangerous situation still remains. She would like to get a traffic

engineer to get parking off of San Jacinto and moved back to the side streets as well as realign the street where it used to be.

Loren Leidinger spoke as a representative of the American Red Cross. She mentioned that they have had a presence in San Luis Obispo County since the 1880's and their mission is to help families whose lives are affected by fires, floods and other disasters that affect their ability to live in their homes. She also presented the City Manager and the City Council with a copy of the MOU with California Emergency Management Agency, now called the Office of Emergency Services, which outlines what their role is in a disaster situation.

Linda Seeley, a San Luis Obispo resident, spoke for Mothers for Peace. She stated that the San Luis Obispo Chamber doesn't have any informational brochures available regarding Diablo for their tourists and hopes we make it a point to have brochures available in the case of an emergency. She also hopes there is signage inside of hotel rooms in case there is a release of radiation. She also spoke on Item D-7 stating that energy independence is what the CCA is all about. It allows for a broad choice and hopes we will endorse the CCA and send an individual to the CCA Advisory Board.

Dan Glessman spoke on Item D-5. He stated he enjoys living in a City that provides quality services, police and fire are good examples of that. He also stated we do have a defect that needs to be fixed; it's in our streets which are an expensive piece of our infrastructure. He added that we won't ever get ahead of the problem unless we invest \$900,000 a year for the next 15 years. He suggested the possibility of borrowing money to fix all the streets which would allow Public Services to bargain for better pricing and delivery; pass a half cent increase to local sales tax for this repair, make sure that this or any new revenue source have a sundown clause so that it will go away after the loan is paid off. Tourism is a key source for revenue in Morro Bay; as such, he hopes we don't raise the TOT.

Bonnie Crawford, employee at Sweet Offerings, a new business featuring homemade candies and ice cream spoke in opposition to the City negotiating a contract with the selected business for 307 Morro Bay Blvd. They feel the selected business would considerably impact their business who has already invested a lot of money and time into their location.

Nancy Castle announced there will be a BBQ and Concert this coming Saturday, September 14th at St. Peter's Church beginning at 2pm. The concert will feature Jody Mulgrew and Gary Garrett and starts at 7pm.

Dana Gibson supports the Council's participation in the exploration of the CCA. She hopes that the Resolution passes as it would be wonderful to have clean energy sources, we wouldn't have to worry about nuclear disasters, we could take the stacks down, and we could slow down on climate change and hopefully keep the money local to help us with our own renewable energy sources.

Taylor Newton thanked Nancy Johnson and Janith Goldman for involving the Guerilla Gardner's in the Dahlia Daze event. It was a wonderful event and they loved being a part of it.

Phil Kaspersky spoke on Item D-7 stating that he doesn't believe it's the government's place to make these decisions for us. He doesn't think people should be put in a place where those choices have already been made. He urged people to think about the horrible storms that we have had in the past; what about the PG&E employees who were the ones sent out to ensure we kept our power?

Christine Rogers shared a new EVC program with the Council. For a short period, they are offering a group purchasing program for solar systems. EVC will also provide educational programs on the topic; the program will run through November 1st.

Mayor Irons closed the public comment period.

Public Services Director Rob Livick commented on the situation on San Jacinto stating that staff is looking and evaluating a couple of different solutions to restriping the area. He also reiterated that the area has a speed limit of 25 miles per hour. It was also mentioned that Councilmembers Christine Johnson and Smukler as well as the Police Chief, Public Services Director and City Attorney are working towards alleviating/fixing the problem.

A. CONSENT AGENDA

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion.

A-1 APPROVAL OF CITY COUNCIL MINUTES FOR THE SPECIAL CLOSED SESSION MEETING HELD ON AUGUST 27, 2013; (CITY ATTORNEY)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF THE CITY COUNCIL MINUTES FOR THE REGULAR COUNCIL MEETING HELD ON AUGUST 27, 2013; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

Mayor Irons opened up the public comment period for items on the Consent Calendar; seeing none, the public comment period was closed.

MOTION: Councilmember Nancy Johnson moved the City Council approve Items A-1 and A-2 of the Consent Calendar as presented. The motion was seconded by Councilmember Christine Johnson and carried unanimously 5-0.

B. PUBLIC HEARINGS - NONE

C. UNFINISHED BUSINESS

C-1 STATUS REPORT OF A MAJOR MAINTENANCE & REPAIR PLAN (MMRP) FOR THE EXISTING WASTEWATER TREATMENT PLAN; (PUBLIC SERVICES)

Public Services Director Rob Livick presented the staff report.

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

Councilmember Leage stated that there seems to be a lot of concern about how much we are fixing up this plant which concerns him. How much money and what would it take to bring it up to secondary?

Mr. Livick stated that for the plant at this site to meet secondary requirements, would require a structure/building to be constructed which would require a Coastal Development Permit which would inevitably be appealed to the Coastal Commission and we are quite certain how that would turn out. Given that, this site wouldn't be appropriate for secondary use.

The report is for review and file.

D. NEW BUSINESS

D-1 REVIEW OF THE ECONOMIC DEVELOPMENT PROGRAM AND ASSOCIATED SCOPE OF WORK; (ADMINISTRATION)

City Manager Andrea Lueker presented the staff report.

Mayor Irons opened up the public comment period for Item D-1.

Jon Greisser stated they were the first members of the Chamber's Incubator Program. As part of its mission and charge, they provide office space, supplies, office equipment, support, and access to resources and business counseling for start-up businesses. They moved in May and the Chamber has been very helpful in the transition.

Susan Stewart stated that the Chamber Board is fully supportive of CEO Craig Schmidt and excited about the future of the town. She emphasized the decision by City leaders that an economic and business development program is an important goal for the community, demonstrates insight and recognition that a strong local economy must be supported at the civic level. The Chamber Board believes strongly in the work of the Economic Development Program and supports those who are providing the resources and expertise to make this a viable program. This is a worthy investment in our community as well as an opportunity to provide organized business outreach, support and recruitment.

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

Chamber CEO Craig Schmidt stated that their goals remain the same – gather information and data useful to the current business community and prospective new businesses; business retention and expansion, taking care of the businesses already here; and, new business recruitment to fill vacancies in our community. They have and continue to gather data relevant to demographics, commercial property inventory, retail sales gap analysis, event economic impact analysis, providing new business recruitment packets, and preparation of an Event

Planners Guide. To date they have met with 88 businesses to offer assistance, they will be making 20 business visits per month, they will be conducting in-depth business surveys with 100 Morro Bay businesses, and they will be providing information from those surveys in spring of 2014. They have also developed a listing of vacant commercial property, they have developed a list of desired businesses from the retail survey, they have reached out to Fresno and Bakersfield Chambers to identify businesses that may want a satellite location in Morro Bay and have worked with 15 businesses expressing a desire to relocate in Morro Bay of which 3 are up and running and 12 are on the active list. He also went on to say that Entrepreneurial Development – growing our own businesses in Morro Bay is vital. Over 20% of the Morro Bay workforce is self-employed. He feels that with proper professional assistance, the failure rate of those businesses can be turned around after 5 years. He finished by saying that the Morro Bay Business Center is fully functional, there are 2 active incubators using the Business Center, the business coaching team is in place, the new advisory council will resume meeting monthly, and they are lobbying the state to support Cuesta College, their most important training partner to provide more dollars for entrepreneurial development.

Councilmember Smukler asked about the Shop Local program to which Mr. Schmidt answered that it is a joint project with the Tourism Bureau whose components focus on 4 different retail areas: Quintana, No. Morro Bay, the Embarcadero and the Downtown area. Each will have its own event that creates an awareness of the shops in the area. The kick-off is slated for the end of October.

Councilmember Christine Johnson pointed out, from the report, that clear monthly reporting on increased sales tax and new start-ups and businesses attracted or retained will be the primary reporting focus. Tonight they have received a lot of information regarding the incubator program which has been really important and can also be used as a great recruitment tool. It's also important to point out that an incubator business isn't supposed to fill a large commercial space in the first 6 months; we need to see where and how things develop over time. She feels it's important to get out word about filling the empty commercial spaces.

Mr. Schmidt stated that they aren't looking at filling individual vacant spaces but instead putting together materials that will represent all the vacancies in town.

Mayor Irons stated that the Council is very supportive of Economic Development. He asked for this to come forward as he felt that considering the change that transpired, and for him, it wasn't communicated very well which led him to believe the community might feel there was some instability. To ignore that might make people think Council wasn't in support of the program. This hopefully tells the community that Council is still very supportive of the program.

Councilmember Nancy Johnson is a very strong supporter of this program. She would also like to recommend that the Chamber provide a brief monthly report providing numbers such as how many business packets have gone out, how many contacts/interactions have been made, how many referrals have been made, etc.

Councilmember Smukler liked that idea and hoped that it would be a brief and simple report so it wouldn't take a whole lot of Craig's time but does allow for us keeping aware of what is

occurring as well as allows the Chamber to let the City know if help is needed. It will also help at budget time to have these performance reports.

This report is to be received and filed only.

D-2 DISCUSSION OF A VOLUNTEER BUDGET REVIEW SUB-COMMITTEE; (ADMINISTRATIVE SERVICES)

Administrative Services Director Susan Slayton presented the staff report.

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

Councilmember Leage doesn't see anything wrong with what we are doing right now and is against forming this committee. He went on to say that staff is already overloaded; they don't need to also become teachers.

Councilmember Christine Johnson realizes this may not be a popular idea with staff but the City's Major Goal #5 is to Ensure Sustain Fiscal Responsibility; and, action plan, key task 'c' - continue with budget workshops to include more information and detail as well as a glossary and 'e' - to evaluate the concept of a budget subcommittee, are being met. She disagrees with staff where it states that currently there is significant amount of input from people with expertise in finance without the benefit of a formal subcommittee. She didn't see this during the budget process. It is the citizen's money and we are obligated to make time to hear what they have to say. She is in full support of creating a budget subcommittee and thinks the City of Benicia has a good and simple outline to follow.

Councilmember Nancy Johnson agrees with Councilmember Leage. She feels she has received wonderful and detailed advice from citizens and is happy with the informal way that citizens help. If the majority of Council chooses to go with this, she hopes that each Councilmember is allowed to nominate somebody to the committee.

Councilmember Smukler is in support of moving forward to look at how a committee could help look at priorities and strategize as well as look at other revenue generating opportunities as we move forward. He feels that we should start with a committee that is simple and build on that. He also feels that we have amazing expertise in this town willing to help out.

Mayor Irons is in support of this as well. There is always the opportunity, if there are successes we can build on it, if it's not working or taking too much staff time, we can recognize that and act accordingly.

MOTION: Councilmember Christine Johnson moved to approve the formation of a Citizen's Finance Committee and direct staff to prepare and bring back for Council consideration the following key elements for the Committee: mission, duties, structure, and scope of work; and Council to direct staff to use the cities of Benicia and Piedmont as guiding documents to create a working document for Citizens Finance Committee in

the City of Morro Bay. The motion was seconded by Councilmember Smukler and carried 3-2 with Councilmembers Nancy Johnson and Leage voting no.

D-3 DISCUSSION AND RECOMMENDATION ON THE PROPOSALS RECEIVED FOR THE SUBLEASE OF 307 MORRO BAY BLVD.; (ADMINISTRATION)

City Manager Andrea Lueker presented the staff report.

Applicant Beverly Ford stated that she wanted this business location to be an interactive gathering; she has received the help of Taylor Newton who has agreed to landscape, she has spoken with local musicians who have agreed to play, and there will be board and card games. The Chamber and Merchant's Association have been her biggest cheerleaders. She is also proud to be able to offer the public restroom as well as a bike parking area which will allow for anybody to park there and be able to shop and eat downtown.

Mayor Irons opened up the public comment period for Item D-3.

Barbara Doerr is amazed at the wonderful collaboration efforts. She urged Council to approve.

Susan Stewart thanked everybody for the restroom; she feels this is a great choice as it brings more life and vibrance to the downtown area.

Taylor Newton stated that the whole club is behind this. He appreciates working with local businesses in the community that allow for sustainable partnerships with their club. He also appreciates a business coming forward that allows his club members to explore their arts. He thanked the City for creating this opportunity.

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

Councilmember Christine Johnson said it was a pleasure to work on this committee and that every idea was a great one. She is also very supportive of the businesses not selected and hopes they work with the Chamber in an effort to find a commercial space for them somewhere as it would be great to have all of those businesses in Morro Bay. This is also meets a Major City Goal #7 Improve City Infrastructure, key task e – Determine Downtown Restroom Feasibility. Her efforts were focused on whose business would be able to keep the restroom open as a public restroom. She is impressed with their research efforts, of their business model and their collaboration in creating this concept of the Gathering Place.

Councilmember Nancy Johnson thoroughly enjoyed being a part of the process. She also stated that Craig was a part of the committee so he will be able to contact those businesses not selected for other possible locations or to participate in the incubator program. She is very impressed with the time that Grandma's put into the process and is looking forward to approving this.

Councilmember Smukler stated it is important to recognize the public comment made earlier but that each proposal had the possibility of having competition with another business in the area. Grandma's is providing a great public benefit. He is glad to see that the Chamber will be contacting the other businesses. He would like to talk about possible escalators to the rent to

keep up the City's escalators with the owner. Mr. Schultz stated that that was a topic for Closed Session.

MOTION: Councilmember Nancy Johnson moved approval of Item D-3, directing staff to negotiate a sublease agreement for the sublease of 307 Morro Bay Blvd with Grandmas Place. The motion was seconded by Councilmember Leage and carried unanimously, 5-0.

D-4 AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSAL (RFP) FOR A RATE STUDY FOR WATER & SEWER RATES; (PUBLIC SERVICES)

Public Services Director Rob Livick presented the staff report.

The public comment period for Item D-4 was opened.

Barbara Doerr posed some questions to Council regarding the funding of the WRF. Can the City use TOT or other tax measures to help pay for the WRF in an effort to help subsidize everybody equally?

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

Mayor Irons stated that this staff report came to Council back in March of this year. Those minutes stated that this item was requested to be brought back and include a history of why we would go 20 years without adjusting water rates as well as what a rate policy would look like. This report doesn't have any of that data in it which troubles him. We need to come up with policy where we are proactively reviewing things. Before we go to an RFP, those questions need to be answered.

Councilmember Christine Johnson looked at the March 26th minutes as well and feels we need to dig in and lay out for the community as to why we haven't raised water rates in the last 20 years. She would love to see some historical analysis, doesn't have to be very detailed, maybe times and dates of when things were brought forward and what the decisions were. It would be helpful to her when she makes big decisions on rates. She would like to know the thought processes that previous Council's went through and how they struggled with it.

City Attorney Rob Schultz stated that 20 years ago when the City raised its rates, we had to fund State water and subsequently the desalination plant. It was only until approximately 5 years ago that the City found itself "behind the curve" financially; we hadn't been behind prior to that. It is his recollection that water rate discussions have come forward 2 or 3 times but there was never political support and so was never moved forward.

Councilmember Smukler agreed that the previous Council did discuss this issue but never came to any agreement. He feels it is very important in moving forward to present the community the justification of why we need this as well as provide the implications of what happens if this isn't done. He too feels we need to provide the history that has brought us here, to take a little more time to work through this, and then make the decision as to what the rate study needs to accomplish.

Mayor Irons read an excerpt from the March 26th minutes that stated “there should be more information, historical information, rate comparisons with other cities, as well a more detailed breakdown of our costs and expenses, and how our water and sewer rates tie together”. The community needs to be educated as to why our water rates are where they are and why it took 20 years for us to address it. We need to look at a policy to address this issue and shouldn’t be so quick to go out to RFP with this.

Councilmember Smukler agrees feels there needs to be more work done internally to present the justification information discussed at the previous meeting. He also feels it’s important to present historical information regarding expenditures in both the water and sewer funds and how they’ve been managed so far.

Mayor Irons also feels that the RFP can be worked on simultaneously so that it is ready to be sent out as soon as the historical information is presented at a future meeting.

Councilmember Christine Johnson is interested in what the historical thought process was, it isn’t important who said what or when but instead, what was said.

Councilmember Smukler would also like to know where our rates stand in comparison to other cities in the County.

This item was continued and is to be brought back with the information requested.

D-5 DISCUSSION ON POTENTIAL REVENUE BALLOT MEASURES FOR THE JUNE 2014 ELECTION INCLUDING A SALES TAX, PUBLIC UTILITIES USER TAX, TRANSIENT OCCUPANCY TAX, AND 911 TAX; (CITY ATTORNEY)

City Attorney Rob Schultz presented the staff report.

Councilmember Leage is very much against increasing the TOT tax; he would rather see us look at bringing businesses into town to increase business revenues. If he had to select a revenue measure to support, it would be the sales tax.

The public comment period for Item D-5 was opened.

Barbara Doerr stated that any new tax should only go to the new WRF as it is the biggest project. She hoped that residents would be treated as intelligent voters and wants to see everything put out there at once. The City has had success with sales tax because they were up front with what they were asking for. She said she wouldn’t support a Utility User Tax as it would have to be addressed every year. She would support a TOT tax increase. She hoped they wouldn’t look at an assessment tax.

The public comment period for Item D-5 was closed.

Mayor Irons stated that this item came forward from the results of a Councilmember request as well as results of the Street Summit. For him, this is driven by the community and the

community wants to pave streets. He would be in support of a specific sales tax initiative dedicated to streets just as proposed through our PWAB Board.

Councilmember Christine Johnson agrees with the Mayor as Streets is the City's #2 Major Goal. She has had many conversations with residents and based on those, can only support a tax to fix our streets and she is looking at a general sales tax as the tax to move forward with as it makes the most sense and would generate the most money. She is also looking for the public's input as to whether or not there would be support for this.

Councilmember Nancy Johnson is not in favor of any of the taxes. She would much rather see a stronger, non-tourist economic base. That being said, the City does need the money and the only tax measure she could support is a sales tax. She felt that if we raised the TOT to 14 or 15%, it would discourage tourists from coming/staying. A sales tax measure is fairer as it hits both residents and tourists. She would like to see an ad-hoc committee formed; she feels that one of the reasons that the Measure Q was so successful was through the work of that ad-hoc committee.

Councilmember Smukler stated the only revenue measure he could support is a sales tax measure. An increase to the TOT wouldn't be favorable to our market. He encouraged staff to continue to work with the Tourism Bureau to ensure their marketing and management is effective; he also stated that we needed to work towards weaning them off of the general fund monies. He agreed that the Measure Q format is a good format to work from. He also feels it would be beneficial to work this through a bit more. His number one concern is the sales tax increase that is being discussed at the County level which, if passed as well, could create a disincentive to shop in Morro Bay. He feels that it would be a good idea to have the Chamber do a survey with some of their members about this and what the impact might be to their business. He feels that PWAB is a good forum to work on this and get more details. He also definitely supports a citizen ad-hoc committee bigger than just the 2 Councilmembers.

Mayor Irons agrees that a survey tool is a good idea as the higher tax rate structure is concerning. He also likes the idea of a citizen committee and is in general support of moving forward as this is just an opportunity to explore what a sales tax initiative would be – ultimately, it's up to the voters.

Councilmember Smukler thinks we need to take our time and foresees this occurring at the November election.

Mayor Irons restated the items being supported from Council which include having an ad-hoc committee to work towards a possible general sales tax measure; creating and implementing a survey, using the Measure Q format, and having this ready for the November election.

MOTION: Mayor Irons moved for the formation of an ad-hoc committee to work with the City Attorney for the purpose of developing a sales tax initiative within the guidelines of the Measure Q format for the purpose of streets; structure a survey mechanism and polling citizens; and presenting this at a public hearing at the PWAB in October. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

Discussion was held on the City Councilmembers to appoint to the ad-hoc committee. Councilmembers Nancy Johnson and Smukler volunteered to participate.

MOTION: Mayor Irons moved to appoint Councilmember Nancy Johnson and Councilmember Smukler to the Ad-hoc Committee. The motion was seconded by Councilmember Christine Johnson and carried unanimously, 5-0.

D-6 UPDATE ON THE STATUS OF THE PAVEMENT MANAGEMENT PLAN (PMP); (PUBLIC SERVICES)

Public Services Director Rob Livick presented the staff report.

Councilmember Christine Johnson thanked the Public Services staff for amending the PMP and that the goals approved this year really did rely on us taking a more holistic view of the whole City and the paving.

Mayor Irons echoed those thanks recognizing it is a working document. He appreciates the attention to a cost effective strategy. There is the underlying note of the asphalt strike as well as weather that still concerns him.

The public comment period for Item D-6 was opened.

Jen Ford thanked Council and staff for fixing the potholes on her street. Is looking forward to seeing what happens - she said she didn't care what the streets looked like, as long as they were safe. She is comforted in knowing people are looking at this and appreciates the efforts of getting them fixed.

The public comment period for Item D-6 was closed.

Councilmember Smukler announced the "Let Us Know" module found on the City's website feeling it is the best way for staff to find out about street problems.

The item was received and filed.

D-7 RESOLUTION NO. 47-13 CONFIRMING THE CITY OF MORRO BAY'S PARTICIPATION IN THE COMMUNITY CHOICE AGGREGATION (CCA) FEASIBILITY STUDY AND APPOINTMENT OF AN INDIVIDUAL TO THE CCA EXPLORATION ADVISORY COMMITTEE (CEAC); (ADMINISTRATION)

City Manager Andrea Lueker presented the staff report.

The public comment period for Item D-7 was opened; seeing none, the public comment period was closed.

Councilmember Christine Johnson felt there was very little risk to get involved at this point in the process and suggests moving forward with the City's participation.

Mayor Irons stated that earlier public comment brought out reasons for and against the City's participation in the program. He feels there a lot of interesting things about this concept both for and against. He thinks it's good to be at the table when this is being discussed as it would be smart to be a part of their discussions.

Councilmember Nancy Johnson stated that since this is a feasibility study only, she sees nothing wrong in moving forward.

Councilmember Smukler stated that we need to be at the table to learn more and he is very interested in learning more.

MOTION: Councilmember Smukler moved approval of Resolution 47-13, confirming the City's participation in the Community Choice Aggregation Feasibility Study. The motion was seconded by Mayor Irons and carried unanimously, 5-0.

Mayor Irons asked for volunteers from Council to sit on the committee to which Councilmember Smukler was nominated. Councilmember Smukler stated that he is more inclined to be in favor of this concept and feels the Mayor would be a much more effective member of this committee as he would be cautious about it; he also has the background that would be the most beneficial.

Mayor Irons feels it would be an interesting opportunity.

MOTION: Councilmember Nancy Johnson moved to appoint Mayor Irons as the City's delegate to the CCA Exploration Advisory Committee. The motion was seconded by Councilmember Leage and carried unanimously.

D-8 WATER RECLAMATION FACILITY (WRF) PROJECT STATUS AND DISCUSSION; (ADMINISTRATION)

City Manager Andrea Lueker presented the staff report.

The public comment period for Item D-8 was opened; seeing none, the public comment period was closed.

This report was received and filed.

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Leage requested a discussion of the Parking Management Plan concentrating on delivery truck parking on Central Embarcadero between Harbor and Pacific; Mayor Irons and Councilmember Nancy Johnson concurred.

Councilmember Smukler requested an evaluation of options of use for the old Transit Building on Harbor Street; Mayor Irons and Councilmember Christine Johnson concurred.

Councilmember Christine Johnson requested staff schedule a Budget Report of the use of City funds by the Tourism Bureau to include a report of City funds used in marketing (overnight and regional) and a report of City funds used by the Visitor's Center from the time of the transition of the Visitor's Center from the Chamber of Commerce to the Bureau into the present; Mayor Irons and Councilmember Smukler concurred.

Councilmember Christine Johnson requested an evaluation of options to improve citywide collaboration between Economic Development, Marketing, Events and City Operations; Mayor Irons and Councilmember Smukler concurred.

Mayor Irons requested a discussion of what a water rate policy would look like and how to present it; Councilmembers Christine Johnson and Smukler concurred.

ADJOURNMENT

The meeting adjourned at 10:57pm.

Recorded by:

Jamie Boucher
City Clerk

MINUTES – MORRO BAY CITY COUNCIL
SPECIAL CLOSED SESSION MEETING –
SEPTEMBER 12, 2013
CITY HALL CONFERENCE ROOM – 5:00PM

PRESENT: Jamie Irons Mayor
 Christine Johnson Councilmember
 Nancy Johnson Councilmember
 George Leage Councilmember
 Noah Smukler Councilmember

STAFF: Andrea Lueker City Manager
 Robert Schultz City Attorney

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Irons called the meeting to order at 1:00pm.

MOTION: Mayor Irons moved to adjourn and continue this meeting to the Morro Bay Veteran’s Hall at 209 Surf Street to begin at 1:30pm. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

The meeting adjourned at 1:01pm.

The meeting reconvened at the Morro Bay Veteran’s Hall and was called to order at 1:33pm.

SUMMARY OF CLOSED SESSION ITEMS - The Mayor read a summary of the Closed Session item.

CLOSED SESSION PUBLIC COMMENTS - Mayor Irons opened the meeting for Public Comment. Due to the large number of speakers, Mayor Irons limited public comment to 1 minute and requested that there be no applause.

The following persons questioned the process and spoke in support of the City Manager and the City Attorney:

Rob Kitzman, John Weiss, Stan House, Adrienne Harris, Rick Grantham, Darryl Scheck, Heather Salyer-Frith, John Barta, Neil Trout, Vicki Landis, Kathleen Welles, Peter Candela, Mike Pond, Kevin Rice, Garry Johnson, Renee Sanmiengo, Bridgett Kessler, Al Romero, John Solu, Joan Solu, Sandy Christey, Jeff Eckles, Rodger Anderson, Jim Hayes, Susan Stewart, Homer Alexander, Marjory Rau, Trudy O’Brien, Todd Gailey, Bill Peirce, Janice Peters, Mike Durick, John Gajdos, Marlene Peter, Pamela Craig, Rick Algert, Rob Seitz, Lanny McKay, Ken Versterfelt, Smith Held, Jack Barrett, Bill Yates, Nancy Barta, Chris Christensen, Greg Wilson, Chris Frith, Penni Daugherty, John Fennacy, Bill Black, Cathy Novak, Hank Roth, Ken McMillan, Mick Theis, Bruce Keogh, Jeff Jones, Alex Beattie, Phil Kispersky, Rick Sauerwein, Bobbie Morrison, Paul Reicgardt, Cherie Hayes, and Stan Trapp.

The following persons spoke in support of the process and in moving forward with discipline/dismissal/release of the City Manager and City Attorney:

Rigmor, Clark Kuyler, Nancy Bast, Walter Heath, Nicole Dorfman, Jim Davis, Barbara Doerr, Lynda Merrill, Betty Forsythe, Marla Jo Bruton and Betty Winholtz.

As there were no presented charges or complaints against the City Manager or the City Attorney, per Government Code 54957(b)(2), the City Council moved to Closed Session and heard the following item:

CS-1 GOVERNMENT CODE SECTION 54957(b)(1): PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE. The employees are the City Manager and the City Attorney.

CITY COUNCIL CONVENED TO OPEN SESSION – The City Council convened to open session; Mayor Irons reported out that no actions were taken at this time.

ADJOURNMENT

The meeting adjourned at 4:50pm.

Recorded by:

Jamie Boucher
City Clerk

**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY
DECLARING OCTOBER, 2013 AS**

“ENERGY AWARENESS MONTH”

**CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City recognizes and promotes the value of energy efficiency in reducing energy usage to save residents, businesses, and governments money on their utility bills, to improve indoor comfort and air quality; and to limit greenhouse gas emissions; and,

WHEREAS, the San Luis Obispo County Energy Watch Partnership, a joint program of the County of San Luis Obispo, the City of San Luis Obispo, the City of Atascadero, the City of Paso Robles, the City of Arroyo Grande, the City of Grover Beach, the City of Pismo Beach, the City of Morro Bay, Pacific Gas and Electric Company, Southern California Gas Company, and the Economic Vitality Corporation, provides marketing of energy efficiency programs, rebates and services, direct installation of energy efficiency equipment for commercial and municipal buildings, and training for industry professionals within San Luis Obispo County; and,

WHEREAS, thirteen small commercial businesses in the City of Morro Bay participated in the Direct Install program in 2012 for a combined projected annual savings of approximately 122,900kWh, and \$21,600; and,

WHEREAS, the Community Action Partnership of San Luis Obispo County, a nonprofit agency committed to eliminating poverty by empowering individuals and families to achieve economic self-sufficiency, maintains a home weatherization and energy conservation program, among many other programs, for low-income residents that served 49 homes in 2012 in Morro Bay, and will observe National Weatherization Day on October 30th; and,

WHEREAS, the San Luis Obispo County Energy Watch Partnership, in coordination with the Community Action Partnership of San Luis Obispo, the San Luis Obispo County Air Pollution Control District and local non-profit organizations are hosting many energy efficiency events in the month of October, including “The Energy Event” at Cuesta College campus featuring educational energy projects and family friendly activities on October 5th.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay does hereby proclaim the month of October 2013 as “**Energy Awareness Month**” in the City of Morro Bay.

IN WITNESS WHEREOF I have hereunto
set my hand and caused the seal of the City
of Morro Bay to be affixed this 24th day of
September, 2013

JAMIE L. IRONS, Mayor
City of Morro Bay, California

AGENDA NO: A-5

MEETING DATE: 9/24/13

**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY
DECLARING OCTOBER, 2013 AS
“RIDESHARE MONTH”
AND OCTOBER 9, 2013 AS
“INTERNATIONAL WALK TO SCHOOL DAY”**

**CITY COUNCIL
City of Morro Bay, California**

WHEREAS, transportation choices including carpooling, vanpooling, taking the bus, walking, biking or working from home reduce road congestion, reduce commuter costs, preserve air and water quality and improve personal health; and

WHEREAS, Rideshare Month will include \$1000 cash prizes, and outreach events including More Parks Less Parking, Cash Vanpool, Cash Carpool, Weigh your Commute, Good Morning Commuters! Bike and Pedestrian Breakfasts and Transit Tuesdays to encourage using sustainable transportation choices; and

WHEREAS, SLO Regional Rideshare, as a division of the San Luis Obispo Council of Governments, provides information, programs and services on sustainable transportation choices for people living, working and visiting San Luis Obispo County; and

WHEREAS, SLO Regional Rideshare will provide support and awareness to schools across the county for International Walk to School Day.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Morro Bay does hereby declare October 2013 as “**Rideshare Month**” and Wednesday, October 9th as “**International Walk to School Day**” in the City of Morro Bay.”

IN WITNESS WHEREOF I have hereunto
set my hand and caused the seal of the City
of Morro Bay to be affixed this 24th day of
September, 2013

JAMIE L. IRONS, Mayor
City of Morro Bay, California



AGENDA NO: A-6

MEETING DATE: September 24, 2013

Staff Report

TO: Honorable Mayor and City Council **DATE:** September 18, 2013

FROM: Janeen Burlingame, Management Analyst

SUBJECT: Approval of One Year Contract Extension with MV Transportation for Morro Bay Transit and Trolley Operations and Management

RECOMMENDATION

Staff recommends the City Council approve a one (1) year extension of the current Morro Bay Transit and Trolley Operations and Management Agreement with MV Transportation and authorize staff to prepare a Request for Proposals for the operation and management of Morro Bay Transit and Trolley services for release in August 2014 for award by Council in November 2014.

ALTERNATIVES

1. Do not approve the one year contract extension.

Impact:

- Results in higher contractor operating costs for 2014 than the CPI adjustment for the contract extension
- Compresses time schedule for the RFP process in order for a Council award of a bid/contract by November of this year (in order to still provide adequate amount of time between award and contract start, if a new contractor is the successful bidder, for recruitment, training and licensing of existing and/or new drivers)

2. Accept staff's recommendation.

FISCAL IMPACT

Pursuant to Article 5.1 of the operations and management Agreement, the compensation rates during an extension are established "based upon eighty percent (80%) of the annual percentage difference in the All Urban Consumers Price Index (CPI) Los Angeles-Riverside-Orange County" for December of the extension year. In addition, adjustments to the compensation rates "shall be in direct proportion to any upward movement in the aforesaid Consumer Price Index."

Prepared By: J.Burlingame

Dept Review: RL

City Manager Review: _____

City Attorney Review: _____

DISCUSSION

The current operations and management Agreement with MV Transportation, which began January 1, 2010, expires at midnight on December 31, 2013. Pursuant to Article 2.2 of the Agreement, the City has the option to extend the Agreement for an additional one year period, commencing January 1, 2014. Additionally, if the City opts to extend the contract, the City is to notify MV Transportation in writing 90 days prior to term expiration. The terms and conditions of the existing Agreement would be applicable during the extension period.

The extension would provide for lower contractor operating costs for 2014 as it would be another whole year before a new contract would take effect, since there would be no more extension options available and a new contract would need to be awarded through a RFP process that would occur in the summer/early fall of 2014. Typically, transit agencies see a large increase in contractor costs as a result of an RFP (upwards of 10%), due to costs for items like vehicle/medical insurance and labor wages rising at a higher rate than CPI, which are controlled during the contract by fixed pricing each year and during the extension period by an adjustment, up or down, of a percentage of the annual change in CPI.

While there may be some changes to add weekend Morro Bay Transit service hours or changes in trolley operating days/hours for the 2014 season, and which are accounted for in the existing Agreement in Article 3.4, there are no major structural changes that need to be made to the Operations and Management Agreement at this time as there were with the last RFP where the City changed from a demand response service to a deviated fixed route service.

The City has not had any issues with MV Transportation during the existing contract period and staff feels enacting the one year extension option would be appropriate and in the best interest of the City and transit riders.

Upcoming Events for Transit

- PWAB October and Council November Meetings: Review of survey results and discussion on expanding Morro Bay Transit service to include some type of weekend service
- Council January Meeting: Review of Trolley 2013 and 2014 seasons
- RFP for new transit operations and management agreement: RFP to be release in Summer 2014 with PWAB review in October for Council award in November

CONCLUSION

Staff recommends the City Council approve a one (1) year extension of the current Morro Bay Transit and Trolley Operations and Management Agreement with MV Transportation and authorize staff to prepare a Request for Proposals for the operation and management of Morro Bay Transit and Trolley services for release in August 2014 for award by Council in November 2014.



AGENDA NO: A-7

MEETING DATE: 9/24/2013

Mayor Report

TO: City Council and Staff

DATE: 9/16/2013

FROM: Mayor Jamie Irons

SUBJECT: Obtain Outside Independent Legal Counsel to Advise City Council on City Manager and City Attorney Contracts and Related Issues

RECOMMENDATION

City Council authorize Mayor Jamie Irons to obtain outside independent legal counsel for the purpose of guiding Council through any and all personnel matters of the City Attorney and City Manager.

FISCAL IMPACT

Not to exceed a contract of \$12,500.00. This cost is based on 50 hours at \$250.00/hr. This is a conservative high end estimate.

BACKGROUND

On September 12, 2013, City Council met for a Special Closed Session Meeting per Government Code Section 54957(b)(1): Public Employee Discipline/Dismissal/Release.

Also included in the notice was 54957(b)(2): The City Manager and City Attorney have requested that the complaints or charges be heard in open session rather than closed session. City Council in closed session voted 5-0 to take no action and reported out to the public following closed session.

CONCLUSION

Since the City Attorney cannot represent his personal interests at the same time he is representing the City, and there is a desire to have closure done with transparency and confidentiality to resolve this personnel matter with the City Attorney and the City Manager, it is recommended that the City Council obtain independent legal counsel.

Prepared By: JI

Dept Review: N/A

City Manager Review: N/A

City Attorney Review: N/A



AGENDA NO: C-1

MEETING DATE: 9/24/13

Staff Report

TO: Honorable Mayor and City Council

DATE: September 18, 2013

FROM: Andrea K. Lueker, City Manager

SUBJECT: Project Status Report

RECOMMENDATION

Staff recommends the City Council review and discusses this informational item and provides staff direction.

ALTERNATIVES

There are no alternatives to this status report as it is informational only.

FISCAL IMPACT

Not applicable.

BACKGROUND

The City Council, at their August 28, 2012 meeting passed Resolution No. 45-12 which directed, among other items, a Delayed Project Status Report to appear each quarter on the Consent Calendar. The report was to list the following items:

1. Project name
2. Brief description of the project
3. Name of the Department responsible
4. Brief explanation for the delay
5. Revised completion date.

Staff produced the first report in early fall, 2012 and at that time, instead of including just the list of delayed projects, included all Capital Projects, Measure Q Projects and Maintenance Projects over \$25,000 to allow the City Council and the public a full view of the projects budgeted for Fiscal Year 2012/13. It is staff's intention to provide a quarterly Project Status Report reflecting this information on an on-going basis.

Prepared By: AL

Dept Review: _____

City Manager Review: AL

City Attorney Review: _____

City of Morro Bay - Project Status Report							Original Start Date	Revised Start Date	Projected Completion Date
Last updated: 3/20/13									
Project Name	Department	Project Description	Project Status	Delay Description	Original Start Date	Revised Start Date	Projected Completion Date		
Capital Projects									
Fire Station #53, Phase II	PS	Construction of offices and living quarters	Project Complete and Accepted by City Council.	Project closeout in progress.	10/1/09	8/1/11	7/9/13		
Nutmeg Tank	PS	Construction of replacement water tank	Environmental review/county permitting	Additional traffic, noise and visual environmental documentation in progress. Public Meeting Scheduled for September 27, 2013	6/30/13		9/1/14		
Desal Upgrade/Energy Recovery	PS	Replacement and upgrade of product water pumps, Tanks and Electric Upgrades	Specialty Construction Working on Maintenance and Repair Items. The additional Calcium Carbonate tanks awaiting CCC decision on desal outfall and wells. Phase 1 completion scheduled prior to 2013 State Water Shutdown	Coastal Permitting Issues need to be resolved prior to Phase 2.	1/11/13	4/30/13	2/15/14		
Morro Creek Bike & Ped Bridge	PS	Construct new bridge to close gap in N. Coast Scenic Byway	RRM Design Group has commenced the design Permitting and Environmental Work, Special PWAB Meeting scheduled for 10/1/2013.	n/a	7/1/13		Design 4/1/2014 Const. 9/30/2014		
Bike Path Gap Closure	PS	Improve bike path, lanes and routes fm MBHS thru Beach tract towards Cayucos	Wallace Group Preparing Design	Redesign due to property Acces issues on Nort side of Atascadero Rd.	4/30/13		8/15/14		
CDBG Sidewalk Gap Closures	PS	Construct missing segments of sidewalk to improve ADA access	Plans & Specs under review. Ready for informal Bidding.	Scheduling Conflicts	10/1/13		12/31/13		
Blanca Pipeline	PS	Project not economically feasible - deleted	Withdrawn - Reviewing Alternatives	n/a					
Brackish Water Reverse Osmosis	PS		Complete	n/a	12/31/12				
Chorro Creek Stream Gauges	PS	Installation of gauges to measure CFS water flow	Environmental Review scheduled for City PC Permitting	n/a	8/30/13		10/30/14		
Lift Station 3	PS	Force main and gravity sewer trunk line replacement.	Complete	NPDES permitting resolved.	8/1/12	n/a	5/14/13		
Lift Station 2	PS	Reconstruction of WW lift station	Project complete. Notice of Completion approved 2/13/13 and filed w/ County on 2/20/13.	n/a	1/1/12	4/1/12	10/30/12		
North Main St. Trunk Line	PS	Upgrade or replace Jointly owned Sewer Main	Delayed pending WRF resiting & future of JPA	Project requires modifications to the Joint Powers Agreement to proceed	n/a	unknown	unknown		
Hydro Building (Collections Shed)	PS	Re-siding and New Doors.	Complete				12/31/09		
Section 6 Rehabilitation	PS	Repair sections of Sewer Main in the Lower Quintana Area	Complete	n/a	2/1/12	n/a	5/30/12		
North-T Pier	Harbor	Structural repair of portions of T-pier including piles	Coastal Development Permit and Army Corps of Engineers permit submitted. Staff working with CCC staff and engineering consultant on work plan and othe submittal refinements. CCC permit waiver issued, Corps permit still pending. Engineering and did documents in progress, bid issuance expected late Sept/early Oct	Employee death, consultant illness, staff time committed to other capital projects, Harbor staffing reductions		Fall/winter 2013 for construction	Late 2013/early 2014		
Least Site Audits	Harbor	Scheduled audit of gross sales reporting on leases	Underway	Auditors waited until summer was over to begin in deference to lease holders, start date then slightly delayed until late 2012	9/1/12	11/1/12	7/1/13		
Replace Storage yard metal roof	Harbor	Replacement of failed metal roof	Complete	n/a	n/a				
Water Reclamation Facility (WRF) Project Planning Support	PS	Facilitate project goals and objectives for re-siting the new WRF	RPF posted, proposals due 4/15/13	n/a	TBD	n/a	TBD		
New Harbor Patrol Vessel Constr.	Harbor	New 29' Harbor Patrol vessel construction to replace primary rescue/fire vessel	Under construction in Santa Barbara	n/a	3/3/13	9/30/13			
Measure Q Projects									
Streets-curbs, gutters, potholes	R/P	3rd party + in-house staff to fill potholes, High priority to high liability conditions	Market Street work completed. Recent work on Kodiak, Cedar, San Jacinto, Alder, and Birch. Contractor to assist with work on high priority potholes.	Resource availability	ongoing	ongoing	Ongoing until funding is exhausted		
Streets - Pavement Mgt Plan	PS	Continuation of paving per the PMP	2013 paving bid package being prepared. For bidding at end of September.	Resource Availability	10/30/13		12/30/13		
PD Antenna Replacement	PS/Comm	Replace Communication Antennas oon Tower at PD	Complete. Notice of Completion to CC on 10/8/13	n/a	8/30/13		9/19/13		
Storm Water Management Plan	PS	Repair and replacement of storm drains systems	Storm Drain repaired 3/5/13 at South Street outlet	Continuing Projects as Resources are available	n/a	n/a	n/a		



AGENDA NO: D-1

MEETING DATE: September 24, 2013

Staff Report

TO: Honorable Mayor and City Council **DATE:** September 19, 2013

FROM: Eric Endersby, Harbor Director

SUBJECT: Approval of Consent of Landowner Agreement for Lease Site 96/96W (Rocca's, Van Beurden) to File an Application for Lease Site Improvements and Allow Staff to Enter Into Lease Negotiations

RECOMMENDATION

Staff recommends Council consider the two alternatives and provide direction; staff is recommending Alternative A.

ALTERNATIVES

- A. Provide any preliminary consideration and/or comments concerning the Leaseholder's proposed project and direct the City Manager to execute the Consent of Landowner Agreement (attached) with the Leaseholder, and authorize staff to begin lease negotiations with the Leaseholder for his proposed development at the beginning of the Planning review process.
- B. Reject Leaseholder's proposed project and direct staff to work with Leaseholder on a new submittal.

FISCAL IMPACT

There is no fiscal impact at this time. Positive fiscal impact will be expected if the proposed project is approved and built, and increased percent-of-gross sales is realized due to the added restaurant square footage.

SUMMARY

The owner of Lease Site 96/96W, Stan Van Beurden, is proposing to complete his lease site redevelopment project as outlined in this staff report. Per Council policy, staff is seeking Council and public review and approval of the proposal via a Consent of Landowner Agreement before Mr. Van Beurden submits the project to the Planning Division. If approved, concurrently while Planning is processing the proposal, negotiations for a new Master Lease will take place.

BACKGROUND

Prepared By: _____ Dept Review: _____
City Manager Review: _____
City Attorney Review: _____

Following a Request for Proposals process in 2009, Mr. Van Beurden was awarded a lease to this site after a review panel process evaluated several proposals. His winning proposal consisted of a moderate initial remodel of the existing building, followed by a complete demolition and remodel some time later, including addition of slips to the water lease. The initial lease granted to the tenant was 3 ½ years, and was predicated on the tenant obtaining Concept level approval of his project before a longer-term lease could be negotiated.

However, after starting construction of the initial, small remodel, it was discovered that the entire building required a near complete remodel that, if completed, would not justify the complete tear-down as planned. In 2010, the tenant was granted Amendment #1 to the lease which acknowledged that a more thorough initial remodel was warranted, as well as quantified the amount of investment required to undertake it. As a result, Amendment #1 added seven years to the lease term, which currently expires in July, 2020.

Given the initial investment of the original remodel, stated by the tenant to be in excess of \$300,000, in addition to the difficulties that the tenant experienced in coming up with a viable boat slip project on this small lease site, the tenant proposed a new project this past spring. The most significant component of that new proposal was the abandonment of a portion of Lease Site 96W so that the adjoining tenant to the south on Lease Site 93-95/93W-95W (Held) can build out the slips in this area and adjoin them to the proposed slips in 93W-95W. At the March 12, 2013 City Council meeting, Council approved the new lease for Lease Site 93-95/93W-95W with Held that incorporated him taking over the water portion of 96W in question.

DISCUSSION

The tenant at 96/96W has proposed a new project with the following major elements. Mr. Van Beurden's proposal letter, drawing, and an overhead view of the lease site are included with this staff report:

- Harbor Walk. With the existing outside patio/deck area, the Harbor Walk is essentially already in place and connects through to the lease site adjoining on the south. The tenant has proposed a new, wider public access leading into the existing deck/walkway on the north side of the site adjoining the walkway at Anchor Memorial Park, in addition to adding general public seating opportunities on their patio/deck area.
- Converting an existing storage area on the back (west side) of the building to approximately 500 square feet of restaurant seating.
- Relocation of the Lease Site's garbage/recycle dumpster to a superior location on-site, in addition to incorporation of the City's trash/recycling dumpster needs that are currently provided at the dumpster enclosure in the public right-of-way at the north end of the park.
- Addition of an improved six foot wide public sidewalk between the lease site and park on the north side of the lease site, where currently an approximate three foot wide walkway exists for improved access to the Harbor Walk from the Embarcadero sidewalk. This would entail taking a portion of the park grounds for the improved walkway.
- Construction of two new picnic tables at the park, working in conjunction with Recreation

and Parks staff on other City-proposed park improvements currently under consideration.

Staff has met several times with Mr. Van Beurden on potential revisions of his proposal to attempt to identify areas of mutual benefit while still keeping the project viable in terms of lease site operation and cost. It must be emphasized that this lease site, aside from the Kayak Horizons site, is the smallest active lease site on the waterfront, and as such, has very limited improvement potential (i.e. scope and investment) as well as being limited in how much revenue it can be expected to produce. The City recognizes this in its Lease Management Policy on page 4 where it is stated:

The appropriate term for the new lease will be determined by the size of the lease site and the level of private investment proposed for the public property.

While it is not staff's intention to be negotiating lease terms and conditions in this staff report, staff is cognizant of the constraints of this site and believe that the proposed level of total redevelopment and investment in this proposal by Mr. Van Beurden warrants entering into a Consent of Landowner Agreement and negotiation of a new long-term lease based on his current proposal.

CONCLUSION

Staff is seeking Council approval to continue to work with the Leaseholder on Lease Site 96/96W, Stan Van Beurden, on his redevelopment proposal by entering into a Consent of Landowner Agreement for his proposed project and authorizing staff to begin negotiations on a new long term lease agreement.

City of Morro Bay
Tidelands Trust Grant Properties
Consent of Landowner Form

Consent For:

**Development of slips at Lease Site 96/96W by Tenant, Stan Van Beurden,
commonly known as Rocca's, as proposed in letter dated February 8,
2013 and attached site plan, and negotiation of new lease.**

Site Location: Lease Site 96/96W, 945 Embarcadero, Morro Bay, CA 93442

Property Owner: City of Morro Bay Telephone: 805-772-6254

Address: 595 Harbor St. City: Morro Bay State: CA Zip: 93442

Applicant: Stan Van Beurden Telephone: 805-466-4588

Address: PO Box 1027 City: Morro Bay State: CA Zip: 93401

I/We, the undersigned owner(s) of record of the fee interest in the above noted land for which an application for a permit, business license or other City entitlement is being requested, do certify that:

1. Building Permits, Land Use Permits: Such application may be filed and processed with my/our full consent. The applicant is authorized to act as our agent in all contacts with the City in connection with this matter. I/We hereby grant the City of Morro Bay or any of its authorized agents the right to enter upon the land described herein at any time during normal business hours for the purposes of site inspection in advance of City action on the Land Use Permits; inspection of any construction, grading or other development activities following any land use permit approval or evaluation of the satisfactory completion of development authorized through land use permit approval, including continuing compliance with any conditions of approval.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Andrea Lueker, City Manager

Date

February 8, 2013

Mr. Eric Endersby, Harbor Director
City of Morro Bay Harbor Department
1275 Embarcadero Road
Morro Bay, CA 93442



RE: New lease for sites 96-96W

Dear Eric,

Thank you for taking your time recently to discuss my lease and potential options for a new lease.

As you are aware I have found it difficult and financially infeasible to propose a waterside development in the way of floating docks for my lease site mainly due to the size and other constraints of this site. Hence, Smith Held and I proposed an alternative plan to benefit the City with additional docks within his lease and also to provide me with other options for development on my lease and the surrounding area.

In consideration of the City's Lease Management Policies and the City's desire to have the lessee's provide capital improvements on the Embarcadero leases, I have had my architect prepare a preliminary plan for consideration and attached for you.

In developing this proposal there are a number of items that I took into consideration and they include the following:

1. This lease site is most likely the smallest along the Embarcadero and therefore has significant limitations for additions and/or reconstruction. And with the lease reconfiguration, the lease site would only include the landside and up to the edge of the existing Harbor Walk.
2. The Harbor Walk already exists on-site.
3. Waterside development would be done in conjunction with the neighboring lease site under their control.
4. My original proposal when I acquired the lease site was to perform minor repairs and maintenance to the building to bring it up to current codes and was estimated at \$30,000 to \$40,000. However once I start working on the site I discovered that minor repairs were not going to be feasible and this resulted in expenditures in excess of \$300,000. I recognize that the City gave me credit for approximately \$200,000 in repair work with a lease extension of seven years until June 30, 2020 but, I would like the City to consider the additional money that was spent and for me to receive credit for this.

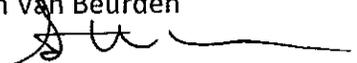
5. The proposed plans include both improvements to the lease site and to City facilities. Namely the following are part of the concept I am proposing:
 - a. Convert storage area to useable restaurant seating. This will provide increased revenues for the percentage of gross on the restaurant sales.
 - b. A relocated trash & recycling enclosure. Currently the trash enclosure is located on the Harbor Walk and is in an unsightly area. The new enclosure will be constructed in an improved location and better screened from public view. In addition I am proposing that the City would have joint use of this trash & recycle bin in order for the City to remove the existing City bin that is located in front of Anchor Park and near the pier entrance. This will also beautify the walkway along Anchor Park.
 - c. A new 6 foot wide sidewalk between the Embarcadero and the Harbor Walk along the north portion of my lease site.
 - d. Proposal to construct two new picnic tables in Anchor Park. In consultation with Joe Woods, I understand that the City is currently underway with a renovation that includes new picnic tables, benches and landscaping at Anchor Park. The addition of these tables would add value for the park at no cost to the City.
 - e. A new Harbor Walk extension over the revetment and transitioning back to the existing walkway. This addition will provide an enhanced vantage point for residents and visitors to view the rock and bay area.
 - f. Installation of new "general public" (not exclusive restaurant) seating opportunities in the way of tables and benches along the Harbor Walk.

In closing, I understand that in exchange for improvements that the City will negotiate longer term leases with the tenants. In my case, I would respectfully request that the City grant me an additional twenty years on the current lease agreement for these new improvements which I estimate will cost approximately \$126,940. I think that in recognition of the previous investment (above and beyond the credit from the first extension), the constraints that I have outlined for this site, additional revenue sources, public improvements and my record of compliance and contribution to the waterfront for all these years supports my request and is consistent with the City policies.

Thank you again for your time and consideration with this lease. Please feel free to contact me if you have any questions or need any additional materials. I will look forward to your response soon.

Sincerely,

Stan Van Beurden


cc: Lori Stilts, Harbor Business Coordinator

February 8, 2013

RE: Cost *Estimates* for additional improvements to Lease Site 96-96W

Construct new Dining area within existing structure	364sqft @ \$150.00 sqft =	\$54,600.00
Construct ew dining area in the new addition	142sqft@ \$220.00 sqft =	\$31,240.00
New Trash enclosure	84sqft@ \$150.00 sqft =	\$12,600.00
Deck Addition		\$20,000.00
Concrete Walkway		\$ 4,500.00
Concrete Pads and two (2) Concrete Tables for Park		<u>\$ 4,000.00</u>
	Estimated Total Costs	\$126,940.00



Committee to discuss the potential development project.

CONCLUSION

Staff recommends that Council not form an Ad Hoc Council Subcommittee to explore City uses of this property as the property owner does not want to, but instead encourage staff to meet with the property owner as he brings forth his development project.