

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – OCTOBER 14, 2014
VETERAN’S MEMORIAL HALL – 6:00P.M.

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	David Buckingham	City Manager
	Joe Pannone	City Attorney
	Jamie Boucher	City Clerk
	Rob Livick	Public Services Director
	Joe Woods	Recreation & Parks Director
	Eric Endersby	Harbor Director
	Amy Christey	Police Chief
	Susan Slayton	Administrative Services Director

ESTABLISH QUORUM AND CALL TO ORDER – the meeting was called to order at 6:36pm.

MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT – There was no Closed Session meeting.

MAYOR AND COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PUBLIC PRESENTATIONS

CHECK PRESENTATION FROM THE SOUTH BAY COMMUNITY POOL ASSOCIATION
Pandora Nash Karner, Terry Rey and Terry Brown, representing the South Bay Community Pool Association presented the City of Morro Bay with a check for \$47,605 to go towards the swimming pool effort. They are delighted to be in front of Council making this presentation. The grant agreement stipulates that Los Osos will forever be able to use the pool just as any other Morro Bay resident would. There is another \$300,000 at the SCD that was initially collected for a pool and urges discussion with them.

RIDESHARE MONTH PRESENTATION AND INVITATION FROM SLO REGIONAL RIDESHARE

Peter Williamson with SLO Regional Rideshare spoke promoting Rideshare Month. Rideshare month encourages people to walk, carpool, cycle or take transit. It’s a great time to start something new. Events include Hidden Cash SLO where they will give out clues for a \$100 cash drop; paying it forward with Rideshare Super Commuter T-shirts by logging 5 commutes on supercommuter.org; and “You Scream, We Scream, We all Commute for Ice Cream Employer

Challenge” if your business gets the most new users on supercommuter.org you will get an ice cream truck at your place of business for the day. Their goal is to reduce congestion and free up parking at businesses.

QUARTERLY REPORT FROM THE CHAMBER OF COMMERCE

Jennifer Redman presented the Chamber of Commerce Quarterly Report. Regarding Incubator support / office use, it's estimated that 5-8 hours per week have been spent on Incubator information and/or support during the quarter. Businesses receiving this support include City Resource Connection, Estero Bay Radio 97.3, Morro Bay Community Quota Fund, Phondini Partners, LLC, and various organizations use their conference room for meetings to include Circle of Friends, Morro Bay Library Book Discussion, Night Writers Group, Ester Bay Radio, Library Remodel Group, Jim's Automotive, The Morro Group, and Central California Seafood Marketing. The Chamber also provides Event Support. In September, they hosted a Business Development Round Table Forum, they co-hosted with the City the Meet and Greet for the new City Manager, and they participated and offered support for the Morro Bay Founders Day Picnic and the Morro Bay 50th Parade and Dahlia Daze. They also hosted the Avocado and Margarita Festival which brought over 7500 visitors to Morro Bay. In addition, they distributed flyers promoting local business and provided extensive media coverage showcasing Morro Bay. Direct Chamber assistance for business retention and expansion was provided by disseminating information on the sign ordinance, water restrictions, Embarcadero business audit, business license audit, City permit information and commercial space availability. On a regular basis, they also respond to non-Chamber related questions; 374 for total number of calls and 276 for total number of walk-ins. They also provided “Doing Business in Morro Bay” packets to 5 California Chambers of Commerce as well as to 9 prospective new businesses. The Chamber appreciates the relationship with the City. She thanked Lisa Winn for all of her hard work in her position of Acting Chamber Director as well as introduced the new Chamber Director, Kelly Wells.

PUBLIC COMMENT

Lisa Winn and Nancy Castle, presented the Morro Bay business report on behalf of Resource Connections. They announced the upcoming Project Connect: Community Resources and Volunteer Opportunities Open House being held on Sunday, October 26th from noon – 4pm at the Morro Bay Community Center. Topics being presented by local non-profit organizations include Health and Wellness, Volunteering, Family Resources, Job Development, Senior Services, Transportation, Community Services and Housing and Home Improvements. They will even be offering flu shots and health screenings. The thanked their co-sponsors – the Chamber, the City, 97.3, Transitions Mental Health, EBAC, Morro Bay Lions and AGP.

John Barta stated that local elections are very important. He urged a no vote on Measure J-14. Morro Bay has a June election followed by a November election (if necessary); that is the same voting/election process as the President, Senate, Congress, Governor, Secretary of State, Treasurer, Sheriff, Board of Supervisors and County Clerk. J-14 is the exception, not the rule. They say that J-14 will simplify our elections whereas it actually reduces your opportunity to vote. Your vote is your voice.

Robert Davis thanked the City for providing the building for the temporary library services; he thanked Joe Woods and staff for making the building usable. They continue to provide all services with the exception of wi-fi. The remodel project is on time and on budget. They hope to resume their book sales in April, 2015. He also announced the Bicycle Tour being held this Saturday, October 18th. It will be a tour of Morro Bay's historic sites, will begin at 930am with riders meeting at the Azure Street parking lot.

John Solu, President of the Harbor Festival, thanked Joe Woods, Eric Endersby and Dave Buckingham for their help with a last minute challenge at the event. He went on to thank staff, the 20+ volunteer agencies, the waterfront establishments and the Harbor Festival Board for all the hard work that goes into putting the event on. As they look ahead, they will be doing a lot of talking, listening, thinking to see what will work best and hope to make a decision in the next couple of weeks.

John Elliot introduced Tiny Mike, working out of 2300 Main Street in the new barbershop. He also announced an upcoming Trick or Treat event for the kids of Morro Bay. Several businesses are cooperating to organize a Halloween Event whereby kids can Trick or Treat at participating local businesses between 3-5pm. Afterwards there will be a Costume Party at Grandma's Frozen Yogurt. To date, 53 businesses have committed to participate so far.

Beverly Durrer of Grandma's Yogurt announced they are hosting their 1st Annual Pumpkin Carving Contest on October 25th and hopes many will attend.

Linda Stedjee spoke on the City's water quality issue. In May, residents made a presentation to the RWQCB providing evidence that leaking sewage from the Main St. trunk line is a major source of the nitrates in Morro basin wells. As a result, RWQCB asked the City to conduct a caffeine test of the well water. A caffeine test is a means of detecting the presence of sewage in groundwater and is a test that has been conducted in Morro Bay in the past. Back in 2010, blended water from the King Street tank water was tested; while most of the water had been cleaned by the reverse osmosis trains at the desal plant, caffeine was still detected. She thinks that Council was never told about the caffeine and that no further tests were run to determine which wells it came from. The caffeine testing requested by RWQCB will isolate the wells where the contamination is present. The board asked for the results by September but didn't get them. Instead a consultant was hired and the project expanded from something simple to something much bigger. She feels this is a major waste of staff time and taxpayer money. If caffeine isn't found in the wells, then we're done. She requested Council direct staff to only do the caffeine test for now.

Cindy Edwards, on behalf of the Chamber, invited Council and staff to attend the Business Forum on October 23rd at the Vet's Hall from 830-10am. It will be a panel discussion on the current MAS business license audit. She encouraged business owners to send questions to Kelly Wells.

Amy Burton asked for support on Measure D which is a \$177 million Bond Measure for SLCUSD. It equates to approximate \$49 per \$100K of assessed property value and will last for 30 years. We need to take pride in our schools, our facilities and especially in our high schools which have many infrastructure needs.

Jen Ford, PTA President of Del Mar Elementary stated that Del Mar Elementary voted to endorse Measure D. This Sunday, October 19th, Del Mar will be hosting their Annual Fall Festival which is their biggest fundraiser of the year. She hopes to see lots of participation.

Joan Solu invited the entire community to a workshop being held on October 21st at the Golf Course – “Unlocking the Secrets of Business Improvement Districts” being given by John Lambeth of Civitas. Also, as a community member, it’s important that we all hold our schools in high regard, please vote yes on Measure D.

Janice Peters stated that the Chamber Board of Directors has been contacted with concerns and questions about the business license audit. She states that she understands the methods seem intimidating. She asked Council to agendaize for discussion. She worries they aren’t representing the City in the proper way.

Garry Johnson said his grandkids were here over the summer, and they love being by the beach. He thanked Joe Woods and Eric Endersby for their department’s ocean awareness programs. He told them they have good skilled people running their programs.

Marla Jo Bruton Sadowski was happy to see that the community seems to be coming together for its betterment. She is fearful that we don’t have a sustainable drinking water aquifer in Morro Bay anymore but we can if we go to a water reclamation facility. She wants to encourage our community to support a sustainable water source for Morro Bay. If we go to CMC, we lose our first rights to the water.

Susan Stewart is hoping Council will look at agendaizing a discussion on the actions of MAS and agree to review the goals of the City in hiring them. She feels we are in danger of losing some unique business models in the City and need to review the codes to look at accurate and legal enforcement. Other communities have also had struggles with MAS and the way they conduct business. She is also concerned with vendors who come to town as wholesalers. These are the midweek business travelers who come once or twice a year and who help keep the town running, to see and sell to a few businesses; they are not “Cisco”. She urged us to look at other cities; for example, San Francisco has a “7 Day Rule” exempting out of town businesses from having a license if they don’t do more 7 days of business in the City in a year. San Jose doesn’t require a license unless you do 5 days of work in the course of a year. She also recommends a review of the process and an amnesty or moratorium on penalties to allow people to pay their license fees.

Bill Martoney spoke on the WRF site location. He feels that CMC would be a problem; they currently have a fine of \$500,000 against it for their treatment plant. Highway 41 at the McElvaine property is an excellent location and keeps water under the Morro Bay jurisdiction. The Chorro Valley is fully recharged. If we put water into Chorro Creek, we won’t be able to touch with the current laws. You could also piggy back with Los Osos for only \$20 million.

Doug Claassen spoke on the MAS audit. If we use these people, they need to come in person, talking over the phone, letters, texting doesn’t work. He also spoke on the homeless living in the creek by his RV park. They are breaking into his property, using his showers, stealing from camper sites, going through garbage; hopefully something can be done about this.

The public comment period was closed.

A. CONSENT AGENDA

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

A-1 APPROVAL OF MINUTES FOR THE SPECIAL CLOSED SESSION CITY COUNCIL MEETING HELD ON SEPTEMBER 23, 2014; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE SPECIAL CITY COUNCIL MEETING HELD ON SEPTEMBER 23, 2014; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE CITY COUNCIL MEETING HELD ON SEPTEMBER 23, 2014; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 ACCEPTANCE OF A GRANT OF EASEMENT FOR SEWER PURPOSES FROM JERI LYNN CLARK (1620 PRESTON LN.); (PUBLIC SERVICES)

RECOMMENDATION: Adopt Resolution No. 64-14 accepting the Grant of Easement for sewer purposes on a portion of Parcel 2 as shown on Certificate for Lot Line Adjustment recorded as Document Number 2014038155 (1620 Preston Ln).

A-5 APPROVAL OF RESOLUTION 65-14 ADOPTING THE URBAN FOREST MANAGEMENT PLAN; (PUBLIC SERVICES)

RECOMMENDATION: Adopt Resolution 65-14 adopting the City's Urban Forest Management Plan (UFMP) as a framework to guide the City in its management of our urban forest.

A-6 STATUS REPORT OF A MAJOR MAINTENANCE & REPAIR PLAN (MMRP) FOR THE EXISTING WASTEWATER TREATMENT PLANT; (PUBLIC SERVICES)

RECOMMENDATION: Receive and file.

A-7 WATER RECLAMATION FACILITY (WRF) PROJECT STATUS AND DISCUSSION; (PUBLIC SERVICES)

RECOMMENDATION: Receive and file.

A-8 RESOLUTION NO. 67-14 ADOPTING THE AGREEMENT WITH THE MORRO BAY MANAGEMENT EMPLOYEES AND RELATED COMPENSATION; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 67-14, approving the two-year Agreement with the Morro Bay Management Employees. The term of the Agreement is from July 1, 2014 through June 30, 2016.

A-9 Resolution No. 66-14 Adopting the Agreement with the Morro Bay Confidential Employees and Related Compensation; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 66-14, approving the two-year Agreement with the Morro Bay Confidential Employees. The term of the Agreement is from July 1, 2014 through June 30, 2016.

A-10 Resolution No. 68-14 Adopting the Memorandum of Understanding (MOU) with the Morro Bay Peace Officers Association and Related Compensation; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 68-14, approving the two-year MOU with the Morro Bay Peace Officers Association. The term of the MOU is from July 1, 2014 through June 30, 2016.

The public comment period was opened for the Consent Calendar.

Jennifer Redman spoke on Item D-1; as a business owner in Morro Bay, she feels the LEAP program will be good for Morro Bay and hopes we find the funding. The Chamber wants to focus on how to help Morro Bay business and this will do that.

The public comment period for the Consent Calendar was closed.

MOTION: Councilmember Nancy Johnson moved the City Council approve the Consent Calendar as presented. The motion was seconded by Councilmember Leage and carried unanimously, 5-0.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

B. PUBLIC HEARINGS - None

C. UNFINISHED BUSINESS / SECOND READING AND ADOPTION OF ORDINANCES

C-1 PRESENTATION AND REVIEW OF THE REPORT REGARDING INITIAL FINDINGS ON GRANTS AND STRATEGY FOR THE FUTURE CITY OF MORRO BAY WATER RECLAMATION FACILITY BY KESTREL CONSULTING; (PUBLIC SERVICES)

Public Services Director Rob Livick introduced Monica Reed of Kestrel Consulting who gave a presentation on grants and strategies for the future WRF. Their key questions to be answered are what are the maximum amount of grants to be reasonably expected; what grants and loans are available now; what are the unique funding opportunities associated with either of the two sites;

does alternate project delivery constrain grants or loans; what is a recommended approach to grants and strategy? The reality of grants is that few grants are for “business as usual”; programs are very competitive; proposals are scored on how well they meet the funders’ objective; and the highest score wins. The sources for grants are Federal – annual programs, special appropriations and research; and State – statewide water bonds, programs funded by legislature and proposition bonds. The grant application process can take 12-18 months from start to finish; 2-6 months for the proposal; 4-10 months for review and ranking; 1-2 months for the award process; and 3 months for the grant agreement/contract – there will be no funds until then. Every grant program is oversubscribed. The Feds are up to 10x oversubscribed, State is oversubscribed up to 4x’s, they are very competitive, there is low tolerance for risk and there are higher thresholds for match; there are also limits on eligibility. Grant applications can cost anywhere from \$10,000 - \$200,000 or more; the financial match can be 20-75% or more of the total project cost; overhead and administrative costs are not reimbursed; and some have ongoing requirements. There is a requirement that cash reserves are needed to float project costs; reimbursement takes 1-4 months for 90% payment; the final 10% at project completion, when all issues are resolved. Grants are perishable, what is available now is available now – your project has to be at the right stage of readiness to be able to apply. 25% funding is the best case scenario and 10% funding is realistic. The bad news for the City is that we are not economically disadvantaged, we are not rural (our population is over 10,000), we have low unemployment, and we aren’t located in the Metropolitan Water District. The grants and loans that are available now at the federal level thru the Bureau of Reclamation are WaterSMART Title 16 Feasibility Study Grants which will pay up to 50% of the cost of a feasibility study up to \$150,000, require a 50% local match, and has high competition; Title 16 Construction Grants where the project must be authorized by Congress for up to a specific dollar amount, the feasibility study must be completed and approved by the Bureau and Congress must appropriate funds (minimum of a 3 year process); and, other WaterSMART Grants whose objectives change from year to year, average approximately \$300,000 (there are a handful made up to \$1.5 million). There are also State grants of which the money from Proposition 40 and 50 are exhausted, funds from Proposition 84 are 96% spent and Proposition 1 is on the November ballot. Proposition 1 calls for \$810 million for competitive grants and loans to integrated regional water management plan projects, \$725 million for water recycling and advanced water treatment technology projects, and \$2.7 billion for water storage projects. If this Proposition passes, the grant guidelines will be revised or developed through the public process and should occur in 2015. The IRWM Grant program and the Water Recycling Facilities Grant program could potentially contribute \$1-3 million each towards construction. As far as what is available now, there is up to \$12 million of Prop 84 IRWM grant money available for the Central Coast as well as grants for stormwater features, public access or recreation. There are low interest loans. The Clean Water State Revolving Fund will loan at 1% interest for water recycling projects (this ends 12/20/15); there is the Regular Rate Loan which is equal to ½ GO bond rate (approx. 2%); up to \$50 million per project can be used for planning and construction; the loan process takes up to 9 months to go through. There is the California Infrastructure and Economic Development Bank whose rates are set monthly with up to a 30 year term and can receive up to \$25 million. Other opportunities are based on what and where you build.

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

Bill Martoney stated that when he was listening to the JPA meeting, the Regional Water person speaking said that if the Water Bond passes, he would be able to push through or help facilitate getting a 1% loan. A state of the art plant gets further ahead; we should be looking at an MDR plant.

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

Councilmember Smukler affirmed that we should weave into the project description and approach the story of the managed retreat and climate adaptation/hazard mitigation as that is a key component and could help with grant funding.

This report was received and filed

D. NEW BUSINESS

D-1 DISCUSSION ON ENGAGING DON MARUSKA & COMPANY TO PREPARE AND IMPLEMENT A LOCAL ECONOMIC ACTION PLAN (LEAP) FOR MORRO BAY; (ADMINISTRATION)

City Manager Dave Buckingham presented the staff report and then introduced Don Maruska of Don Maruska & Company who has proposed the development of a Local Economic Action Plan (LEAP) for the City. Don stated that strengthening and building community is essential; you can do this by linking residents, businesses and visitors together. You need to get them together on a shared set of interests / initiatives. Key factors for success in a business-led program include commitment and leadership from businesses; broad and active support from Council; open, inclusive process; fact based input; insights from elsewhere, clear focus on tangible, meaningful actions; emphasis on early wins and long term results; review and endorsement of the Plan by Council; follow up for effective implementation; and supportive facilitation. The process for Morro Bay's LEAP will be to create a strategic framework; facilitate action planning; review and endorse the plan; support implementation; and review results and update. How is this effort going to be different from prior efforts? This plan is different in that there is inclusivity of program and effort; it is fact based input to get data; can the box be bigger then we envision it to be; with the support of others; alignments and communication back and forth; implementation commitment; and opportunity for Morro Bay to LEAP forward together to create the community you want to have.

Christine Rogers with EVC is excited to be a part of this process; we will have access to data analysis programs and EDD data. We have an Eco System here, it may not be functioning at full capacity; what is lacking is the focus and infrastructure for communication and support. We need an infrastructure in place so that business members can easily engage and opportunities can be shared. She promised that EVC is here to support the program.

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

Jeff Weir is a certified Economic Developer who stated he went through this in Salinas. He urged the Council to move forward with this; if you don't, you will let someone else determine your future. He suggested doing this on a regional basis; you need to recognize the value of your

surroundings. He ended by urging Council to look at “what are you going to do for our children?”

John Headding has tremendous support for what Don has designed and the new City Manager has endorsed. He encourages you to support it and move it forward quickly.

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

Mayor Irons stated we have an action plan presented to us that he can support. The implementation component is critical to success and alignment is part of the buy in from visitors, residents and businesses. He is secure that we have funds available through Risk Management as was discussed in the budget workshop process.

Councilmember Christine Johnson is looking forward to bringing someone on board to facilitate moving this forward. She is ready to vote yes tonight. She agrees that implementation is the key; it’s what builds trust.

Councilmember Leage stated that this is a very positive thing coming out of this Council; this is one thing we can all get behind.

Councilmember Smukler like Don’s direct and hands on approach. We have the right person, cost is affordable and he sees a huge return on investment.

MOTION: Councilmember Christine Johnson moved approval of staff recommendation, contract with Don Maruska & Company for the preparation and implementation of a Local Economic Action Plan known as LEAP. The motion was seconded by Mayor Irons and carried unanimously, 5-0.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No’s: None

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Nancy Johnson requested a discussion regarding MAS and their process to include options for cancelling the contract to a forgiveness program. She would like to see this at the next Council meeting; all Councilmembers concurred.

ADJOURNMENT

The meeting adjourned at 9:35 p.m.

Recorded by:

Jamie Boucher
City Clerk