

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 – MAY 24, 2010

**CLOSED SESSION – MAY 24, 2010
CITY HALL CONFERENCE ROOM - 5:00 P.M.
595 HARBOR ST., MORRO BAY, CA**

CS-1 GOVERNMENT CODE SECTION 54956.8; REAL 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 two (2) parcels.

- Property: Chorro Valley Property.
Negotiating Parties: Chorro Valley Property Owners and City of Morro Bay.
Negotiations: Water rights.
- Property Lease Site 75-77/75W-77W; 699 Embarcadero
Negotiating Parties: Morro Bay Marina, Inc. and City of Morro Bay
Negotiations: Lease Terms and Conditions

**IT IS NOTED THAT THE CONTENTS OF CLOSED SESSION MEETINGS
ARE CONFIDENTIAL AND EXEMPT FROM DISCLOSURE.**

**PUBLIC SESSION – MAY 24, 2010
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
MAYOR AND COUNCILMEMBERS ANNOUNCEMENTS & PRESENTATIONS
CLOSED SESSION REPORT

PUBLIC COMMENT PERIOD - Members of the audience wishing to address the Council on City business matters (other than Public Hearing items under Section B) may do so 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 CALENDAR

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

A-1 APPROVAL OF MINUTES OF THE MAY 10, 2010 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 ADOPTION OF ORDINANCE NO. 558 AMENDING CHAPTER 2.24 OF THE MORRO BAY MUNICIPAL CODE REGARDING THE DUTIES OF THE RECREATION AND PARKS DEPARTMENT; (RECREATION & PARKS)

RECOMMENDATION: Adopt Ordinance. No. 558.

A-3 STATUS REPORT ON WATER USAGE FOR APRIL 2010; (PUBLIC SERVICES)

RECOMMENDATION: Review and file status report.

A-4 RESOLUTION ESTABLISHING A PROCEDURE FOR REQUESTING MEASURE Q FUNDING DURING THE ANNUAL BUDGET PROCESS; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 26-10.

A-5 RESOLUTION ESTABLISHING THE PARAMETERS FOR USE OF THE GENERAL FUND (ACCUMULATION) RESERVE; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 27-10.

A-6 APPROVE COMPENSATION RATES FOR SIX MONTH CONTRACT EXTENSION WITH MV TRANSPORTATION; (PUBLIC SERVICES)

RECOMMENDATION: Approve the proposed compensation rates for the six month contract extension of the current Morro Bay Dial-a-Ride and Trolley Operations and Management Agreement with MV Transportation.

A-7 RESOLUTION AUTHORIZING PARTICIPATION IN THE SAN LUIS OBISPO COUNTY ENERGY WATCH PROGRAM; (RECREATION & PARKS)

RECOMMENDATION: Adopt Resolution No. 25-10.

A-8 PROCLAMATION DECLARING JUNE 7&8, 2010 AS "SPECIAL OLYMPICS - LAW ENFORCEMENT TORCH RUN DAYS"; (ADMINISTRATION)

RECOMMENDATION: Adopt Proclamation.

B. PUBLIC HEARINGS, REPORTS & APPEARANCES – NONE.

C. UNFINISHED BUSINESS – NONE.

D. NEW BUSINESS

D-1 CONSIDERATION ON SENDING LETTER TO CONGRESSWOMAN LOIS CAPPS OPPOSING FARM FISH LEGISLATION; (COUNCIL)

RECOMMENDATION: Discuss and direct staff accordingly.

E. 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 772-6200 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
REGULAR MEETING – MAY 10, 2010
VETERANS MEMORIAL HALL - 6:00 P.M.

AGENDA NO: A-1
MEETING DATE: 5/24/10

Mayor Peters called the meeting to order at 6:10 p.m.

PRESENT:	Janice Peters	Mayor
	Carla Borchard	Councilmember
	Rick Grantham	Councilmember
	Noah Smukler	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Jamie Boucher	Deputy City Clerk
	Rick Algert	Harbor Director
	Tim Olivas	Police Chief
	Mike Pond	Fire Chief
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director
	Janeen Burlingame	Management Analyst

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

MAYOR AND COUNCIL MEMBERS REPORTS, ANNOUNCEMENTS &
PRESENTATIONS

CLOSED SESSION REPORT – There was no closed session.

PUBLIC COMMENT

Keith Taylor stated he worked on the Measure Q Committee, and they came up with four items that Measure Q funds were to address: 1) the Fire Department, 2) Police Department, 3) streets, and 4) storm water drains. He said Measure Q passed by 65%. Mr. Taylor stated both Council and the Measure Q Oversight Committee have done a good job by making sure these funds would be used for only these areas and Council direct the City Manager that Measure Q funds only be spent on these areas because that is what the people of Morro Bay have decided.

Ken Vesterfelt reported the Car Show was a huge success, and some of the businesses in town had record-breaking days. He thanked the Rotary Club, the Police Explorers Post 43, the Chamber of Commerce, and all those who helped make the Car Show a success. Mr. Vesterfelt stated some business is being lost through the hotels, stating some participants told him they stayed in Cayucos and San Luis Obispo because the price of the hotels in Morro Bay had increased; however, there were a couple of hotels that had special “Car Show” deals. He requested the promises for Measure Q funding be kept. Mr. Vesterfelt encouraged everyone in Morro Bay to vote in the upcoming election.

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Susan Heinemann announced there will be a BBQ fundraiser sponsored by the Morro Bay Community Garden on May 23rd from 1:00 p.m. to 4:00 p.m. at the Community Garden in order to raise money for a tool shed.

Barry Brannon stated he would hope the City Council would develop transparency as they go forward with the sewer project. He suggested the Council provide a report with a time line regarding the project. He feels transparency would take away fears and questions and would encourage more interest and participation by the citizens.

Bill Martony stated he and his wife toured the Perc Plant in Santa Paula with Councilmembers Grantham and Smukler, and Bob Staller. He said it was very impressive, and was half the footprint of what Morro Bay is proposing with zero odors; the water quality was very good and totally recyclable. Mr. Martony stated the Perc Plant is less expensive and they have state of the art equipment, using new technology. He said two former mayors and the present mayor from Santa Paula said they were two years and \$2 million into the old-style plant when they switched to this plan. He said the mayor pro tem of Fillmore said they went the route that Morro Bay is going and ended up paying millions more than originally expected. He said the entire Perc Plant is underground, and above ground can be used for other things. He encouraged the Council to explore it, and look thoroughly at both options.

Mandy Davis addressed Item A-7 and thanked the City for adopting the Resolution Supporting the Protection of Whales and opposing the resumption of commercial whaling and quotas on the gray whale. She reported there will be large rallies in all coastal counties in California to save the whales on May 23rd.

Virginia Hiramatsu reminded everyone about the Relay for Life event which will take place August 7-8. She encouraged anyone at all interested to attend meetings on May 11 and May 18 at the Flying Dutchman from 5:30 p.m. to 6:30 p.m. She encouraged anyone interested in participating at the event to sign up at relayforlife.org/morrobayca.

Nancy Johnson announced she is a candidate for City Council. She said people have held informal meetings in their homes where small groups of people can learn more about her views; she encouraged those citizens interested in holding an informal meeting in their home in order for her to discuss her stand on various issues to contact her. Ms. Johnson stated she will be in front of Albertson's on Wednesday around noon and at Farmers Market on Thursday afternoon. She said absentee ballots were sent out today.

Bill Yates announced he is a candidate for mayor. His main focus is to make Morro Bay business friendly. He said the Music Festival on Saturday, June 5th will be an all-day event, and there will be four bands performing. Mr. Yates stated there will be a dollar donation or a canned food donation at the door, but no one will be turned away. He said the Music Festival is a fundraiser for the Harbor Festival.

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Marshall Ochylski, candidate for Supervisor of the Second District, stated the Car Show was awesome. He said it was a mistake to remove the sphere of influence from Morro Bay, and explained that the sphere of influence is the area that the City has semi-control of and how it develops. Mr. Ochylski stated LAFCO decided it was too big and decided to remove it entirely except for a very small portion by the dog beach. He said Morro Bay is the only City in the State of California, except for landlocked cities, that has no sphere of influence. Therefore, the City has no say on how development occurs adjacent to the city limits. Mr. Ochylski stated decisions regarding the perimeter of the City have been turned over from the Morro Bay City Council to the San Luis Obispo County Supervisors.

D’Onna Kennedy reminded everyone that the Business Forum is at 9:00 a.m. every Thursday at the Embarcadero Grill. She said there is a lot of information people can gain from these events.

Mayor Peters closed the hearing for public comment.

A. CONSENT CALENDAR

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

A-1 APPROVAL OF MINUTES OF THE APRIL 26, 2010 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Adopt minutes as submitted.

A-2 APPROVAL OF JOINT CITY COUNCIL/PLANNING COMMISSION MINUTES FOR THE MARCH 15, 2010 MEETING; (PUBLIC SERVICES)

RECOMMENDATION: Adopt minutes as submitted.

A-3 PROCLAMATION OF THE CITY OF MORRO BAY DECLARING MAY 23 TO MAY 29, 2010 AS “2010 NATIONAL BEACH SAFETY WEEK”; (RECREATION & PARKS)

RECOMMENDATION: Adopt Proclamation.

A-4 SECOND READING AND ADOPTION OF ORDINANCE NO. 556 AMENDING MORRO BAY MUNICIPAL CODE ADDING CHAPTER 17.27 REGULATING ANTENNAS AND WIRELESS TELECOMMUNICATIONS FACILITIES; (PUBLIC SERVICES)

RECOMMENDATION: Adopt Ordinance No. 556.

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MAY 10, 2010

A-5 SECOND READING AND ADOPTION OF ORDINANCE NO. 557 AMENDING MORRO BAY MUNICIPAL CODE SECTION 2.16.080 PERTAINING TO THE DUTIES OF THE CITY ATTORNEY; (CITY ATTORNEY)

RECOMMENDATION: Adopt Ordinance No. 557.

A-6 APPROVE COMPENSATION RATES FOR A SIX MONTH CONTRACT EXTENSION WITH MV TRANSPORTATION; (PUBLIC SERVICES)

RECOMMENDATION: Approve compensation rates outlined in the Fiscal Impact section of the staff report for the six month contract extension of the current Morro Bay Dial-a-Ride and Trolley Operations Management Agreement with MV Transportation.

A-7 RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY SUPPORTING THE PROTECTION OF WHALES AND OPPOSING THE RESUMPTION OF COMMERCIAL WHALING AND TEN-YEAR QUOTAS FOR GRAY WHALES AS PROPOSED BY THE INTERNATIONAL WHALING COMMISSION; (ADMINISTRATION)

RECOMMENDATION: Adopt Resolution 24-10.

Councilmember Smukler pulled Item A-1 from the Consent Calendar; Mayor Peters pulled Item A-3 and Councilmember Winholtz pulled Item A-6.

MOTION: Councilmember Winholtz moved the City Council approve Items A-2, A-4, A-5 and A-7 of the Consent Calendar. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

A-1 APPROVAL OF MINUTES OF THE APRIL 26, 2010 CITY COUNCIL MEETING; (ADMINISTRATION)

Councilmembers Winholtz and Smukler requested the following amendments to the minutes of April 26, 2010:

Page 5, Item A-3, second to last sentence of 1st paragraph – delete the word “meet” and replace with the word “receive”; next paragraph – delete the word “components” and replace with the phrase “shut down”.

MOTION: Councilmember Smukler moved the City Council approve Item A-1 of the Consent Calendar as amended. The motion was seconded by Councilmember Winholtz and carried unanimously. (5-0)

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MAY 10, 2010

- A-3 PROCLAMATION OF THE CITY OF MORRO BAY DECLARING MAY 23 TO MAY 29, 2010 AS “2010 NATIONAL BEACH SAFETY WEEK”; (ADMINISTRATION)

Mayor Peters pulled this item in order to make a presentation.

MOTION: Councilmember Borchard moved the City Council approve Item A-3 of the Consent Calendar. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

- A-6 APPROVE COMPENSATION RATES FOR A SIX MONTH CONTRACT EXTENSION WITH MV TRANSPORTATION; (PUBLIC SERVICES)

Councilmember Winholtz requested clarification on the contract extension with MV Transportation. Management Analyst Janeen Burlingame reviewed the contract and answered Council questions.

MOTION: Councilmember Grantham moved the City Council put off the decision on the contract extension until the Budget Hearing on Wednesday, May 19, 2010. The motion was seconded by Councilmember Winholtz and carried unanimously. (5-0)

B. PUBLIC HEARINGS, REPORTS & APPEARANCES

- B-1 RESOLUTION APPROVING THE ENGINEERS REPORT AND DECLARING THE INTENT TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT

Recreation & Parks Director Joe Woods stated on April 12, 2010, the City Council adopted Resolution No. 15-10, which initiated the proceedings to levy the annual assessment to fund the maintenance of the Cloisters Park and Open Space. Additionally, staff was directed to have an Engineer’s Report prepared, detailing the estimated annual assessment for the parcel owners for fiscal year 2010/11. Upon adoption of Resolution No. 22-10, the next and final step in the annual levy of assessment process is the protest hearing/public hearing after which the City Council actually orders the levy of assessment. Mr. Woods recommended the City Council adopt Resolution No. 22-10 declaring the intent to levy the annual assessment for the maintenance of the Cloisters Park and Open Space and approving the Engineers Report.

Mayor Peters opened up the hearing for public comment; there were no comments, and Mayor Peters closed the public comment hearing.

MINUTES - MORRO BAY CITY COUNCIL
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Councilmember Winholtz requested that a recycle container be added to the park area. She said she would like recycle containers added to all parks.

MOTION: Councilmember Grantham moved the City Council approve the Engineering Report and Resolution No. 22-10, declaring intent to levy the annual assessment for the Cloisters Landscaping and Lighting Maintenance; and, to include the addition of the placement and use of a recycle container to the park area to Attachment “A”. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

B-2 RESOLUTION APPROVING THE ENGINEERS REPORT AND DECLARING THE INTENT TO LEVY THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT

Recreation & Parks Director Joe Woods stated on April 12, 2010, the City Council adopted Resolution No. 16-10, which initiated the proceedings to levy the annual assessment to fund the maintenance of the North Point Natural Area. Additionally, staff was directed to have an Engineer’s Report prepared, detailing the estimated annual assessment for the parcel owners for fiscal year 2010/11. Upon adoption of Resolution No. 23-10, the next and final step in the annual levy of assessment process is the protest hearing/public hearing after which the City Council actually orders the levy of assessment. Mr. Woods recommended the City Council adopt Resolution No. 23-10 declaring the intent to levy the annual assessment for the maintenance of the North Point Natural Area and approving the Engineers Report.

Mayor Peters opened up the hearing for public comment; there were no comments, and Mayor Peters closed the public comment hearing.

MOTION: Councilmember Winholtz moved the City Council approve the Engineering Report and Resolution No. 23-10, declaring intent to levy the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance; and, to include the addition of the placement and use of a recycle container to the natural area to Attachment “A”. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MAY 10, 2010

B-3 INTRODUCTION AND FIRST READING OF ORDINANCE NUMBER 558
AMENDING MORRO BAY MUNICIPAL CODE CHAPTER 2.24
REGARDING RECREATION AND PARKS DEPARTMENT

Recreation & Parks Director Joe Woods stated on April 12, 2010, the City Council directed staff to amend the Recreation and Parks Department section for grammatical errors as well as document reference numbers to Morro Bay Municipal Code Section 2.24. Mr. Woods recommended the City Council approve Ordinance No. 558 for introduction and first reading by number and title only, amending Morro Bay Municipal Code Section 2.24.

Mayor Peters opened up the hearing for public comment; there were no comments, and Mayor Peters closed the public comment hearing.

MOTION: Councilmember Grantham moved the City Council approve Ordinance No. 558 for introduction and first reading by number and title only. The motion was seconded by Councilmember Winholtz and carried unanimously. (5-0)

City Manager Andrea Lueker read Ordinance No. 558 by number and title only.

C. UNFINISHED BUSINESS - NONE

D. NEW BUSINESS

D-1 ALLOCATION OF FUNDS GENERATED FROM THE FUNDRAISER FOLLIES

Mayor Peters stated the Fundraiser Follies continues to raise more money each year, from \$2,720 in 2008 to \$3,278 in 2009 and \$5,238 this year. The various events that benefit from the fund are participating in the Follies in some way to “earn” their allocation. However, this year costs tripled (\$2,688) due to renting tables instead of moving them from the Market Street property, increased equipment rental fees and full facility and labor reimbursement to the City. Mayor Peters stated they are making the same distribution allocation amounts per event as were made last year, which will cover all event permit fees and some costs. She said this enables them to retain sufficient “seed money” to cover next year’s expenses, and should enable them to increase the allocations for the 2011-12 year. Now that the Follies have proven to be a popular and profitable event, it is something Mayor Peters said she would like to continue to produce when she is no longer on the City Council. Therefore, she is investigating non-profit sponsorship possibilities, and will report the results to the City Council later this year.

No action was taken.

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D-2 CONSIDERATION OF CORRESPONDENCE SUPPORTING HR 4844 TO ENSURE 100% FEDERAL FUNDING OF HARBOR MAINTENANCE WITH THE HARBOR MAINTENANCE TRUST FUND

Harbor Director Rick Algert stated legislation has been introduced in the House and Senate to reaffirm Congress commitment to use harbor maintenance tax collections for the intended purpose of the tax. Mr. Algert recommended the City Council approve sending the proposed letter to Congresswoman Capps in support of HR 4844 to ensure full federal funding of harbor maintenance with the Harbor Maintenance Trust Fund.

MOTION: Mayor Peters moved the City Council approve sending the proposed letter to Congresswoman Lois Capps in support of HR 4844 to ensure full federal funding of harbor maintenance with the Harbor Maintenance Trust Fund. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

D-3 DISCUSSION OF A RESOLUTION TO ESTABLISH A PROCEDURE FOR REQUESTING MEASURE Q FUNDING DURING THE BUDGET PROCESS

City Manager Andrea Lueker stated during the last several budget processes, requests for Measure Q funding were generated and passed directly from department heads to the City Council as part of the preliminary budget document. The City Council then had to “pick and choose” from a list of requests. Those final decisions by Council were then included in the final budget document. Following that procedure, the Citizens Oversight Committee, during their semi-annual review of revenues and expenditures, has rejected a number of those requests. For the past three years, Council has been presented with a “laundry list” of requests for Measure Q funds. Those requests are consistent with the ballot language and with the numerous materials provided to educate the public on uses of Measure Q as well as the information included in the PowerPoint presentation given to a number of civic and local groups. This is the 4th largest general revenue source which the City has discretionary spending privileges. Ms. Lueker stated with this much money at stake it is recommended that Council adopt a resolution outlining the following procedure for staff to use in submitting Measure Q funding requests: 1) department heads must submit Measure Q funding requests to the City Manager/Administrative Services Director well in advance of the 1st budget hearing; 2) the City Manager and Administrative Services Director shall initially review and prioritize the requests to an “A” and a “B” list (if needed). The “A” list shall include prioritized projects and use the total anticipated funding available. The “B” list shall continue from the “A” list with the priority projects that fall outside the funding amounts; 3) the department head team shall meet, review and recommend the “A” and “B” lists to the City Council; and 4) the recommendation shall be included in the preliminary budget document.

Councilmember Grantham stated establishing a procedure is needed, it aids in the transparency of those particular funds, and it also helps identify budget needs.

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Councilmember Smukler stated he feels having a clear procedure will be valuable. He said there is sensitivity in the community as to how Measure Q funds are spent, and that is important when the City Council talks about allocations of the funds in order to maintain the trust of the citizens. Councilmember Smukler stated he would find it valuable to see the Measure Q Oversight Committee have more interaction with the spending of the funds.

Councilmember Borchard stated if the Measure Q Oversight Committee met twice a year, the City Council could adjust where the Committee makes recommendations rather than waiting until the end of the year. She feels the priorities have not shifted.

Councilmember Grantham stated that close to half of the Measure Q money is tied up right now in loans, with USDA loans for the fire station, the firefighter position, and a couple years left with the police vehicle repayment plan.

MOTION: Councilmember Grantham moved the City Council approve the procedures established for staff to follow in submitting Measure Q funding requests during the budget process; and, direct staff to return with a resolution adopting said procedures at the May 24, 2010 City Council meeting. The motion was seconded by Mayor Peters and carried unanimously. (5-0)

D-4 RESOLUTION ON GENERAL FUND ACCUMULATION FUND USE

City Manager Andrea Lueker stated during the last few years of economic downturn, a number of cities across California, as well as across the nation, have used their reserve funds to balance their budget. The City of Morro Bay has used reserve funds on an irregular basis to pay for unexpected or unanticipated expenditures, following City Council direction. As indicated above, in 1995, the City Council made a policy statement on having a General Fund (Accumulation) Reserve of 27.5% of the General Fund operating budget. The City Council recently indicated, at their Goal Setting Workshop, the fiscal year budget must be balanced without the use of reserve funds. The Council also set a goal for a sustainable budget, defined as ongoing regular revenues meeting or exceeding ongoing regular expenditures. Also during that Goal Setting Workshop, the City Council supported staff in bringing back a Resolution on the use of the General Fund (Accumulation) Reserve, to further delineate its purpose. As an example on further delineation, the Council could determine that 20% of the reserve could be used in the case of a catastrophic event (earthquake, flood) and 7.5% could be used for a fiscal uncertainty. Ms. Lueker recommended the City Council review the possible options, and determines if they desire to delineate the use of the General Fund (Accumulation) Reserve any further, provide any further direction to staff, and direct staff to bring back a resolution at a future meeting for adoption confirming that direction.

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Councilmember Grantham stated he would like to see \$1 million put in a “don’t touch emergency only” fund, the remainder being a true accumulation fund. He would like to have a discussion regarding the \$25,000 limit on risk management and transferring the interest based on those balances to accumulation.

Councilmember Borchard stated she would like to have a dollar amount on the reserve account rather than a percentage. She said she feels there needs to be a higher amount in the Reserve Accumulation Account for a catastrophic emergency.

Councilmember Smukler stated he agrees very strongly with Councilmember Borchard because of the need to respond to the immediate emergency but also long term, to rebuild and revitalize the community after the emergency. He said the Reserve Accumulation Fund should be kept as high as possible and it should be focused on the emergency element.

Councilmember Winholtz stated she has always considered “reserve” to be for emergencies. She said unless there is a real need, that money should not be spent.

Mayor Peters stated she would like to see a little bit of a compromise. She would like to keep as much as possible in the Reserve Accumulation Fund. Mayor Peters stated there is also a fiscal emergency to be considered as well. She gave the example if more positions have to be eliminated again in the future because of the economy still going down, possibly \$200,000 could help in getting past that fiscal emergency. She said of course it would have to be a decision of the City Council at that time.

MOTION: Mayor Peters moved the City Council direct staff return with a resolution for General Fund Accumulation Fund use at the May 24, 2010 City Council meeting, stating that the Reserve Accumulation Fund shall be maintained at \$2.75 million dollars or 27.5%, whichever is higher. The motion was seconded by Councilmember Grantham and carried with Councilmember Winholtz voting no. (4-1)

D-5 DISCUSSION REGARDING DEVELOPMENT OF CRITERIA AND MEASUREMENTS OF SUCCESS FOR THE WASTEWATER TREATMENT PLANT PROJECT

Councilmember Smukler stated clearly defined and understood project criteria and measurements of success provide a valuable foundation for the decision-making process and will serve as a guide for the JPA Board, staff, consultants, project manager and community as various choices are encountered throughout the project. He said the Wastewater Treatment Plant upgrade project is the largest single public infrastructure investment in the history of both Cayucos and Morro Bay. Without agreed criteria of success, it is difficult to measure if we have achieved our goals and provided the highest value project to the community. Councilmember Smukler recommended the City

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Council discuss their interests for the Morro Bay/Cayucos Wastewater Treatment Plant Upgrade and clearly define the project criteria and measurements of success. It is recommended that the discussion topic and City Council's project criteria be introduced for discussion and adoption with the Cayucos CSD Board at the June 10th JPA meeting.

Councilmember Grantham stated the list is very good. He reminded everyone that this is a joint partnership with Cayucos, and he would like to see this at a JPA forum.

Mayor Peters agreed with Councilmember Smukler that this is a good outline and guideline for the new people who will be coming on the City Council and the Board.

Councilmember Borchard suggested the list have an accompanying compliance schedule, and make a package of it.

MOTION: Councilmember Smukler moved the City Council adopt this list of interests and values for the Wastewater Treatment Plant upgrade project to be compared with the compliance schedule to be available for future representatives, staff, consultants, and other decision makers, and forward to Cayucos for their review and discussion. The motion was seconded by Mayor Peters and carried unanimously. (5-0)

E. DECLARATION OF FUTURE AGENDA ITEMS – NONE.

ADJOURNMENT

The meeting adjourned at 9:35 p.m.

Recorded by:

Jamie Boucher
Deputy City Clerk

AGENDA NO: A-2

MEETING DATE: 05/24/2010

ORDINANCE NO. 558

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY TO
AMEND CHAPTER 2.24 OF THE MORRO BAY MUNICIPAL CODE REGARDING
THE DUTIES OF THE RECREATION AND PARKS DEPARTMENT**

**THE CITY COUNCIL
CITY OF MORRO BAY, CALIFORNIA**

WHEREAS, Section 2.24 of the Morro Bay Municipal Code sets forth the duties and responsibilities of the Recreation and Parks Department; and

WHEREAS, the City desires to amend the Recreation and Parks Department duties and to provide grammatical and reference accuracy; and

WHEREAS, the City of Morro Bay needs to amend Section 2.24 in order to make this change.

NOW, THEREFORE, following the Public Hearing, and upon consideration of the testimony of all persons, the City Council of the City of Morro Bay does ordain Section 2.24 Recreation and Parks Department be amended as follows:

2.24 Recreation & Parks Department.

2.24.010 Recreation and parks department established.

A recreation and parks department is established for the city. The functions of this department are to provide opportunities for wholesome, year-round public recreation service for all age groups. The recreation and parks department shall further be responsible for development and maintenance of park and recreation facilities, and the planning of facilities and standards in the city. (Ord. 471 § 1 (part), 1998; Ord. 276 (part), 1986)

2.24.020 Recreation and parks director.

The city manager shall appoint a recreation and parks director to administer the recreation and parks department under the direction of the city manager. The recreation and parks director, or a duly appointed representative, shall be responsible for permitting use of parks and facilities by persons or organizations provided such person or organization makes application as required. (Ord. 471 § 1 (part), 1998; Ord. 276 (part), 1986)

2.24.030 Use of parks/facilities.

All city parks and facilities are intended for the recreational use of the residents of the city of Morro Bay. When not in use for city business or recreation programs, the parks and facilities may be used by local groups and individuals for social, cultural and recreational activities. (Ord. 471 § 1 (part), 1998; Ord. 276 (part), 1986)

2.24.040 Uses of parks/facilities requiring permits.

A. Any persons or organizations must obtain a permit for use of any portion of any public recreational facilities, parks or other public property of the city for the purposes provided in this chapter, in the manner set forth by the recreation and parks commission.

B. If application for permit is found in good order and in compliance with guidelines adopted by the recreation and parks commission, the persons or organizations shall be granted use of the facility, park and/or city land as requested.

C. In the event the director or a duly appointed representative refused to grant the permit, the applicant may appeal such refusal in writing to the recreation and parks commission by filing notice thereof in writing with the director within thirty days following refusal of the permit. The commission shall consider such appeal at its next meeting following the filing of such appeal. The commission, by majority vote, may affirm or overrule the action of the director and may, in overruling, impose such conditions or changes as the commission deems reasonable.

D. Uses requiring a person or organization to obtain a permit include the following:

1. Persons or groups proposing to erect or maintain a table, booth or similar structure;
2. Groups of persons, exceeding seventy-five in number;
3. Persons or groups desiring to reserve a facility or park for a limited time for their exclusive use;
4. Any persons or groups desiring to make solicitations or sales;
5. Any person or group desiring to hold a contest, demonstration or exhibit in a park or facility for which an admission or entrance fee is charged.
6. Any person or group engaging in the sale or consumption of an alcoholic beverage as defined in Chapter 9.18 of this code.

E. All permits issued pursuant to this chapter are to be honored by all persons or groups when presented with a valid copy of this permit. (Ord. 471 § 1 (part), 1998; Ord. 462 § 1, 1997; Ord. 276 (part), 1986)

2.24.050 Use of personal property—Recreational equipment.

Personal property, specifically play or recreational equipment, may be issued to any group or individual for a period not exceeding four consecutive days from the date of issuance by the director of recreation and parks or a duly appointed representatives, in accordance with regulations for use of such equipment. (Ord. 471 § 1 (part), 1998; Ord. 276 (part), 1986)

2.24.060 Enforcement.

All park or facility use rules and regulations will be enforced by appropriate enforcement authorities of the city. (Ord. 471 § 1 (part), 1998; Ord. 276 (part), 1986)

2.24.070 Damage of parks/facilities.

No person shall cut, break, move, take or otherwise injure, destroy or deface any trees, shrubs, plants, turf, rock or any building, fence, bridge, sign or other structure; or foul any stream or dump any earth, rubbish or other substance or material in or upon any park without permission of the director of recreation and parks. Any person causing such damage shall be guilty of a misdemeanor. (Ord. 471 § 1 (part), 1998; Ord. 276 (part), 1986)

2.24.080 Harassment of others prohibited.

No person, group or organization using any parks or facilities or being adjacent thereto shall molest or harass any other person on or within said park or facility. (Ord. 471 § 1 (part), 1998; Ord. 276 (part), 1986)

2.24.090 Hours of use established.

No persons are permitted in any park or facility during hours specified by the director of recreation and parks unless written permission is obtained from the director for these programs. (Ord. 471 § 1 (part), 1998; Ord. 276 (part), 1986)

2.24.100 Violations and penalties.

Any person violating Sections 2.24.070, 2.24.080 or 2.24.090 of this chapter shall be guilty of an infraction and shall be fined by:

- A. A fine not exceeding fifty dollars for a first violation;
- B. A fine not exceeding one hundred dollars for a second violation of the same section within one year;
- C. A fine not exceeding two hundred fifty dollars for each additional violation of the same section within one year. (Ord. 471 § 1 (part), 1998; Ord. 276 (part), 1986)

This Ordinance shall take effect and be in force thirty (30) days from the date of its passage, and before the expiration of fifteen (15) days after its passage, it, or a summary of it, shall be published once, with the names of the City Council members voting for and against the same, in a newspaper of general circulation published in the City of Morro Bay.

INTRODUCED at a regular meeting of the City Council of the City of Morro Bay held on the 10th day of May 2010 by motion of Councilmember Grantham and seconded by Councilmember Winholtz.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morro Bay, on the 24th day of May, 2010 by the following vote to wit:

AYES:

NOES:

ABSENT:

JANICE PETERS, Mayor

ATTEST:

BRIDGETT KESSLING, City Clerk



AGENDA NO: A-3

MEETING DATE: May 24, 2010

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 19, 2010

FROM: Dylan Wade, Utilities/Capital Projects Manager

SUBJECT: Status Report on Water Usage for April 2010

RECOMMENDATION:

It is recommended that the City Council review and file this status report.

FISCAL IMPACT:

The water enterprise fund operating budget is only a small percentage of the overall water division budget. The water division uses the operating budget to offset the cost of operating the various supplies of water. Depending on the mix and cost of the various water sources delivered these expenditures may lead to over spending the operating budget.

BACKGROUND:

The City of Morro Bay has four main sources of water supply. Water sources in order of supplied quantities are; the State Water Project, Chorro groundwater, Morro groundwater, and a Desalination Plant. Deliveries of water from the State water Project started this year at the lowest level that they have ever been in the history of the project. Since the primary water supply source for the City of Morro Bay was unavailable at the beginning of the year, the City has been forced to rely more heavily on the other sources.

Contamination with nitrates of both the Chorro and Morro groundwater resources by agricultural activities has greatly impacted our water supplies. During periods of reduced State Water Project deliveries it is necessary to blend our other sources of water to reduce nitrate levels in the distribution system. The Desalination Plant is undergoing a series of upgrades to restore the operation of that facility which has most recently been used to remove nitrates from the Morro Groundwater.

DISCUSSION:

April Water Usage

Total April Water production was 97.55 af with 12.29 af of water from the Morro groundwater basin receiving treatment through the BWRO process, 70.73 af of State water delivered, and

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

14.53 af of groundwater from the Morro and Chorro Basins. This represents 84% of last year's usage for April 2009.

Current Water Usage During the Month of May, the City has used water from the Brackish Water Reverse Osmosis (BWRO) Treatment to supplement water deliveries from the State Water Project.

State Water Project Deliveries State Water Project deliveries were increased from 20% to 30% on April 22, 2010 and then from 30% to 40% on May 3, 2010. With the City's drought buffer the City should be able to meet water demands without continuing mandatory water conservation measures.

Recent Division Activities

With the return of State Water, the operation of the Desalination Plant has been drastically reduced. Staff has therefore been able to refocus on the Distribution system and is working on the replacement of service lines and old water meters.

Staff has also been hard at work preparing our annual report for California's Department of Public Health and on preparing the Consumer Confidence Report that is due to consumers in July of this year.

In addition to these activities a major overhaul of the control system that integrates the operation of the BWRO and SWRO trains has been completed. This upgrade will facilitate future operations of both of these trains and will support automation of many of the functions of that facility.

Chorro Groundwater Issues

The City has produced water from the Chorro groundwater basin to meet water demands. Our groundwater permits require that stream flows be above 1.4cfs when extractions occur. Currently the City is measuring creek flows biweekly. Our permit conditions require continuous flow monitoring which has not yet been installed. The State Water Resources Control Board has reserved the right to dictate where those stream gauges will be located. The City has prepared a letter with attached graphics outlining the various alternatives for their approval and is awaiting their response.

Future Water Usage

It is anticipated that in the month of June the water system will rely on the State Water Project deliveries and will use the BWRO to augment those deliveries.

CONCLUSION:

It is recommended that the City Council review and file this status report.

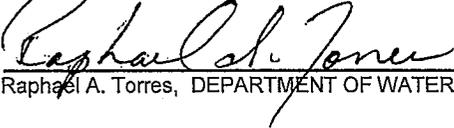


NOTICE TO STATE WATER PROJECT CONTRACTORS

Number: 10-07

Date: APR 22 2010

Subject: 2010 State Water Project Allocation Increase to 30 Percent

From: 
Raphael A. Torres, DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR) is increasing the allocation of 2010 State Water Project (SWP) water for long-term contractors from 834,398 acre-feet to 1,251,601 acre-feet. Based on recent precipitation and current water supply conditions, SWP supplies are projected to meet 30 percent of most SWP Contractors' 2010 requested Table A amounts, which total 4,171,996 acre-feet. Attached is the revised 2010 SWP allocation table.

DWR's new approval considered several factors including existing storage in SWP conservation reservoirs; SWP operational constraints such as the conditions of the recent Biological Opinions for delta smelt and salmonids and the incidental take permit for longfin smelt; and 2010 contractor demands. DWR may revise allocations if warranted by the year's developing hydrologic and water supply conditions.

If you have any questions or need additional information, please contact Robert Cooke, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313.

Attachment

**2010 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

SWP CONTRACTORS	TABLE A (1)	INITIAL REQUEST (2)	APPROVED ALLOCATION (3)	PERCENT INITIAL REQUEST APPROVED (3)/(2) (4)
<u>FEATHER RIVER</u>				
County of Butte	27,500	27,500	8,250	30%
Plumas County FC&WCD	2,160	2,160	648	30%
City of Yuba City	9,600	9,600	2,880	30%
Subtotal	39,260	39,260	11,778	
<u>NORTH BAY</u>				
Napa County FC&WCD	29,025	29,025	8,708	30%
Solano County WA	47,506	47,506	14,252	30%
Subtotal	76,531	76,531	22,960	
<u>SOUTH BAY</u>				
Alameda County FC&WCD, Zone 7	80,619	80,619	24,186	30%
Alameda County WD	42,000	42,000	12,600	30%
Santa Clara Valley WD	100,000	100,000	30,000	30%
Subtotal	222,619	222,619	66,786	
<u>SAN JOAQUIN VALLEY</u>				
Oak Flat WD	5,700	5,700	1,710	30%
County of Kings	9,305	9,305	2,792	30%
Dudley Ridge WD	50,343	50,343	15,103	30%
Empire West Side ID	3,000	3,000	900	30%
Kern County WA	982,730	982,730	294,819	30%
Tulare Lake Basin WSD	88,922	88,922	26,677	30%
Subtotal	1,140,000	1,140,000	342,001	
<u>CENTRAL COASTAL</u>				
San Luis Obispo County FC&WCD	25,000	25,000	7,500	30%
Santa Barbara County FC&WCD	45,486	45,486	13,646	30%
Subtotal	70,486	70,486	21,146	
<u>SOUTHERN CALIFORNIA</u>				
Antelope Valley-East Kern WA	141,400	141,400	42,420	30%
Castaic Lake WA	95,200	95,200	28,560	30%
Coachella Valley WD	138,350	138,350	41,505	30%
Crestline-Lake Arrowhead WA	5,800	5,800	1,740	30%
Desert WA	55,750	55,750	16,725	30%
Littlerock Creek ID	2,300	2,300	690	30%
Mojave WA	82,800	82,800	24,840	30%
Metropolitan WDSC	1,911,500	1,911,500	573,450	30%
Palmdale WD	21,300	21,300	6,390	30%
San Bernardino Valley MWD	102,600	102,600	30,780	30%
San Gabriel Valley MWD	28,800	28,800	8,640	30%
San Geronio Pass WA	17,300	17,300	5,190	30%
Ventura County FCD	20,000	20,000	6,000	30%
Subtotal	2,623,100	2,623,100	786,930	
TOTAL	4,171,996	4,171,996	1,251,601	

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Number:** 10-08**Date:** MAY 3 2010**Subject:** 2010 State Water Allocation Increase to 40 Percent**From:** 
Raphael A. Torres, DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR) is increasing the allocation of 2010 State Water Project (SWP) water for long-term contractors from 1,251,601 acre-feet to 1,668,798 acre-feet. Based on recent precipitation and current water supply conditions, SWP supplies are projected to meet 40 percent of most SWP Contractors' 2010 requested Table A amounts, which total 4,171,996 acre-feet. Attached is the revised 2010 SWP allocation table.

In addition to forecasted hydrology, DWR's new approval considered several factors including: existing storage in SWP conservation reservoirs; SWP operational constraints such as the conditions of the recent Biological Opinions for delta smelt and salmonids and the longfin smelt incidental take permit; and 2010 contractor demands. DWR may revise allocations if warranted by the year's developing hydrologic and water supply conditions.

If you have any questions or need additional information, please contact Robert Cooke, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313.

Attachment

**2010 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

SWP CONTRACTORS	TABLE A (1)	INITIAL REQUEST (2)	APPROVED ALLOCATION (3)	PERCENT INITIAL REQUEST APPROVED (3)/(2) (4)
<u>FEATHER RIVER</u>				
County of Butte	27,500	27,500	11,000	40%
Plumas County FC&WCD	2,160	2,160	864	40%
City of Yuba City	9,600	9,600	3,840	40%
Subtotal	39,260	39,260	15,704	
<u>NORTH BAY</u>				
Napa County FC&WCD	29,025	29,025	11,610	40%
Solano County WA	47,506	47,506	19,002	40%
Subtotal	76,531	76,531	30,612	
<u>SOUTH BAY</u>				
Alameda County FC&WCD, Zone 7	80,619	80,619	32,248	40%
Alameda County WD	42,000	42,000	16,800	40%
Santa Clara Valley WD	100,000	100,000	40,000	40%
Subtotal	222,619	222,619	89,048	
<u>SAN JOAQUIN VALLEY</u>				
Oak Flat WD	5,700	5,700	2,280	40%
County of Kings	9,305	9,305	3,722	40%
Dudley Ridge WD	50,343	50,343	20,137	40%
Empire West Side ID	3,000	3,000	1,200	40%
Kern County WA	982,730	982,730	393,092	40%
Tulare Lake Basin WSD	88,922	88,922	35,569	40%
Subtotal	1,140,000	1,140,000	456,000	
<u>CENTRAL COASTAL</u>				
San Luis Obispo County FC&WCD	25,000	25,000	10,000	40%
Santa Barbara County FC&WCD	45,486	45,486	18,194	40%
Subtotal	70,486	70,486	28,194	
<u>SOUTHERN CALIFORNIA</u>				
Antelope Valley-East Kern WA	141,400	141,400	56,560	40%
Castaic Lake WA	95,200	95,200	38,080	40%
Coachella Valley WD	138,350	138,350	55,340	40%
Crestline-Lake Arrowhead WA	5,800	5,800	2,320	40%
Desert WA	55,750	55,750	22,300	40%
Littlerock Creek ID	2,300	2,300	920	40%
Mojave WA	82,800	82,800	33,120	40%
Metropolitan WDSC	1,911,500	1,911,500	764,600	40%
Palmdale WD	21,300	21,300	8,520	40%
San Bernardino Valley MWD	102,600	102,600	41,040	40%
San Gabriel Valley MWD	28,800	28,800	11,520	40%
San Geronio Pass WA	17,300	17,300	6,920	40%
Ventura County FCD	20,000	20,000	8,000	40%
Subtotal	2,623,100	2,623,100	1,049,240	
TOTAL	4,171,996	4,171,996	1,668,798	

RESOLUTION NO. 26-10

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA, ESTABLISHING A
PROCEDURE FOR REQUESTING MEASURE Q FUNDING DURING THE
ANNUAL BUDGET PROCESS**

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

WHEREAS, Measure Q, a ½ cent district sales tax, was approved by the voters in Morro Bay in November 2006; and

WHEREAS, Measure Q was passed as a General Fund tax without a sunset clause; and

WHEREAS, Measure Q, in 2010, is the 4th largest revenue source with which the City of Morro Bay has discretionary spending privileges; and

WHEREAS, the ballot language of the Measure is as follows:

“To preserve the safety and character of Morro Bay, with priority on funding essential services such as fire, paramedics, street and pothole repairs, storm drains, police, youth and park programs and other general community services, shall an ordinance be adopted increasing the City sales tax by one-half cent, subject to independent annual financial audits and establishing an independent taxpayer’s advisory committee to review annual expenditures”; and

WHEREAS, to date, there have been no formal procedure for the submission of Measure Q funding requests during the annual budget process.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the following procedures are adopted for the request of Measure Q funds during the annual budget process:

1. Department Heads must submit Measure Q funding requests to the City Manager/Administrative Services Director well in advance of the first budget hearing.
2. The City Manager and Administrative Services Director shall initially review and prioritize the requests to an “A” and a “B” list (if needed). The “A” list shall include prioritized projects, and use the total anticipated funding available. The “B” list shall continue from the “A” list with the priority projects that fall outside the available Measure Q funding amounts.

3. The Department Head Team shall meet, review and recommend the “A” and “B” lists to the City Council.
4. The recommendation shall be included in the preliminary annual budget document.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May 2010, by the following vote:

AYES:

NOES:

ABSENT:

JANICE PETERS, Mayor

ATTEST:

BRIDGETT KESSLING, City Clerk

AGENDA NO: A-5

MEETING DATE: 5/24/10

RESOLUTION NO. 27-10

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING THE PARAMETERS FOR USE OF THE
GENERAL FUND (ACCUMULATION) RESERVE**

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

WHEREAS, in 1993, the Morro Bay City Council adopted Resolution No. 55-93, which designated an \$800,000 reserve (reported in the General Fund's equity section of the balance sheet) for emergencies out of the General Fund; and

WHEREAS, in 2003, the Morro Bay City Council adopted a policy statement regarding further establishment of a reserve in an amount equal to or greater than 27.5% of the General Fund operating budget; and

WHEREAS, on February 22, 2010, the Morro Bay City Council adopted Resolution No. 13-10, which established more explicit parameters for the Risk Management Reserve Fund, specifically a minimum balance of \$500,000; and

WHEREAS, as a result of the adoption of Resolution No. 13-10, approximately \$2.8 million was transferred to the General Fund (Accumulation) reserve, allowing that fund to meet and exceed the goal 27.5% of the General Fund Operating Budget; and

WHEREAS, after discussion during their May 10, 2010 City Council meeting, the City Council desires to further delineate the use of the General Fund (Accumulation) Reserve.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

GENERAL FUND (ACCUMULATION) RESERVE

1. The General Fund (Accumulation) Reserve must meet or exceed either 27.5% of the General Fund operating budget or a minimum of \$2,750,000, whichever is greater.
2. Any amount greater than 27.5% of the General Fund Operating Budget or a minimum of \$2,750,000 (whichever is greater) may be used for budgetary purposes.
3. Use of the amount described in #2 must be approved by the City Council.

4. The General Fund (Accumulation) Reserve will be renamed, and listed in the budget as the General Fund Emergency Reserve.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May 2010, by the following vote:

AYES:

NOES:

ABSENT:

JANICE PETERS, Mayor

ATTEST:

BRIDGETT KESSLING, City Clerk



AGENDA NO: A-6

MEETING DATE: May 24, 2010

Staff Report

TO: Honorable Mayor and Council **DATE:** May 18, 2010
FROM: Janeen Burlingame, Management Analyst
SUBJECT: Approve Compensation Rates for Six Month Contract Extension with
MV Transportation

RECOMMENDATION

Staff recommends the City Council approve the compensation rates outlined in the Fiscal Impact section of the staff report for the six month contract extension of the current Morro Bay Dial-A-Ride and Trolley Operations and Management Agreement with MV Transportation.

MOTION: I move that the City Council approve the compensation rates outlined in the Fiscal Impact section of the staff report for the six month contract extension of the current Morro Bay Dial-A-Ride and Trolley Operations and Management Agreement with MV Transportation.

FISCAL IMPACT

Compensation rates for FY 2010/2011 trolley service would be adjusted in accordance with the extension provision in Article 5.1 of the agreement whereby adjustments to compensation rates during an extension would be based on 80% of the annual percentage difference (up or down) to the Consumers Price Index (CPI) for July. The current trolley rates for FY 2009/2010 are as follows: fixed monthly fee is \$2,240 and vehicle service hour fee is \$21.38. Based on data from the Bureau of Labor Statistics for the first three months of 2010, it is estimated that the trolley compensation rates would increase between 1.5% and 2% depending on the CPI data received for July 2010.

Compensation rates for the FY 2010/2011 flex route service would be as follows: fixed monthly fee of \$4,758 and vehicle service hour fee of \$23.35. These rates are based on changes Council made at the April 26 meeting to replace the dial-a-ride service with flex fixed route service. The current dial-a-ride rates for FY 2009/2010 are as follows: fixed monthly fee is \$10,160 and vehicle service hour fee is \$21.38.

DISCUSSION

At the March 26 Council meeting, a six month extension of the transit operations and management agreement with MV Transportation was approved and compensation rates were to be brought back for final approval. All terms and conditions are applicable during any extension period.

Prepared By: J Burlingame

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

In addition, Article 5.1 states that the City may, at its sole discretion, negotiate with the Contractor to establish compensation rates based on an annual or multi-year extension period as determined by the City. With approval at the April 26 Council meeting to replace the dial-a-ride with a flex fixed route service, negotiation of new compensation rates are warranted as there are certain costs associated with demand response service, such as dispatching, that are not associated with fixed route service.

CONCLUSION

Staff recommends the City Council approve the compensation rates outlined in the Fiscal Impact section of the staff report for the six month contract extension of the current Morro Bay Dial-A-Ride and Trolley Operations and Management Agreement with MV Transportation.

RESOLUTION NO. 25-10

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING PARTICIPATION IN THE
SAN LUIS OBISPO COUNTY
ENERGY WATCH PROGRAM**

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

WHEREAS, local demand for electricity has grown, and is expected to continue to grow in the near future to support a growing population and economy; and

WHEREAS, citizens and businesses spend substantial amounts for energy and it makes economic sense and good public policy to encourage efficiency in Morro Bay; and

WHEREAS, energy efficiency programs enhance our environment by improving air quality, reducing greenhouse gases and other pollutants, and conserving natural resources; and

WHEREAS, it is vital for communities to incorporate energy conservation innovations into everyday business practices and create more sustainable and greener communities; and

WHEREAS, there is a growing movement within California cities and businesses to improve everyday practices and create more sustainable and greener communities; and

WHEREAS, the San Luis Obispo Energy Watch Program has been established to manage the administration, marketing, integration and implementation components of this partnership program; emphasis will be placed on the outreach to the cities and special districts within San Luis Obispo County to assist them in improving the energy efficiency of their facilities and integrating energy efficiency throughout the local communities; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California hereby agrees:

1. The City of Morro Bay supports and endorses the San Luis Obispo Energy Watch Program, a partnership between local agencies in San Luis Obispo County, Pacific Gas & Electric Company, Southern California Gas Company, and the Economic Vitality Corporation of San Luis Obispo.
2. The City of Morro Bay supports a commitment to sustainable practices through the planning and implementation of energy efficient strategies and programs.

3. The City of Morro Bay will adopt a Climate Action Plan (CAP), Energy Action Plan (EAP), or adopt energy efficiency language into another policy document, such as a General Plan, to reduce community greenhouse gas emissions with a focus on energy efficiency.
4. The City Manager will designate a representative to the San Luis Obispo Energy Watch Program.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May, 2010 on the following vote:

AYES:
NOES:
ABSENT:

Janice Peters, Mayor

ATTEST:

Bridgett Kessler, City Clerk

AGENDA NO: A-8

MEETING DATE: 5/24/10

**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY
DECLARING JUNE 7 & 8, 2010 AS
“SPECIAL OLYMPICS – LAW ENFORCEMENT TORCH RUN DAYS”**

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

WHEREAS, each year Law Enforcement Officers join together to run the Special Olympics torch throughout San Luis Obispo County; and

WHEREAS, hundreds of thousands of Law Enforcement Officers give their time to protect our communities every day; and

WHEREAS, hundreds of thousands of athletes participate in Special Olympics activities annually; and

WHEREAS, the efforts of countless volunteers make Special Olympics possible; and

WHEREAS, on June 7 & 8, 2010, Law Enforcement Officers will carry the Special Olympics torch throughout San Luis Obispo County and send it on its way down to California State University at Long Beach to open the Special Olympics of Southern California Summer Games; and

WHEREAS, at this year’s meet, many of our area’s finest young people and adults will be competing in a variety of sports, enjoying the joy of athletic competition and learning the importance of “doing one’s best” in a spirit of sportsmanship.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay does hereby proclaim June 7 & 8, 2010 as “SPECIAL OLYMPICS LAW ENFORCEMENT TORCH RUN DAYS” and acknowledge the hard work of the event organizers and congratulating the athletes and officers on their accomplishments.

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 May 2010

JANICE PETERS, Mayor
City of Morro Bay, California



AGENDA NO: D-1

MEETING DATE: 5/24/10

Council Report

TO: MAYOR AND CITY COUNCIL DATE: MAY 20, 2010
FROM: COUNCILMEMBER WINHOLTZ
SUBJECT: LETTER TO CONGRESSMEMBER LOIS CAPPs REGARDING FARM FISHING LEGISLATION

RECOMMENDATION:

Consider sending a letter to our U.S. Representative regarding proposed ocean farm fishing legislation

FISCAL IMPACT: None.

BACKGROUND:

Representative Capps is writing legislation to regulate ocean farm fishing. Some people believe this will open the door for such industry. FOOD AND WATER WATCH provides the following background.

The Open Ocean Aquaculture (OOA) industry has been trying to get OOA into our federal waters since the 80's. Most recently there were bills introduced in 2005 and 2007, both of which were voted down. Then last year, the Gulf of Mexico Fishery management council created a plan to allow OOA in federal waters off of the Gulf and NOAA approved the plan. However, NOAA and the management council only have the ability to manage fishing in federal water. That means that these organizations are trying to say is that placing large pens in the ocean and cramping fishing into them is fishing. We think that this is untrue and are suing NOAA in coalition with other organizations.

We think that NOAA's decision to approve the gulf plan even though we think it is illegal, might be scaring some people into moving forward with federal legislation that would allow OOA in our oceans under the guise that if a massive legislative bill isn't introduced, then there will be a fragmented approach to allowing OOA in federal waters. We think that this is untrue and that we should oppose this bill. OOA is going to hurt fishermen and the environment.

Prepared By: B. Winholtz

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

DISCUSSION:

Certain types of fish may be appropriate for farming – like farming of clams, mussels, oysters, and scallops. However, global experience clearly shows that there is not sufficient technology to pursue farming finfish in the ocean sustainably. Both environmental and economic outcomes of open water fish farms have been troubling. Fish escapes are a prominent problem. In Scotland, winter storms caused 750,000 farmed salmon to escape in one year alone. At a U.S. open ocean operation in Hawaii – 1,500 farmed yellowtail escaped in 2007. These fish are different than wild fish and can spread disease, outcompete or intermix with and change behavior of wild fish and other marine life. Other issues include contamination, pollution, and chemical use. Financially, ocean farms have struggled. A research project at the University of New Hampshire sought to explore the economic viability of ocean fish farming – but after grants and other contributions, each pound of fish produced cost U.S. taxpayers \$3,000. Kona Blue Water Farms, a commercial operation in Hawaii State waters, has also faced severe financial difficulties. Despite \$1.8 million in funding from NOAA, millions of dollars given out to the ocean fish farming industry through tax technology credits, nearly \$10 million from investors and a product that has retailed at \$17 a pound for fillets, Kona Blue Water Farms has still not achieved profitability.

If ocean fish farming was currently developing in U.S. federal waters unregulated, then stringent national legislation could be important to control it – however, that is not the case. There are no projects moving forward at this time and none in existence. Hubbs-Seaworld, which hoped to start the first offshore fish farm in federal U.S. waters, halted its permit application after finding the process too cumbersome. Hubbs is waiting for the new legislation to pass for a better process. Also, current laws do not explicitly allow ocean fish farms. The Magnuson-Stevens Act does not include aquaculture, and fishery management council attempts to craft rules under this law that allow ocean aquaculture are being met with legal challenges. The suits are still pending. Lack of a defined permitting process has prevented industry development. H.R. 4363 establishes a permitting system, so rather than control ensuing development of OOA, it streamlines the process to promote development of an industry that has been riddled with well-documented problems. The bill contains well-intentioned language, but falls short in establishing meaningful requirements.

If we are going to have aquaculture – it should be of a type that increases jobs and domestic seafood production, and does not harm the environment nor push historic fishermen out of the market.

CONCLUSION:

Groups that have signed-on to the Food & Water Watch letter urging members of congress to vote no on H.R. 4363, the factory fish farming bill.

1. Center for Biological Diversity (DC) - Bill Snape, Senior Counsel
2. Louisiana Shrimp Association (Lafitte, LA) - For the Board of Directors of LSA, Clint Guidry, Secretary
3. Delta Commercial Fishermen's Association (Louisiana) - Acy Cooper, President
4. Center for Food Safety (DC & CA) - George Kimbrell, Senior Staff Attorney
5. Blue and Yellow Logic (Denver, CO) - Emily, Staff Member
6. California Water Impact Network (C-WIN) (Santa Barbara) - Carolee Krieger, President
7. Southern CA Trawlers Association - Mike McCorkle, President
8. Mile High Business Alliance (Denver, CO) - Miccki Langston, Executive Director
9. Lone Tree Council (Bay City, MI) - Terry Miller, Chair
10. Louisiana Charterboat Association (Baton Rouge, LA) - Charlie Smith, President
11. Ocean City Organics (Ocean City, MD), Robert "Skip" Moore, Owner
12. Bayshore Regional Watershed Council (Navesink, NJ) - Joe Reynolds, Co-Chair



City of Morro Bay
Morro Bay, CA 93442
(805) 772-6200

May 25, 2010

Honorable Congresswoman Lois Capps
1110 Longworth House Office Building
Washington D.C. 20515

Dear Representative Capps:

Thank you for all you do for our community and the coast.

As a coastal community that supports its fishing fleet in the midst of dire times, we write to urge you to do more research before submitting legislation in support of ocean farm fishing. We understand that your intent is to be proactive, setting parameters for a potential industry off our coast.

However, we are not convinced that this legislation is the direction to go at this time. We are not convinced this is in the best interests of California fishing fleets. In light of the concerns reported from other locations where ocean farm fishing has been tried, moving cautiously is in the best interest of the fishers, consumers, and the ocean environment.

We support your interest in doing the right thing. We urge you to seek out more information, talk to more of those who fish, and consider all possible consequences.

Thank you for your consideration.

Sincerely,