

# City of Morro Bay

## City Council Agenda

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### *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.*

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**REGULAR MEETING – FEBRUARY 9, 2009**

**CLOSED SESSION – FEBRUARY 9, 2009  
CITY HALL CONFERENCE ROOM - 5:00 P.M.  
595 HARBOR ST., MORRO BAY, CA**

**CS-1 GOVERNMENT CODE SECTION 54957.6; CONFERENCE WITH LABOR NEGOTIATOR**. Conference with the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to employees groups and giving instructions to the Designated Representative.

**CS-2 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 2 parcels.

- Property: Whale's Tail - Lease Site 96/96W  
Negotiating Parties: Mandella and City of Morro Bay.  
Negotiations: Lease Terms and Conditions.
- Property: Salt Building - Lease Site 65-66/65W-66W  
Negotiating Parties: Imani 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 – FEBRUARY 9, 2009  
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.

COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

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 FOR THE REGULAR CITY COUNCIL MEETINGS OF JANUARY 12, 2009 AND JANUARY 26, 2009; AND THE SPECIAL MEETING OF JANUARY 28, 2009; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 RESOLUTION NO. 04-09 ADOPTING THE MID-YEAR BUDGET AMENDMENTS; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 04-09.**

A-3 RESOLUTION NO. 05-09 TO REAFFIRM INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND (LAIF) AND DESIGNATE TRANSACTION OFFICERS; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 05-09.**

A-4 RESOLUTION NO. 06-09 ENDORSING THE GUIDING PRINCIPLES OF THE SAN LUIS OBISPO COUNTYWIDE 10-YEAR PLAN TO END HOMELESSNESS; (ADMINISTRATION)

**RECOMMENDATION: Adopt Resolution No. 06-09.**

A-5 RESOLUTION NO. 07-09 ADOPTING THE MEMORANDUM OF UNDERSTANDING WITH THE MORRO BAY FIREFIGHTERS AND RELATED COMPENSATION; (ADMINISTRATION)

**RECOMMENDATION: Adopt Resolution No. 07-09.**

A-6 CONTINUATION OF EMERGENCY PER PUBLIC CONTRACT CODE SECTION 22050 FOR THE INSTALLATION OF ENERGY RECOVERY EQUIPMENT; (PUBLIC SERVICES)

**RECOMMENDATION: Determine the necessity to continue the emergency per Public Contract Code 22050 for the installation of desalination plant energy recovery equipment.**

A-7 PROCLAMATION DECLARING FEBRUARY 2009 AS “GRAND JURY AWARENESS MONTH”; (ADMINISTRATION)

**RECOMMENDATION: Adopt Proclamation.**

A-8 PROCLAMATION DESIGNATING FEBRUARY 24, 2009 AS “SPAY DAY USA”; (ADMINISTRATION)

**RECOMMENDATION: Adopt Proclamation.**

B. PUBLIC HEARINGS, REPORTS & APPEARANCES – NONE.

C. UNFINISHED BUSINESS – NONE.

D. NEW BUSINESS

D-1 AUTHORIZATION TO RECRUIT AND FILL HALF-TIME RECREATION AND PARKS MAINTENANCE II POSITION; (RECREATION & PARKS)

**RECOMMENDATION:** Authorize staff recruit and fill half-time Recreation and Parks Maintenance II position vacancy.

D-2 CONSIDERATION OF RECOMMENDATIONS FROM THE CITIZEN'S OVERSIGHT COMMITTEE; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION:** Provide direction to staff regarding the Committee's recommendations.

D-3 CONSIDERATION OF THE FLEXIBLE SPENDING ACCOUNT BENEFIT FOR HEALTH AND DEPENDENT CARE EXPENSES; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION:** Consider authorizing and funding City employees' participation in a Flexible Spending Account program.

D-4 CONSIDERATION OF DRAFT ORDINANCE FOR A MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT; (CITY ATTORNEY)

**RECOMMENDATION:** Direct staff to return with a Resolution of Intention to form a citywide tourism business improvement district for the purpose of increasing industry investment in tourism marketing in the City of Morro Bay.

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  
CLOSED SESSION 6 JANUARY 12, 2009  
CITY HALL CONFERENCE ROOM - 5:00 P.M.

**AGENDA NO.: A-1**  
**Meeting Date: 2/09/09**  
**Action: \_\_\_\_\_**

Mayor Peters called the meeting to order at 5:00 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

CLOSED SESSION

MOTION:       Councilmember Winholtz moved the meeting be adjourned to Closed Session. The motion was seconded by Councilmember Grantham and unanimously carried. (5-0)

Mayor Peters read the Closed Session Statement.

**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 3 parcels.

- Property: 625 Harbor Street; Library.  
Negotiating Parties: SLO County and City of Morro Bay.  
Negotiations: Lease Terms and Conditions.
- Property: Whale's Tail - Lease Site 96/96W  
Negotiating Parties: Mandella and City of Morro Bay.  
Negotiations: Lease Terms and Conditions.
- Property: Salt Building - Lease Site 65-66/65W-66W  
Negotiating Parties: Imani and City of Morro Bay.  
Negotiations: Lease Terms and Conditions.

The meeting adjourned to Closed Session at 5:00 p.m. and returned to regular session at 5:55 p.m.

MOTION:       Councilmember Borchard moved the meeting be adjourned. The motion was seconded by Councilmember Grantham and unanimously carried. (5-0)

The meeting adjourned at 5:55 p.m.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING 6 JANUARY 12, 2009  
VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Peters called the meeting to order at 6:00 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
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	John DeRohan	Police Chief
	Mike Pond	Fire Chief
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

MAYOR AND COUNCIL MEMBERS REPORTS, ANNOUNCEMENTS &  
PRESENTATIONS

CLOSED SESSION REPORT - City Attorney Robert Schultz reported the City Council met in Closed Session, and no reportable action under the Brown Act was taken.

PUBLIC COMMENT

Ani Lyn stated the 28<sup>th</sup> Annual Poster Contest for the 2009 Harbor Festival with the theme of Uptown, Downtown, and Sailing Around are due to Morro Bay Harbor Festival Inc. by March 2, 2009. She said brochures on this year's Harbor Festival have been sent out throughout the United States as well as five other countries.

Jonni Biaggini requested the City Council not take action on an increase to the transient occupancy tax until they have received the presentation on the Business Improvement District proposal.

Joan Solu requested the City Council consider the proposal of a Business Improvement District in Morro Bay prior to considering an increase to the City's transient occupancy tax.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING 6 JANUARY 12, 2009

Barbara Strassel stated she and her husband own three businesses on the waterfront and noted sales have dropped 30% within the last year. She requested the City Council consider rent reduction to the leaseholders in order to assist the businesses on the waterfront.

Bill Carlson stated he represents the Central Coast United for Change whose focus is to provide community service and supporting progressive solutions to local, state and national issues. He said representatives of this non-profit group would be going door-to-door to collect non-perishable foods that would be delivered to the Food Bank.

Joyce Lundy reviewed the statistics for the Chamber of Commerce. She also noted the next Chamber mixer would be held at Dr. Tiffany Smart's Optometry office on January 15<sup>th</sup>, and the Annual Chamber Installation Dinner would be held on January 24<sup>th</sup>.

Keith Taylor stated the Friends of the Morro Bay Fire Department, the George Hoag Family Foundation and Morro Bay Rotary Club presented the Morro Bay Fire Department \$70,000 for the Rescue II Vehicle.

Bill Woodson encouraged participation from the community to participate in the Adopt-a-Tree Program. He also presented Morro Bay license plate holders to Councilmembers Borchard and Smukler.

John Barta encouraged the City write a letter to Congresswoman Lois Capps stating the City is "shovel-ready" in order to receive federal funding for projects in Morro Bay.

Melody DeMeritt requested the City Council agendaize a discussion on the participation in the County's Annual Creek Clean-Up program.

Tammie Haas announced the Morro Bay Grange would be holding a reorganization meeting to reestablish membership on January 29<sup>th</sup>. She also noted there would be an art auction and barbeque in support of the Del Mar PTA on March 29<sup>th</sup> and requested items for the art auction.

Steve Seamus expressed concern with recreational vehicles parking overnight on Beachcomber Drive, and requested the City Council consider posting signs in order to enforce a 7-foot height limit and no overnight parking.

Joey Racano stated the City should be RV-friendly in order to assist the local economy. He also expressed the importance of a 301-waiver and tertiary treatment to protect the estuary.

Mayor Peters closed the hearing for public comment.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 12, 2009

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 FOR THE SPECIAL CITY COUNCIL MEETING AND REGULAR CITY COUNCIL MEETING ON DECEMBER 8, 2008; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 RESOLUTION NO. 01-09 ADOPTING THE CITY OF MORRO BAY INVESTMENT POLICY AND DELEGATING AUTHORITY TO THE CITY TREASURER TO INVEST IDLE FUNDS; (FINANCE)

**RECOMMENDATION: Adopt Resolution No. 01-09.**

A-3 RESOLUTION NO. 02-09 DESIGNATING AND AUTHORIZING INVESTMENT TRANSACTION OFFICERS; (FINANCE)

**RECOMMENDATION: Adopt Resolution No. 02-09.**

A-4 CONTINUATION OF EMERGENCY PER PUBLIC CONTRACT CODE SECTION 22050 FOR THE INSTALLATION OF ENERGY RECOVERY EQUIPMENT; (PUBLIC SERVICES)

**RECOMMENDATION: Determine the necessity to continue the emergency per Public Contract Code 22050 for the installation of desalination plant energy recovery equipment.**

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

B. PUBLIC HEARINGS, REPORTS & APPEARANCES ó NONE.

C. UNFINISHED BUSINESS ó NONE.



MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 12, 2009

D. NEW BUSINESS

D-1 PRESENTATION FROM SAN LUIS OBISPO COUNTY AND CALIFORNIA  
STATE PARKS IN REGARD TO THEIR OPERATING AGREEMENT FOR  
USE OF VARIOUS STATE PROPERTY

The City Council received a presentation from Pete Jenny, Deputy Director for San Luis Obispo County Parks and Recreation, and Nick Franco, Superintendent for San Luis Obispo Coast District regarding their Operating Agreement for use of various State properties.

This was an informational item, and no action was taken by the City Council.

D-2 APPROVAL OF FUNDING FOR A REDEVELOPMENT FEASIBILITY  
STUDY; (PUBLIC SERVICES)

Public Services Director Bruce Ambo stated the City has preliminarily discussed the option of forming a Redevelopment Agency for some time now dating back to a presentation on the basics of redevelopment in July 2005. The City commissioned a "Revenue Enhancement Opportunities and Development Fee Options for the City of Morro Bay" study in April 2007, where redevelopment was identified as a prime revenue enhancing strategy, along with raising development impact fees. On August 4, 2008, the City Council authorized the application of CDBG ó P/TA grant funding under the General Allocation and Economic Development programs. More recently in the "Management Partners Report ó Assessment of City Organization and Financial Options" the City Council reaffirmed the need and priority to develop and implement a Redevelopment Agency following the authorization to submit for CDBG grant funding in August 2008. In order to complete the formal formation of the Development Agency and adoption of a Redevelopment Plan by the 2010 base tax year; it is necessary to begin the process as soon as possible. For better or worse, property values may be at their lowest in years, which leads to the opportunity to take advantage of increases in tax increment over a low base year. Conducting the Redevelopment Feasibility Study would be the first step in getting an expert opinion before committing significant resources to the formal formation process. Establishing a Redevelopment Agency has been an established goal and high priority of the City Council. Mr. Ambo recommended the City Council authorize the Public Services Director to execute the contract with Urban Futures Inc. to conduct a Redevelopment Feasibility Study with additional funding from the CDBG Loan Repayment Fund.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 12, 2009

Councilmember Smukler stated he would like to focus on good visioning process, developing community buy-in, low impact development, and green building designs as key components to redevelopment projects which could be a valuable addition to the City's portfolio.

Councilmember Borchard stated this is a great opportunity to look forward to some redevelopment in the City. She expressed some concern with the State end of this proposal and noted the City should proceed with caution as this investment is made.

Councilmember Grantham stated he supports funding this Redevelopment Feasibility Study.

Councilmember Winholtz stated she is supportive of the concept however the timing for funding is not appropriate.

Mayor Peters stated this has been a Council priority to create revenue for the City, and this is the time to take the risk to move forward.

**MOTION:** Councilmember Grantham moved the City Council authorize the Public Services Director to execute the contract with Urban Futures Inc. to conduct a Redevelopment Feasibility Study with additional funding from the CDBG Loan Repayment Fund. The motion was seconded by Mayor Peters and carried unanimously. (5-0)

**D-3 DISCUSSION ON PLACING THE DYNEGY FUNDS IN THE ACCUMULATION FUND; (FINANCE)**

Finance Director Susan Slayton stated the General Fund expenditures should be balanced against ongoing revenues, not one-time or limited duration funds. The \$500,000, which is annually received from Dynergy, is anticipated to end in 2012. This money should be removed from the General Fund revenue mix, and included as a budgeted transfer in. At the end of each fiscal year, only that portion of the \$500,000, needed to balance the fund, will be transferred. Ms. Slayton recommended the City Council approve placing the Dynegy Funds into the General Accumulation Fund, and transfer needed amounts of that money to the General Fund at the end of each fiscal year.

Councilmember Grantham stated these funds will not be ongoing and should be separated because the City will not be able to depend on it in the near future.

Councilmember Winholtz stated the City does depend on this money and she would prefer to leave it where it is.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 12, 2009

Councilmember Smukler stated transferring these funds does give the City a realistic idea and promotes further action to address the challenges facing the City.

Councilmember Borchard stated transferring these funds is just a bookkeeping technicality.

Mayor Peters stated she supports transferring these funds if it assists the Finance Director with budget predictions.

**MOTION:** Councilmember Grantham moved the City Council approve placing the Dynegy Funds into the General Accumulation Fund, and transfer needed amounts of that money to the General Fund at the end of each fiscal year. The motion was seconded by Councilmember Smukler and carried with Councilmember Borchard and Councilmember Winholtz voting no. (3-2)

**D-4 REVIEW OF PERMIT FEE FOR WATERFRONT PROJECTS; (PUBLIC SERVICES)**

Public Services Director Bruce Ambo stated in October 2007, the City Council asked to have a discussion on permit fees for waterfront projects. The subject fee is applied to all projects in the Planned Development Zone, and the õpermit fee for waterfront projectsö is 200% of the fee for a Conditional Use Permit. The fee for a Conditional Use Permit for new construction is \$3,620, which means that waterfront fee portion would be \$7,240, for a total of \$10,860. This fee does not include any environmental documentation fees or variance fees, which may add to this cost. Mr. Ambo recommended the City Council provide further direction to staff on the permit fee on waterfront projects.

**MOTION:** Councilmember Smukler moved the City Council direct staff to track current and future projects with an analysis of time spent and return to Council for discussion on the appropriate level of fees. The motion was seconded by Councilmember Winholtz and carried unanimously. (5-0)

**D-5 REVIEW OF CHANGES TO CHAPTER 10 OF THE MORRO BAY MUNICIPAL CODE - VEHICLES AND TRAFFIC; (CITY ATTORNEY)**

City Attorney Robert Schultz stated Chapter 10 of the Morro Bay Municipal Code provides for regulations for the placement and enforcement of Traffic Control Devices within the City of Morro Bay. Certain parts of the current Chapter 10 date back to 1964 and therefore are outdated, cumbersome and unenforceable. Mr. Schultz recommended the City Council review the proposed amendments and direct staff to return with an Ordinance for first reading and introduction.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 12, 2009

The City Council requested this item return to a future meeting addressing their questions.

No further action was taken on this item.

D-6 DISCUSSION ON REVENUE BALLOT MEASURES INCLUDING A PUBLIC UTILITIES USER TAX, TRANSIENT OCCUPANCY TAX AND 911 FEE; (CITY ATTORNEY)

City Attorney Robert Schultz stated the City of Morro Bay is in a difficult financial position, and is unable to continue with status quo operations. Many tough budgetary choices have already been made and yet the financial picture continues to grow bleaker. The City Council must decide whether there is a collective interest in placing a measure on a ballot to generate revenue sufficient to sustain the costs of delivering the current set of City services. For any revenue-generating measure to have a chance of succeeding, the services, goals and outcome must be clear, the Council must be united in its support, and an organized constituency and campaign is needed to move the initiative forward. If Council should elect to go forward with a revenue-generating ballot measure, staff will also need direction on which possible revenue measure(s) the Council would like to pursue. Mr. Schultz recommended the City Council direct staff to begin preparing a draft Emergency Communications (or 911) Tax Ordinance, a Utility User Tax Ordinance, and a Transient Occupancy Tax Ordinance, and to bring back the draft Ordinances for consideration at a City workshop.

Councilmember Grantham expressed support for drafting these ordinances, placing them on the ballot and obtaining revenue for the City.

Councilmember Winholtz stated she is willing to consider the Transient Occupancy Tax along with the proposed Business Improvement District before the City Attorney starts working on draft documents.

Councilmember Smukler stated this is a tough time to raise taxes in the community, and the City should focus on the community and consider internal expenses. He said he has strong hesitation on drafting an Emergency Communication Tax and Utility User Tax.

Councilmember Borchard stated she does not support drafting an Emergency Communication Tax and Utility User Tax. She said she could support considering the Transient Occupancy Tax and the proposed Business Improvement District.

Mayor Peters stated she supports directing the City Attorney to draft these ordinances in order to be prepared for upcoming elections. She said the City needs to act on increasing revenues now or it will be too late.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 12, 2009

MOTION: Councilmember Grantham moved the City Council direct staff to begin preparing a draft Emergency Communications (or 911) Tax Ordinance, a Utility User Tax Ordinance, and a Transient Occupancy Tax Ordinance, and to bring back the draft Ordinances for consideration at a City workshop. The motion was seconded by Mayor Peters and failed with Councilmember Borchard, Councilmember Smukler and Councilmember Winholtz voting no. (2-3)

MOTION: Councilmember Winholtz moved the City Council direct staff to begin preparing a draft Transient Occupancy Tax Ordinance that can be balanced with the Business Improvement District. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

MOTION: Councilmember Winholtz moved the City Council continue discussion on the Emergency Communication Tax and Utility User Tax within the next two months. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

E. DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Smukler requested to agendize a discussion on development of a green building/low impact development incentive program with a potential tiered permit process; Council concurred.

Mayor Peters requested to agendize a discussion on a regional transit organization that would include County districts and Morro Bay; Councilmember Borchard and Councilmember Smukler concurred.

Councilmember Borchard requested to agendize a discussion on the term of Mayor from a two year to four-year term; Mayor Peters concurred.

ADJOURNMENT

The meeting adjourned at 10:00 p.m.

Recorded by:

Andrea Lueker  
City Manager

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 26, 2009  
VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Peters called the meeting to order at 6:00 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
	Bridgett Bauer	City Clerk
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	John DeRohan	Police Chief
	Mike Pond	Fire Chief
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

MAYOR AND COUNCIL MEMBERS REPORTS, ANNOUNCEMENTS &  
PRESENTATIONS

CLOSED SESSION REPORT ó There was no Closed Session meeting.

PUBLIC COMMENT

Rebecca Aroe invited the community to a Morro Bay Garden Club Meeting on January 28<sup>th</sup> with guest speaker Michael Robertson who will be discussing water conservation issues such as grey water.

Ani Lyne stated the Morro Bay High School has been the County's top scoring high school in the Academic Performance Index. She requested the community help donate towards trips as incentive for the students.

Joyce Lundy reviewed the statistics of the Chamber of Commerce/Visitors Center. She said there would be a mixer on February 19<sup>th</sup> at Edward Jones Investment Services. Ms. Lundy stated the Lady Washington and Hawaiian tall ships would be in Morro Bay on February 13, 14 and 15.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 26, 2009

Robert Davis representing the Citizens Bike Committee stated the San Luis Obispo Council of Governments is in the process of gathering unmet transit and bike needs throughout the County. He said two projects from last year's unmet bike needs have been completed in Morro Bay; one to repair a damaged area on the Class I bike lane near the high school, and a bike rack was placed on Coleman Drive near Morro Rock. Mr. Davis stated the unmet bike needs for this year have been submitted, which some are under other jurisdictions such as State Parks and Dynegy. He said one project that is ready to go this year and has good potential for funding is the Class II bike lanes near Main Street from Atascadero Road to Yerba Buena Street and has been unanimously endorsed by the Public Works Advisory Board. Mr. Davis requested Council's consideration of this project in the near future.

Joan Solu invited the community to Del Mar School's Third Annual Art Auction and Fundraiser on March 29<sup>th</sup>, and announced donations are being accepted for this benefit.

Janice Rowen reviewed information on the County and State Parks Operating Agreement and the implementation of a fee to enter Montano de Oro State Park. She stated AT&T funds should be considered as an additional fee to help with the mitigation to go toward the annual State Parks fee. Ms. Rowen requested the City send a letter in support of maintaining free entrance into Montana de Oro for day use.

Jane Heath addressed the importance of using local businesses for business and personal services to assist the local economy.

Carolyn Newman expressed concern with the number of homeless children who are attending school in Morro Bay, and the need to assist homelessness in our community.

Dan Glessman addressed the need for further expense reductions and restructuring in the City before considering tax increases.

Janet Gould, Principal of Del Mar School, addressed the difficulty of homeless children in Morro Bay and the need to look at services in Morro Bay to assist these homeless families.

Mayor Peters closed the hearing for public comment.

Mayor Peters called for a break at 6:58 p.m.; the meeting resumed at 7:08 p.m.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 26, 2009

A. CONSENT CALENDAR

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

- A-1 PROCLAMATION IN SUPPORT OF THE PEDAL TO PIER BICYCLE EVENT; (ADMINISTRATION)

**RECOMMENDATION: Adopt Proclamation.**

- A-2 APPROVAL OF SIDE LETTER TO SEIU MEMORANDUM OF UNDERSTANDING REGARDING JOB TITLE CHANGES FOR CERTAIN POSITIONS; (ADMINISTRATIVE SERVICES DEPARTMENT)

**RECOMMENDATION: Approve job title changes to certain positions in the Service Employees International Unit to more accurately reflect their duties.**

- A-3 PROPOSED CALENDAR FOR THE 2009-2011 BIENNIAL BUDGET; (ADMINISTRATIVE SERVICES DEPARTMENT)

**RECOMMENDATION: Approve the schedule of events leading to adoption of the biennial budget.**

- A-4 CONTINUATION OF EMERGENCY PER PUBLIC CONTRACT CODE SECTION 22050 FOR THE INSTALLATION OF ENERGY RECOVERY EQUIPMENT; (PUBLIC SERVICES)

**RECOMMENDATION: Determine the necessity to continue the emergency per Public Contract Code 22050 for the installation of desalination plant energy recovery equipment.**

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

B. PUBLIC HEARINGS, REPORTS & APPEARANCES

- B-1 PRESENTATION REGARDING THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT; (ADMINISTRATION)

The City Council received a presentation from Jonni Biaggini and Joan Solu regarding the proposed Morro Bay Tourism Business Improvement District.



MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 26, 2009

Mayor Peters opened the hearing for public comment.

The following people expressed support for a Morro Bay Tourism Business Improvement District: Pablo Romero, Zoey Andres, Mike Casola, Dan Reddell, Peter Candela, Jim Pauley, and John Barta.

Mayor Peters closed the public comment hearing.

Councilmember Winholtz stated she is not supportive of both the City and County Business Improvement District. She said the City is secluded on the coast with the other coastal areas and would benefit from 2% participation with the County Business Improvement District.

Councilmember Grantham stated it would not be realistic to participate in both the City and County Business Improvement District. He said a compromised solution would be to promote the City Business Improvement District at no more than 2% participation, and consider a 2% increase in transient occupancy tax. Councilmember Grantham stated voluntary participation in the Business Improvement District is not realistic, and vacation homes should be included.

Councilmember Smukler stated the Community Promotions Committee is an excellent use of the City's resources and should be included in this process. He said there is the potential of agreeing to ½% participation with the County Business Improvement District. He said participation with the City Business Improvement District at 3% deserves consideration with a one-two year review, including vacation rentals, and funding earmarked to the Community Promotions Committee. Councilmember Smukler stated he also supports the consideration of a 1-1/2% increase in transient occupancy tax.

Councilmember Borchard stated the County Business Improvement District is still an unknown and should not be considered at this time. She said the City continues to fund the Visitors and Conference Bureau who does a good job promoting the City at the County level. Councilmember Borchard stated she could support participating in the City Business Improvement District at 3%, including vacations rentals; and supports the consideration of a 1% transient occupancy increase.

Mayor Peters stated she is reluctant to participate in the County Business Improvement District because it is still not formed. She said she supports participation in the City Business Improvement District at 3%, including vacation rentals; continue funding the Visitors and Conference Bureau; and, the consideration of a 1% transient occupancy tax increase.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 26, 2009

MOTION: Councilmember Borchard moved the City Council direct staff to draft an Ordinance in support of a local Business Improvement District to include vacation rentals. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

B-2 RECONSIDERATION OF THE CITY'S INVOLVEMENT WITH THE  
COUNTYWIDE BUSINESS IMPROVEMENT DISTRICT;  
(ADMINISTRATION)

City Manager Andrea Lueker stated in July 2006, the County Board of Supervisors adopted a resolution taking the first step toward setting up a countywide Business Improvement District (BID) as a mechanism to raise money from the hospitality industry for promotion and marketing. The County Visitor and Conference Bureau (VCB) expended efforts contacting businesses in the County explaining and promoting this approach. After approval at the County level, the discussion shifted the local City Councils. The VCB requested the Morro Bay City Council adopt a resolution giving consent to include the City within the County BID. At the November 13, 2006 City Council meeting, the Council approved Resolution No. 58-06, which conditionally granted consent to the County to form the San Luis Obispo County Tourism Business Improvement District. Ms. Lueker recommended the City Council reconsider the consent given to the County of San Luis Obispo to form the San Luis Obispo County Tourism Business Improvement District.

Mayor Peters opened the hearing for public comment.

Joan Solu stated the County Board of Supervisors would be considering the County Business Improvement District at a 2% assessment for Atascadero, Arroyo Grande and unincorporated areas, and Morro Bay would be participating at 1%. She said the money would be used towards the film commission, travel industry, tour business industry, and international industry. Ms. Solu stated the stewardship would enhance the local visitor-serving areas.

Jonni Biaggini stated with 1% participation, funding would go towards the County promotion and Morro Bay would get the benefit of the 1.4 million dollar County marketing campaign. She said the member of the City Council who serves on the City BID advisory board would need to be appointed to serve on the County BID advisory board.

Mayor Peters closed the public comment hearing.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 26, 2009

MOTION: Councilmember Winholtz moved the City Council reaffirm continued support of the County Business Improvement District at 1%. The motion was seconded by Councilmember Smukler and failed with Councilmember Borchard, Councilmember Grantham and Mayor Peters voting no. (2-3)

MOTION: Councilmember Smukler moved the City Council approve ½% participation in the County Business Improvement District. The motion was seconded by Councilmember Winholtz and failed with Councilmember Borchard, Councilmember Grantham and Mayor Peters voting no. (2-3)

MOTION: Mayor Peters moved the City Council rescind Resolution No. 58-06 that conditionally granted consent to the County of San Luis Obispo to form the San Luis Obispo County Tourism Business Improvement District. The motion was seconded by Councilmember Borchard and carried with Councilmember Smukler and Councilmember Winholtz voting no. (3-2)

Mayor Peters called for a break at 8:38 p.m.; the meeting resumed at 8:48 p.m.

**B-3 MID YEAR BUDGET REVIEW AND RECOMMENDED BUDGET AMENDMENTS; (ADMINISTRATIVE SERVICES DEPARTMENT)**

Administrative Services Director Susan Slayton presented the 2008/09 budget adjustments. Included is a December 31, 2008 budget performance report for the General Fund, which has been economically adjusted to move certain applicable revenues, such as transient occupancy tax and sales tax, into the proper reporting period. Ms. Slayton recommended the City Council direct staff to return with a resolution authorizing these approved adjustments.

Mayor Peters opened the hearing for public comment.

Melody DeMeritt addressed how other entities are handling the present economic crisis. She said the City should not spend on unallocated projects. Ms. DeMeritt recommended the City not fund the Buxton study or hire any more consultants; continue the hiring freeze; consider department head salary freeze; and go to a tiered retirement system.

Barbara Jo Osbourne recommended the City Council consider the following: do not cut services; do not contract with Cal Fire; consider out-sourcing the City Attorney's office; consider memberships and associations; stop hiring consultants; stop prevailing wages; increase transient occupancy tax by 3%; and consolidate departments. She also noted the benefit package for employees are too high.

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 26, 2009

Joan Solu stated the City's budget is a mess, and a profit improvement plan is needed in the City.

Mayor Peters closed the public comment hearing.

Councilmember Smukler stated internal expenses should be seriously considered, as well as furloughs; however, cutting services to the public should be avoided.

Councilmember Borchard stated a zero-based budget would justify departmental expenses. She said the City should consider furloughs, cutting costs and raising revenue.

Councilmember Winholtz stated Measure Q funds should not be used on the Buxton study, and studies should not come out of the Capital Improvement Fund. She said the City has spent \$1 million more than budgeted.

Mayor Peters shared information received from the City of Arroyo Grande and the City of Atascadero on their discussions with the Buxton Company, which were mixed reviews.

Councilmember Smukler stated the City should focus on utilizing local resources, and efforts should be made on funding an economic stimulus package locally.

Councilmember Borchard stated she does not support funding the Buxton study at this time, and Measure Q funds should not be used.

Councilmember Grantham stated he supports funding the Buxton study noting one referral would pay for the study.

Councilmember Winholtz stated she does not support funding the Buxton study at this time, and Measure Q funds should not be used.

Mayor Peters stated she has made efforts to bring business into the City with no avail, where a consultant may have a different approach with better results. She said she does agree that now is not the time to fund the Buxton study, however the City should reconsider it at another time.

**MOTION:** Councilmember Winholtz moved the City Council approve the revenue adjustments as stated in the staff report; approve the expenditure adjustments eliminating the General Government Capital Improvements; and, fund the Mandatory Housing Element Update, Neighborhood Compatibility Standards and Storm Water Management Plan from the appropriate fund. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 26, 2009

C. UNFINISHED BUSINESS ó NONE.

D. NEW BUSINESS

D-1 PRESENTATION ON THE 10-YEAR PLAN TO END HOMELESSNESS IN  
SAN LUIS OBISPO COUNTY

The City Council received a presentation from Dana Lilley, representing the Transition Team on the 10-Year Plan to End Homelessness in San Luis Obispo County.

Paul Brown, Dee Torres, and Scott Smith of the Transition Team also made comments.

It was requested Council: 1) receive the plan; 2) endorse its guiding principles; 3) use the plan to guide future decisions; and 4) appoint a Council Member to the governing body.

MOTION: Councilmember Winholtz moved the City Council: 1) receive the 10-year plan to end homelessness in San Luis Obispo County; 2) endorse its guiding principles; 3) use the plan to guide future decisions; and 4) appoint Councilmember Grantham as the City's representative on the governing body. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

D-2 SELECTION OF TWO COUNCIL MEMBERS TO SERVE ON THE JPA AND  
MOBILEHOME SUB-COMMITTEES; (CITY ATTORNEY)

City Attorney Robert Schultz stated at the December 8, 2008 Council meeting, the Mayor made annual appointments to County and Regional committees; however, appointments to the City's Mobile Home Rent Control and Morro Bay/Cayucos JPA Sub-Committees were not included. He recommended the City Council appoint or re-appoint two members to serve on these two Sub-Committees.

MOTION: Mayor Peters moved the City Council re-appoint herself to serve on the Morro Bay/Cayucos JPA Sub-Committee. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

MOTION: Mayor Peters moved the City Council re-appoint Councilmember Grantham to serve on the Morro Bay/Cayucos JPA Sub-Committee. The motion was seconded by Councilmember Borchard and carried with Councilmember Smukler and Councilmember Winholtz voting no. (3-2)

MOTION: Councilmember Smukler moved the City Council appoint Councilmember Borchard and Councilmember Winholtz to serve on the Mobile Home Rent Control Sub-Committee. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING ó JANUARY 26, 2009

D-3 LETTER TO THE BOARD OF SUPERVISORS REGARDING THE STATE  
PARKS AND COUNTY CONTRACT; (CITY COUNCIL)

Councilmember Winholtz stated at the January 12<sup>th</sup> meeting, Council received a presentation from State Department of Parks and Recreation and County representatives regarding the Operating Agreement for use and operation of state parks including those in the City limits. Per the Agreement, the Department of Parks and Recreation has requested the County to allow it to put up an entrance kiosk on Pecho Road inside of Montana de Oro State Park. Councilmember Winholtz recommended the City Council send a letter to the County Board of Supervisors stating Council's preference for no kiosk at the entrance to Montana de Oro State Park and encourage the Board to pay the State Department of Parks and Recreation annual rent.

Councilmember Borchard stated her impression was to send a letter of support for AT&T to pay for the annual rent.

MOTION: Mayor Peters moved the City Council approve sending the proposed letter to the County Board of Supervisors stating Council's preference for no kiosk at the entrance to Montana de Oro State Park and encourage the Board to pay the State Department of Parks and Recreation annual rent. The motion was seconded by Councilmember Grantham and carried with Councilmember Borchard voting no. (4-1)

E. DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Grantham requested staff prepare a memorandum on the review of policies regarding shutdown of State Water in the event of a major catastrophe; Councilmember Smukler concurred.

Councilmember Winholtz requested to agendize a discussion on unmet bike needs, including the North Main Street bike lane; Councilmember Smukler concurred.

Councilmember Smukler requested to agendize a discussion on more frequent budget reports; Councilmember Borchard and Mayor Peters concurred.

F. ADJOURNMENT

The meeting adjourned at 10:52 p.m.

Recorded by:

Bridgett Bauer  
City Clerk

MORRO BAY CITY COUNCIL  
SPECIAL MEETING 6 JANUARY 28, 2009  
VETERANS MEMORIAL HALL - 6:00 P.M.

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

PRESENT:	Janice Peters	Mayor
	Carla Borchard	Councilmember
	Rick Grantham	Councilmember
	Noah Smukler	Councilmember
	Betty Winholtz	Councilmember

STAFF:	Andrea Lueker	City Manager
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ESTABLISH QUORUM AND CALL TO ORDER  
PLEDGE OF ALLEGIANCE  
MAYOR AND COUNCIL MEMBERS REPORTS, ANNOUNCEMENTS &  
PRESENTATIONS

RESOLUTION NO. 03-09 RESCINDING RESOLUTION NO. 58-06 THAT  
CONDITIONALLY GRANTED CONSENT TO THE COUNTY OF SAN LUIS  
OBISPO TO FORM THE SAN LUIS OBISPO COUNTY TOURISM BUSINESS  
IMPROVEMENT DISTRICT

MOTION: Councilmember Grantham moved the City Council adopt Resolution No. 03-09 rescinding Resolution No. 58-06 that conditionally granted consent to the County of San Luis Obispo to form the San Luis Obispo County Tourism Business Improvement District. The motion was seconded by Councilmember Borchard and carried with Councilmember Smukler and Councilmember Winholtz voting no. (3-2)

APPROVAL TO ACCEPT TWO LATE APPLICATIONS

Mayor Peters stated two applications were submitted after the closing date, and requested Council comments on acceptance of these applications.

Councilmember Winholtz stated she is not in support of accepting these applications because it is not fair to the other applicants.

MOTION: Mayor Peters moved the City Council accept the two applications submitted after the closing date. The motion was seconded by Councilmember Grantham and carried with Councilmember Winholtz voting no. (4-1)

PUBLIC COMMENT

Richard Sadowski stated he did not turn in an application; however, he was exercising his civil rights to be considered for appointment to either the City's Planning Commission or Public Works Advisory Board.

INTERVIEW OF APPLICANTS FOR THE CITY'S PLANNING COMMISSION, RECREATION & PARKS COMMISSION, HARBOR ADVISORY BOARD, PUBLIC WORKS ADVISORY BOARD, AND COMMUNITY PROMOTIONS COMMITTEE

The City Council conducted interviews for appointments to the City's Planning Commission, Recreation & Parks Commission, Public Works Advisory Board, Harbor Advisory Board, and Community Promotions Committee.

After voting by ballot, the City Council made the following appointments:

**Planning Commission** ó two 4-year terms

Nancy Johnson  
John Diodati

**Recreation & Parks Commission** ó three 4-year terms; one 3-year term

Joan Solu  
Johnnie Munoz  
Marla Hagle  
Karen Croley (3-year)

**Public Works Advisory Board** ó three 4-year terms, and one 2-year term

Richard Rutherford  
Susan Shaw  
Jenny Brantlee  
Bill Olson (2-year)

**Harbor Advisory Board** ó one 4-year term (Member-at-Large); one 4-year term (Marine-Oriented Business); one 4-year term (Commercial Fisherman Association); and one 2-year term (Waterfront Leaseholders Assoc.)

William Luffee (member at large)  
Jim Phillips (marine oriented business)  
Barbara Strassel ó 2 year term (waterfront leaseholders)  
Brett Cunningham ó (commercial fisherman association)

**Community Promotions Committee** ó one 4-year term (Member-at-Large)

Traci Neil

ATTEST:

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BRIDGETT BAUER, City Clerk





AGENDA NO: \_\_\_\_\_

MEETING DATE: 02/09/09

# Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** January 28, 2009

**FROM:** Susan Slayton, Administrative Services Director

**SUBJECT:** Resolution No. 04-09 Adopting the Mid-Year Budget Amendments

**RECOMMENDATION:**

To approve Resolution No. 04-09, which authorizes the budget amendments approved at the January 26, 2009 City Council meeting.

**FISCAL IMPACT:**

Revenue adjustments:

General Fund	\$560,000
Measure Q	\$115,000
Transit	(\$15,126)

Expenditure adjustments:

General Fund	\$557,747
Harbor Equipment Replacement	\$ 43,000
Transit	(\$15,126)
Sewer Revenue	\$ 28,024
Harbor Operating	\$ 45,500
MB/CSD Wastewater Treatment Plant	\$ 54,000
Sewer Capital Improvement	\$ 50,000

**SUMMARY:**

At the January 26, 2009 meeting, the City Council voted unanimously to accept the budget adjustments presented with instructions to return with a Resolution, formalizing the actions taken. By adopting Resolution 04-09, the budget amendments will be enacted.

The adjustment to Human Resources (see Page 4) requires a new job description, which is included.

Prepared By: \_\_\_\_\_

Dept Review: \_\_\_\_\_

City Manager Review:

City Attorney Review: \_\_\_\_\_

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**RESOLUTION NO. 04-09**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA, AUTHORIZING THE MID-YEAR  
2008/09 AMENDMENTS TO THE CITY'S OPERATING AND CAPITAL  
IMPROVEMENT BUDGETS**

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

**WHEREAS**, the City of Morro Bay is required to appropriate and expend public funds to conduct its day-to-day business activities; and

**WHEREAS**, the City Council adopted the original Operating and Capital Improvement Budgets on May 27, 2008 by Resolution No. 25-08; and

**WHEREAS**, the City Council deems it necessary to amend said budgets.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that the operating budgets of the City of Morro Bay are amended by additional revenues and appropriations as show on the attached schedule.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9<sup>th</sup> day of February 2009, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

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JANICE PETERS, Mayor

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BRIDGETT BAUER, City Clerk



AGENDA NO: \_\_\_\_\_

MEETING DATE: 02/09/09

# Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** January 30, 2009

**FROM:** Susan Slayton, Administrative Services Director

**SUBJECT:** Resolution 05-09 to Reaffirm Investment of Monies in the Local Agency Investment Fund (LAIF) and Designate Transaction Officers

**RECOMMENDATION:**

Staff recommends that the City Council adopt City Council Resolution No. 05-09.

**SUMMARY:**

This Resolution reaffirms the City's desire to invest with the LAIF and updates the information currently on file with them.

**DISCUSSION:**

In accordance with State law, the City Council must adopt a City Council Resolution to authorize changes to designated transaction officers with the Local Agency Investment Fund (LAIF). Resolution No. 36-06 is the current resolution on file with the State Treasurer's Office, and it is obsolete due to the change in City Manager. Resolution 05-09 will reaffirm the City's desire to continue investing with the LAIF and update the transaction officers list.

Prepared By: \_\_\_\_\_

Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

Page 1 of 2

RESOLUTION NO. 05-09

RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
REAFFIRMING INVESTMENT OF MONIES IN THE  
LOCAL AGENCY INVESTMENT FUND (LAIF) AND  
DESIGNATING TRANSACTION OFFICERS

THE CITY COUNCIL  
City of Morro Bay, California

**WHEREAS**, Resolution No. 36-06 dated July 10, 2006, authorized the City of Morro Bay to continue investing funds with the State of California's Local Agency Investment Fund (LAIF); and

**WHEREAS**, the officers, then authorized to order deposit and withdrawal of monies and effect changes to the account, have changed.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that the City will continue investing with LAIF and designates the following officers to deposit and withdraw funds and effect changes to the account:

Janice Peters	Mayor
Andrea Lueker	City Manager
Susan Slayton	Administrative Services Director/Treasurer
Joyce Bunting	Accountant
Laurie Goforth	Lead Account Tech
Cris Brazzi	Account Clerk III

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9<sup>th</sup> day of February 2009, on the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

\_\_\_\_\_  
JANICE PETERS, Mayor

\_\_\_\_\_  
BRIDGETT BAUER, City Clerk

**AGENDA NO: A-4**

**MEETING DATE: 2/09/09**

**RESOLUTION NO. 06-09**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ENDORING THE GUIDING PRINCIPLES OF THE SAN LUIS OBISPO  
COUNTYWIDE 10-YEAR PLAN TO END HOMELESSNESS**

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

**WHEREAS**, in January 2008, cities, agencies and groups throughout San Luis Obispo began a journey aimed at improving the county's approach to end homelessness; and

**WHEREAS**, in San Luis Obispo County there is an emphasis to shift from managing homelessness to working to end it with a broad-based planning group coming together to reevaluate current efforts within the County, consider best practices and lessons learned around the nation and develop a Plan for a new and more effective response aimed at ending homelessness in ten years; and

**WHEREAS**, the Plan entitled "A Path to a Home" was presented to the Morro Bay City Council which contained the Guiding Principles; and

**WHEREAS**, the following Guiding Principles are endorsed by the Morro Bay City Council: (1) Community Partners Working Together, (2) Sharing Responsibility through Education and Outreach to All, (3) Continuous Community Building, (4) Fostering of Innovation and Excellence, (5) Flexible and Individualized Attention, (6) Focus on Housing, (7) Comprehensive Solutions with a Systemwide Perspective and (8) Strategic Thinking and Efficiently Targeted Interventions.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay that the above Guiding Principles of the 10-Year Action Plan to End Homelessness are endorsed and the Plan will be used to guide future decisions.

**BE IT FURTHER RESOLVED** that Councilmember Rick Grantham has been appointed to the Governing Body of the San Luis Obispo Countywide 10-Year Plan to End Homelessness.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9<sup>th</sup> day of February 2009 by the following vote:

AYES:  
NOES:  
ABSENT:

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JANICE PETERS, Mayor

ATTEST:

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BRIDGETT BAUER, City Clerk



AGENDA NO: A-5

MEETING DATE: 2/9/09

# Staff Report

**TO: Honorable Mayor and City Council      DATE: February 2, 2009**  
**FROM: Andrea K. Lueker, City Manager**  
**SUBJECT: Resolution No. 07-09 Adopting Memorandum of Understanding with the Morro Bay Fire Fighters and Related Compensation**

## **RECOMMENDATION**

Staff recommends the City Council adopt Resolution No. 07-09 approving an agreement with Morro Bay Fire Fighters. The term of the agreement is from July 1, 2008 through June 30, 2011.

This contract also meets the No. 2 Priority Goal set by the City Council on June 30, 2008 which is "Provide Funding For Competitive Salaries and Encourage Retention of all City Employees".

## **FISCAL IMPACT**

The approximate fiscal impact of the contract is as follows:

FY 08/09 - Salary increases total \$11,017 of which the total amount is General Fund.

FY 09/10 - No salary increases, however, the cost of Employer Paid Member Contributions (EPMC) is estimated at approximately 3.9%

FY 10/11 - Salary increases total \$17,062 of which the total amount is General Fund.

Health Insurance increases effective 1/1/10 are negligible.

Staff is confident the cost of the contract for the first two years can be covered through city-wide salary savings; however, by year three (as with the other contracts) some additional revenue and/or cost cutting measures must be implemented in order to cover the entire cost of employee contracts.

## **SUMMARY**

The attached MOU includes the following changes:

- A 1% cost-of-living increase effective the pay period including July 1, 2008, a 3% cost-of-living increase effective the pay period including January 1, 2009 and a 3% cost-of-living increase effective the pay period including July 1, 2010.

Prepared By: \_\_\_\_\_      Dept Review: \_\_\_\_\_  
City Manager Review: \_\_\_\_\_  
City Attorney Review: \_\_\_\_\_

- The Fire Employees agreed to same cafeteria package for health benefits as all other employee units/groups.
- In lieu of a cost of living adjustment in July 2009, effective the first payroll period in July 2009, the City shall commence reporting the Employer Paid Member Contribution (EPMC) to PERS as special compensation. This same benefit was agreed to and approved for the SEIU Unit earlier this year.
- Maximum Compensatory Time Off (CTO) accrual shall be changed from 120 hours to 140 hours.

This agreement has been ratified by the Fire employees.

**DISCUSSION:**

The contract with the Fire employees expired on June 30, 2008. The City has been negotiating with the Fire employees for a successor agreement. For the past several years, the City of Morro Bay has only been successful in completing one-year agreements with many of its employee units. This 3-year contract is a milestone in recent contract negotiations, however, it mandates the need for the City to aggressively review, pursue and implement revenue strategies.

RESOLUTION NO. 07-09

RESOLUTION RELATING TO THE CLASSIFICATION, COMPENSATION  
AND TERMS OF EMPLOYMENT OF FIRE EMPLOYEES  
OF THE CITY OF MORRO BAY

THE CITY COUNCIL

City of Morro Bay, California

WHEREAS, in accordance with the provisions of the California Government Code Section 3500 et. seq. and Resolution No. 74-69 of the City of Morro Bay, the City's representatives have met and conferred in good faith pertaining to the subject of wages, benefits and conditions of employment with the Morro Bay Fire Fighters Association; and

WHEREAS, the meetings between the Morro Bay Fire Fighters Association and the City have resulted in a mutual agreement and understanding to recommend that the employees represented by the Morro Bay Fire Fighters Association accept all of the terms and conditions as set forth in a Memorandum of Understanding, an agreement attached and made a part of this resolution herewith; and

WHEREAS, the City now desires to provide said salaries, benefits and conditions to said fire employees of the City of Morro Bay.

NOW, THEREFORE, BE IT RESOLVED that the Morro Bay City Council does hereby approve and adopt in full the Memorandum of Understanding for the period July 1, 2008 through June 30, 2011 as attached and made a part of this resolution.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to execute the Memorandum of Understanding on behalf of the City.

PASSED AND ADOPTED by the Morro Bay City Council at a meeting thereof held this 9<sup>th</sup> day of February 2009 by the following vote:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
JANICE PETERS, Mayor

ATTEST:

\_\_\_\_\_  
BRIDGETT BAUER, City Clerk





AGENDA NO: A-6

MEETING DATE: 02/09/09

# Staff Report

**TO:** Honorable Mayor and City Council                      **DATE:** February 3, 2009  
**FROM:** Dylan Wade Utilities/ Capital Projects Manager  
**SUBJECT:** Continuation of Emergency per Public Contract Code Section 22050 for  
the Installation of Desalination Plant Energy Recovery Equipment

**RECOMMENDATION:**

Staff recommends the City Council determine the necessity to continue the emergency per Public Contract Code Section 22050 for the installation of desalination plant energy recovery equipment.

**BACKGROUND:**

At your October 13, 2008 Council meeting, The City Council adopted resolution 64-08 declaring that an emergency condition exists regarding immediate improvements to its Desal plant.

With the equipment design of the brackish membrane trains now complete, and a shipping date set in early December, it would take a minimum of several months to get the bid specifications completed, advertise, accept bids and bring a contract award to the Council. The delivery projections for State Water during the next calendar year are currently at 15%. There is insufficient time to go through the normal bidding procedures and complete the upgrade in between the end of this year's State Water shutdown and the beginning of next year's reduced State Water deliveries. Given the reduction in State Water deliveries and the increasing nitrate pollution we are experiencing in both the Morro and Chorro groundwater basins it is critical that we get the brackish water system operational as quickly as possible, and as such we need to continue the emergency per Public Contract Code (PC) Section 22050 for the installation of energy recovery equipment.

Pursuant to PC 22050(c)(1) the City Council must review that action and reaffirm by 4/5<sup>th</sup> vote at every regularly scheduled meeting until that action is terminated. Accordingly staff will place this item on each subsequent agenda until the project is complete.

**STATUS REPORT:**

On January 29<sup>th</sup> representative from General Electric were onsite to investigate the existing desal plant control system and to work on a strategy for updating that system and integrating it into the 2 new brackish trains into it. The tentative schedule is to have the control modifications complete prior to this years State water shutdown.

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

On Monday December 15<sup>th</sup>, 2008 the City took delivery of two GE 450 gpm brackish water reverse osmosis membranes. The City contracted with Specialty Construction to assist in the installation of the membrane units and the associated piping. The units were placed into the building without incident. Specialty Construction has continued to work on the layout and installation of the system and the associated piping systems. By next the next council meeting many of the piping systems will be completed and connected.

During the week of December 9<sup>th</sup> an independent electrical engineer reviewed our electrical system and made recommendations on upgrading our electrical system on handling the new electrical loads. The City of Morro Bay staff will be coordinating this effort and the control system efforts, and will need additional assistance from consultants.

**CONCLUSION:**

Staff recommends the City Council determine the necessity to continue the emergency per Public Contract Code Section 22050 for the installation of desalination plant energy recovery equipment.

**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY  
DECLARING FEBRUARY 2009 AS  
“GRAND JURY AWARENESS MONTH”**

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

**WHEREAS**, the Civil Grand Jury consists of a panel of 19 citizens which serves the citizens of the County of San Luis Obispo for one-year period after selection; and

**WHEREAS**, the individual Grand Jurors are selected from a list of 30 volunteer applicants that have been screened and qualified by the judges of the Superior Court, with final selection of the 19 obtained by random drawing; and

**WHEREAS**, the jurisdiction of the Grand Jury extends to all activities of local government within the geographic limits of San Luis Obispo County, including public/private transactions; and

**WHEREAS**, the Grand Jury is granted subpoena powers that extends to records, persons and entities, and parallel powers to undertake independent investigations and issue Public Reports detailing the results of these investigations; and to function as a completely independent, autonomous body; and

**WHEREAS**, the primary function of the Grand Jury is to provide independent oversight into the efficiency, effectiveness, honesty and impartiality of government; and

**WHEREAS**, the Grand Jury in a large measure relies upon public awareness and responsiveness of the public to its Public Reports which detail its findings and recommendations; and

**WHEREAS**, it is believed that public awareness of the Grand Jury's function and purpose can be furthered by governmental declarations of awareness.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Morro Bay does hereby proclaim February 2009 as "Grand Jury Awareness Month" in order for all citizens to become better acquainted with the purpose of the Grand Jury, to give attention to the Grand Jury's public reports to encourage public participation in the Grand Jury process.

IN WITNESS WHEREOF I have  
hereunto set my hand and caused the  
seal of the City of Morro Bay to be  
affixed this 9<sup>th</sup> day of February 2009

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JANICE PETERS, MAYOR  
City of Morro Bay, California

**A PROCLAMATION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY  
DESIGNATING TUESDAY, FEBRUARY 24, 2009  
AS "SPAY DAY USA"**

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

**WHEREAS**, cats and dogs provide companionship to and share the homes of over 71,000,000 individuals in the United States; and

**WHEREAS**, humane societies and shelters have to euthanize approximately four million cats and dogs each year, although many of them are healthy and adoptable, due to a lack of critical resources such as money, space, and good adoptive homes; and

**WHEREAS**, the problem of pet overpopulation costs the taxpayers of this country millions of dollars annually through animal control programs aimed at coping with the millions of homeless cats and dogs; and

**WHEREAS**, spaying and neutering cats and dogs has been shown to drastically reduce cat and dog overpopulation; And

**WHEREAS**, veterinarians, humane societies, national and local animal protection organizations, and private citizens worked together to ensure the spaying or neutering of more than 20,000 companion animals through "Spay Day USA" in 2008; and

**WHEREAS**, veterinarians, humane societies, national and local animal protection organizations, and private citizens have joined together again to advocate the spaying and neutering of companion animals on "Spay Day USA 2009".

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay that February 24, 2009, is designated "Spay Day USA." The City Council is authorized and requested to issue a proclamation calling upon the citizens of Morro Bay to observe the day by having their own cats or dogs spayed or neutered or by sponsoring the spaying or neutering of another person's cat or dog.

IN WITNESS WHEREOF I have  
hereunto set my hand and caused the  
seal of the City of Morro Bay to be  
affixed this 9<sup>th</sup> day of February 2009

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JANICE PETERS, MAYOR  
City of Morro Bay, California



AGENDA NO: D-1

MEETING DATE: 2/9/09

## Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** February 9, 2009

**FROM:** Joe Woods, Recreation and Parks Director

**SUBJECT:** Authorization to Recruit and Fill Half-Time Recreation and Parks Maintenance II Position

### **RECOMMENDATION:**

It is recommended that the City Council authorize staff to recruit and fill half-time Recreation and Parks Department Maintenance II position vacancy.

### **FISCAL IMPACT:**

Although this is a General Fund position, reimbursements for labor costs are made by overriding hours to the Cloisters Assessment District. The continued funding of this position will allow the Recreation and Parks Department to maintain the current level of service to the Morro Bay community as well as the Cloisters Assessment District. There will be no additional financial impact on the FY 08/09 General Fund resulting from this action.

### **BACKGROUND:**

The City Council instituted a hiring freeze, when the Fiscal Year 2004/2005 budget was adopted. This policy requires City Council approval for the filling of any new or vacant position while the freeze is in effect. During FY 04/05 staff reduced the two allocated positions for the Cloisters Assessment District to one and a half. Pursuant to Council's direction at the December 8<sup>th</sup>, 2008 meeting, staff filled the Maintenance II vacancy left by the retirement of Mr. Tom Robbins. That vacancy was filled by Mr. Clemente Galamay, who had held the half time position allocated to the Cloisters Assessment District. As a result, staff is now seeking to fill the half-time Maintenance II vacancy.

Prepared By: \_\_\_\_\_

Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

**DISCUSSION:**

This position is a result of downsizing the Department maintenance divisions in previous years and the opening comes indirectly from the retirement of a former Maintenance II employee. Filling this position would allow staff to maintain the current lower level of service dictated by the reduction in budgetary resources.

Duties assigned to his position include, but are not limited to the following:

- Plants and transplants, remove, fertilize, cultivate waters and sprays flowers, shrubs, and trees.
- Mows, trims, waters and fertilizes lawns and other grass areas
- Cleans and performs repairs to park buildings and related facilities.
- Repairs and maintains irrigation systems.



AGENDA NO: \_\_\_\_\_  
MEETING DATE: 02/09/09

# Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** January 28, 2009  
**FROM:** Susan Slayton, Administrative Services Director  
**SUBJECT:** Consideration of Recommendations from the Citizens Oversight Committee

**RECOMMENDATION:**

Council to provide direction to staff regarding the Committee's recommendations.

**FISCAL IMPACT:**

Unknown

**SUMMARY:**

The fiscal year 2007/08 recommendations from the Citizens Oversight Committee are attached with this letter. Staff is requesting that Council consider the recommendations and direct staff to make appropriate adjustments.

**DISCUSSION:**

On December 3, 2007, the Citizens Oversight Committee reviewed the fiscal year 2007/08 transactions that occurred in the District Transaction Tax Fund (Measure Q). The Committee had some concerns related to expenditures as summarized below:

DIVISION	QUESTIONED EXPENDITURE	RECOMMENDED ACTION
Public Safety (Police)	Bank loans secured to purchase 5 vehicles Change depreciation policy for police cars	Pay off the bank loans and fund with a Risk Management Fund loan. Practice in place to rotate vehicles.
Streets	Software license renewal - \$862 ADA ramps downtown - \$2,396 Unexpended General Fund budget in Street Maintenance \$2,828	Should be a General Fund expenditure. Should be a General Fund expenditure. Transfer \$2,828 of spent Measure Q funds to General Fund.

Prepared By: _____	Dept Review: _____
City Manager Review:	
City Attorney Review: _____	Page 1 of 1

## PUBLIC SAFETY:

The fiscal year 2007/08 Measure Q allocation for Public Safety was 10% of the estimated revenue receipts of \$650,000, or \$65,000. The Police Department was given the use of these funds, and approval was granted to purchase the vehicles by means of securing automobile loans. Five vehicles were purchased and financed through First Bank of San Luis Obispo at an interest rate of 5.25%.

The Committee would like the Council to consider paying off these loans with funds available in the Risk Management (Insurance) Fund. A loan agreement would be established between Risk Management and Measure Q at an interest rate equal to the current portfolio earnings rate, which is 2.982%. We would then be paying interest to ourselves instead of an outside entity.

The Committee also recommended that staff depreciate the police vehicles on an expedited depreciation schedule, due to the type of use they receive.

Staff is not supportive of either recommendation. Regarding the payoff of the vehicle loans, we will need all of our available cash to weather this economic storm, and the benefit is nominal. When the City's economic position has improved, this should be considered for future vehicle purchases as well as leasing options. Regarding the change to the useful life of the vehicles, the City has a practice in place to rotate vehicles. Marked police cars are generally ready to be replaced every three years, and at that time, the cars should be transferred to a less active use, such as volunteer cars or staff cars. This way, the vehicle is used for its entire functional life.

## STREETS:

The fiscal year 2007/08 Measure Q Streets division allocation was 15% of the estimated revenue receipts of \$650,000, or \$97,500. Two expenditures are being questioned by the Committee: a software license renewal (\$862) and ADA ramps for downtown streets (\$2,396). The Committee does not feel that these are appropriate uses of Measure Q funds based on the campaign promise to use the funds from capital expenditures.

The Committee also expressed concern with the fact that \$2,828 of General Fund budget for street maintenance contractual services was not spent. It is the Committee's position that the General Fund's contractual services budget should be spent in full before relying upon Measure Q money. The Committee would like these expenditures transferred back to the General Fund.

Staff is requesting Council direction on the amounts for the ADA ramps and the unspent General Fund budget. The \$862 for the software license renewal will be corrected, as it should have been an operating cost paid for by the General Fund.





AGENDA NO: \_\_\_\_\_

Meeting Date: 2/9/09 Action: \_\_\_\_\_

## Staff Report

**TO:** Honorable Mayor and City Council      **DATE:** January 30, 2009

**FROM:** Susan Slayton, Administrative Services Director

**SUBJECT:** Consideration of the Flexible Spending Account Benefit for Health and Dependent Care Expenses

**RECOMMENDATION:** City Council to consider authorizing and funding City employees' participation in a Flexible Spending Account program.

**FISCAL IMPACT:** The exact fiscal impact to the City is unknown at this time. In order to enroll into the plan there will be an initial set-up charge (\$275) and an annual compliance fee (\$350) as well as the minimum-per-employee monthly billing fee (\$5.75/mo/employee). In subsequent years, the annual fee will include the annual compliance fee (\$350) and the annual renewal fee (\$175) as well as the minimum-per-employee monthly billing fee (\$5.75/mo/employee).

There is additional potential for money spent and/or money earned as follows: At the beginning of each plan year, the entire amount of the e-flex account allowance is available to the participating employee. Contributions are then made by the employee on a bi-weekly basis for the remainder of the year. If the employee terminates his/her employment with the City after having spent his/her annual e-flex account allowance, the City is obligated for the unpaid portion of that employee's account. On the other hand, each participating employee's unused e-flex account balance that has not been claimed by the end of the plan year is forfeited back to the City. Additionally, if an employee terminates his/her employment with the City and has an unused e-flex account balance, the City retains that amount.

**SUMMARY:** A Flexible Spending Account (FSA), also called a cafeteria plan, is a benefit designed to save both employees and employers money as it helps to fill coverage gaps

Prepared By: \_\_\_\_\_

Dept Review: \_\_\_\_\_

City Manager Review:

City Attorney Review: \_\_\_\_\_

Page 1 of 2

between health plans and out-of-pocket expenses. Developed under IRS Section 125, FSAs allow employees to more affordably pay for eligible expenses such as medical, individual premium expenses and dependent care with pre-tax dollars. There are two FSA programs that the City would recommend offering: the Medical FSA program and the Dependent Care FSA program. Using either and/or both FSA programs, employees can budget for miscellaneous out-of-pocket medical expenses such as insurance premiums, deductibles, co-pays, office visits, over the counter medications, chiropractors, eye glasses, as well as dependent care.

This program is 100% voluntary and the City only pays the monthly fees for the enrolled employee. The program runs on an annual basis whereby interested employees enroll at the program's inception. Those enrolled employees are obligated to the program for the current calendar year and no new employees can enroll until the open enrollment period for the new calendar year. Those employees electing to participate would make a determination of dollars they request deducted on a monthly basis; those monies go into their personal FSA account(s). As needed, they use their FSA debit card for eligible out-of-pocket health or dependent care related expenses.

Advantages for the employer include Medicare tax savings of 1.45% on every dollar the employee puts in the plan; flexibility in budgeting for and controlling escalating benefit costs; employee morale; and, provides a competitive benefit plan that helps to attract and retain employees.

Staff conducted a short survey of surrounding cities and found that most offer their employees both the medical and dependent care FSA. All have found the program to be beneficial to both the employees as well as the City. Each has varying annual monetary contribution limitations; if this plan is authorized, Morro Bay will be able to establish its own annual contribution limit. Attached is a short participation accounting of those cities.

**CONCLUSION:** City Council considers this program as a benefit to both the employee as well as the City and authorizes staff to begin the application process for enrollment into a Flexible Spending Account plan.



Atascadero and the City of Morro Bay (Arroyo Grande has since adopted a resolution for inclusion). There was a concern by the City of Morro Bay regarding the lack of cities participating. After reconsideration, the City Council approved a motion to continue with the countywide BID by a 4-1 vote.

In January 2009, the City Council again reconsidered its involvement in the SLOCTBID since the countywide BID had yet to be instituted and the original conditions adopted by the City Council were not met in the draft ordinance presented by the County. After reconsideration, the City Council approved a motion to discontinue with the countywide BID and directed staff to bring back a draft ordinance for a City-wide TBID. Attached hereto are: 1) the draft ordinance given to staff by the hoteliers, 2) the redline version of changes made by staff, and 3) a clean version of the changes.

### **DISCUSSION:**

The competition for tourism dollars is becoming increasingly fierce as room inventory is growing rapidly in the County and more and more cities and counties throughout the State establish business improvement districts to raise money for tourism-specific marketing. Considering that the tourism industry has seen little growth in room occupancy over the past few years and government allocations continue to be vulnerable to budget constraints, the willingness of the industry to self-assess for promotional purposes seems paramount. The City of Morro Bay, like many cities, has long encouraged the hotel industry to be less reliant on governmental assistance and to bring more of its own resources to the promotion of the industry.

The purpose of forming a business improvement area under the Parking and Business Improvement Area Law of 1989 is to raise revenue to be used for specific purposes as defined by state law and incorporated into a city ordinance. In the case of a tourism business improvement district, the increased revenue is intended to defray the costs of services, activities, and programs promoting scenic, recreational, and cultural attractions in the district to drive tourism and directly benefit the operators of lodging establishments in the district. The state law specifically states that the businesses and the properties within the business and improvement area must be benefited by the improvements and activities funded by the proposed assessments. In the case of an area formed to promote tourism, only businesses that benefit from tourism may be assessed.

Implementation of a TBID depends upon a negative protest model. The ordinance (and thus the TBID) can be revoked if property owners representing 50 percent of the assessment amount protest the establishment or continuation of the TBID in the yearly review required by law. The formation of a business improvement district is a multi-step process mandated by state law. The following outlines the steps necessary in the process, which also applies to the formation of a TBID:

1. **Petition:** Business owners petition the governing agency to establish a BID on their behalf.
2. **Resolution of Intention:** The City must adopt a resolution of intention signaling intent to form a business improvement district, to levy an assessment, and to allow those who would be subject to such assessment to voice their support or opposition in a public hearing. In addition, the Resolution of

Intention will address a separate public meeting, held pursuant to the Government Code, at which public testimony will be heard.

3. **Public Meeting:** Pursuant to Government Code 54954.6, the City must schedule a Public Meeting to allow for public testimony. This meeting must be held before the Public Hearing can occur.
4. **Notification & Publication:** The City must mail a complete copy of the Resolution of Intention by first-class mail to each affected business owner in the area within seven days of the City Council's adoption. The resolution must also be published once in a newspaper of general circulation in the City, at least seven days before the public hearing.
5. **Public Hearing:** At least 45 days after the adoption of the Resolution of Intention, the City must hold a public hearing and allow for protest. In order for the negative protest to be successful, properties that would represent 50 percent or more of the assessment total must oppose the proposed district. In that case, no further proceedings to create the TBID can be undertaken for at least one year.
6. **Adoption:** If no or insufficient protest is received, the City Council can then introduce an ordinance establishing the TBID. The ordinance would be adopted at the next regular meeting and take effect 30 days later.

### **Draft TBID Ordinance**

The hoteliers petitioning for the proposed TBID have requested a 3% assessment. Staff suggests a 2% assessment in order to leave options available for the City to increase Transit Occupancy Tax in 2010.

The hoteliers petitioning for the proposed TBID requested that vacation rentals not be included in the TBID. The hoteliers are concerned that: 1) it would take time to poll them, and 2) probably more impending, the vacation rentals may already have contracts or rental agreements in place for this summer season. Staff agrees that at this point vacation rentals should not be included since the schedule listed below is quite ambitious. The City could instead consider phasing in the vacation rentals next year. The attached redline and clean versions of the ordinance include vacation rentals, based upon your direction at the last meeting. However, the language can be changed if Council desires to follow the recommendation of the hoteliers and staff.

Once the TBID is established, the City Council, by law, must appoint an advisory board which shall make recommendations to the City Council on the expenditure of revenues derived from the assessment. The hoteliers petitioning for the proposed TBID requested that the advisory body be composed of four (4) hoteliers, the Executive Director of the Chamber of Commerce, and two (2) Community Promotions Committee members; however, the Promotions Committee members are contingent upon the City maintaining current funding levels for tourism promotion. Staff suggests that a vacation rental owner or operator replace the Executive Director of the Chamber of Commerce (if vacation rentals are left in) and that the contingency be eliminated.

If Council can reach an agreement as to the draft ordinance wording, then the next steps would be as follows:

1. City Council passes the Resolution of Intention at your meeting on February 23, 2009.
2. A public meeting to allow testimony will be held on March 9, 2009 pursuant to Government Code requirements.
3. A public hearing to allow for negative protest at least 45 days after the adoption and after proper notification to the affected properties in accordance with the Streets and Highways Code will be held on March 23, 2009.
4. Hoteliers in opposition may file written protest with the City Clerk by the day of or at the public hearing. Oral protest also may be presented at the hearing. If the protests amount to 50 percent or more of the proposed assessment total, the TBID could not be established for at least one year.
5. If the protests do not amount to 50 percent, an ordinance governing the TBID would be introduced at that same meeting.
6. The second reading of the ordinance would occur on April 13, 2009 and the TBID would become effective May 15, 2009 or at some other later time as specified in the ordinance.

**CONCLUSION:**

Staff recommends: 1) that you direct Staff to return with a Resolution of Intention to form a citywide tourism business improvement district (TBID), and 2) that the draft ordinance reflect a 2% assessment, that it not include vacation rentals, and that the advisory board shall consist of four (4) hoteliers, two (2) Community Promotions Committee members, and a member at large from the community.