

MINUTES - MORRO BAY CITY COUNCIL
REGULAR MEETING – MAY 8, 2018
VETERAN'S MEMORIAL HALL – 6:00 P.M.

AGENDA NO: A-1
MEETING DATE: June 12, 2018

PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF:	Scott Collins	City Manager
	Joseph Pannone	City Attorney
	Dana Swanson	City Clerk
	Jennifer Callaway	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Greg Allen	Police Chief
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director
	Jennifer Little	Tourism Manager

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:01 p.m., with all members present.

PLEDGE OF ALLEGIANCE

MOMENT OF SILENCE

RECOGNITION – None

CLOSED SESSION REPORT – No closed session meeting was held.

MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/MPLk6nHBs3E?t=2m7s>

During Announcements, Council Member Davis read the following statement regarding the April 25th WRF meeting into the record:

“I want to recap what I heard from Harvey Packard of the Water Quality Control Board. And it starts off with this:

- The Central Coast Water Quality Control Board sets the rules that govern the City's wastewater discharge and those rules are contained in the City's NPDES permit.
- The existing plant requires either major upgrades or complete replacement in order to meet the discharge requirements. Either one of those options requires a Coastal Development Permit and the Coastal Commission has denied a permit and told us that the plant must be moved away from the coast.
- The Water Board encourages the City and all of its wastewater permit holders to maximize recycling of wastewater and especially those who, like us, discharge into the ocean.
- The Board encourages water portfolio diversity and security because climate change and drought are real and State water deliveries are not reliable.
- Groundwater recharge will also help clean up our aquifer – nitrates and seawater intrusion – and will provide a drought-resistant water supply for the City.
- So far, the City's good-faith proposals up to this point are satisfactory to the Board.

And here are some historical facts:

- In 1954, our WWTP was constructed and designed to meet discharge standards that were acceptable at that time. It was not designed to treat to current secondary discharge standards.
- In January 2003, the Water Board issued a requirement that we upgrade our plant to meet current secondary discharge standards.
- At that point, the City applied to the Coastal Commission for a Coastal Development Permit to rebuild the plant in place.
- Because the Coastal Commission no longer permits WWTP development within the coastal zone, they denied our application.

Here I want to quote Mr. Packard's exact words and I want to note that Mr. Packard, a staff member of the Water Quality Control Board, spoke under color of the authority of Dr Jean-Pierre Wolff, Chair of the Water Board, who sat beside me during the meeting in the front row.

"The City and the Water Board signed a settlement agreement, I believe in 2006, that requires the City to take this project up. That settlement agreement includes monetary penalties for failure to meet the schedule. Those penalties can be up to \$1,000 per day of violation.

It's important to note that when the Coastal Commission denied the permit, the Water Board agreed to hold that schedule in abeyance. The Water Board could at any time decide that it's time now to enforce that schedule. So that's one of the things that they'll be keeping in mind.

If the City decided on a course of action that would delay building this new plant beyond what is as short as possible, the Board could view that as a deliberate violation of the NPDES permit and I suspect they would be very interested in taking enforcement at that point.

And I want to point out that when I'm talking about a decision of the 'City' I'm talking about the City in broad terms. That can be an action by the City Council, the current Council or future Council. That could be a decision of the general population through a citizens' initiative or through a Prop 218 vote, so all of those the Board would view as an action of the city." -- end of quote.

So, where we are now is that the Water Quality Control Board has agreed to allow the City to continue operation under a Time Schedule Order until March of 2023. The TSO shields us from mandatory penalties as long as we follow the prescribed time schedule to meet full secondary effluent standards. The mandatory fine for failing to follow the schedule is up to \$1,000 per day. Any course of action that delays progress triggers mandatory violation penalties, and those delays could be: Council action, failure to enact Prop 218 rate increases that's necessary to fund the project, or a citizens' initiative to overturn required rate increases.

I consider the Water Board's actions as generous, but they are generous only because they believe that we are making a genuine good faith effort to come into compliance. It is clear, though, that a defeat of a Prop 218 vote for a rate increase or a citizens' initiative to overturn an approved rate increase will result in mandatory fines.

What CAL, the Citizens for Affordable Living, has been telling people is that a defeat of a Prop 218 rate increase will keep our rates from rising. That is not true.

The exact opposite is true. Failure to pass a 218 vote to pay for a new plant will result in the addition of mandatory daily fines, and those fines will continue until we agree to raise rates to build a plant.”

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/MPLk6nHBs3E?t=21m4s>

PRESENTATIONS

<https://youtu.be/MPLk6nHBs3E?t=26m23s>

A Proclamation declaring June 1, 2018 as Hunger Awareness Day was presented to Kevin Drabinski and Susan Olson from the SLO Food Bank.

PUBLIC COMMENT

<https://youtu.be/MPLk6nHBs3E?t=33m17s>

Finn Hansen from The Leather Shop provided the business spot. The Leather Shop is located on Morro Bay Blvd. next to the Police Department and is open 9 a.m. to 5 p.m. Tuesday through Saturday. They have been creating hand tooled leather items since 1997.

Jane Heath, Morro Bay resident and business owner, spoke on behalf of the Central Coast Maritime Museum Board of Trustees. As part of the fundraising effort to complete the Museum’s interior and landscaping, applications are available at the Visitor’s Center to purchase engraved bricks that will be installed in the patio entrance. For more information, please call Jane at 550-0230.

Judy Salamacha, Morro Bay, announced an upcoming event at the Garden House memory care facility to be held Sunday, June 3rd. Proceeds from the event will help build a Wonder Garden.

Cynthia Hawley spoke to the public hearing process required for amendments to the General Plan / Local Coastal Plan, requested the Council pull Agenda Item A-4, and asked when the City plans to apply for development permits for the WRF project.

James Costanzo, Morro Bay, thanked Chief Allen, the Police Department and Chief Knuckles for their outstanding work.

Betty Winholtz, Morro Bay, thanked Council Member McPherson for encouraging public input regarding vacation rentals and suggested more work is needed to bring North Point Natural Area to the standard of other public areas.

Bob Keller, Morro Bay, thanked Council Member Davis for his comments regarding the WRF project and spoke of the need to focus on seeking funding that will keep project costs down.

The Mayor closed public comment for items not on the agenda.

The following spoke to Item B-3:

Joan Solu, Morro Bay, urged the Council to include vacation rentals in the TBID assessment at 3%.

The following spoke to Item C-1:

Carolyn Brinkman, Morro Bay, requested the Council to not change the City ordinance regarding timely publishing of minutes. She suggested finding ways to support staff so that minutes can be presented for the next meeting.

The public comment period was closed.

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

A. CONSENT AGENDA
<https://youtu.be/MPLk6nHBs3E?t=1h1m17s>

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 APRIL 10, 2018 CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE APRIL 24, 2018 CITY COUNCIL SPECIAL
MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 ADOPTION OF RESOLUTION NO. 22-18 APPROVING THE FISCAL YEAR 2018/19
BUSINESS TAX SCHEDULE; (FINANCE)

**RECOMMENDATION: Council review the Business Tax schedule and adopt
Resolution No. 22-18, setting the Fiscal Year (FY) 2018/19 Business Tax Schedule.**

A-4 SECOND READING AND ADOPTION OF ORDINANCE NO. 613, TO LIMIT THE
NUMBER OF VACATION RENTALS IN RESIDENTIAL ZONES TO 250 AT ANY ONE
TIME. ORDINANCE 613 AMENDS SECTION 5.47.050 OF THE MORRO BAY
MUNICIPAL CODE; (COMMUNITY DEVELOPMENT)

**RECOMMENDATION: City Council waive reading of Ordinance 613 in its entirety
and adopt Ordinance No. 613 amending section 5.47.050 of the Morro Bay Municipal
Code (MBMC) to limit the number of vacation rentals to not more than 250 at any
given time on residentially zoned property.**

A-5 PROCLAMATION – NATIONAL TRAVEL AND TOURISM WEEK; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-6 PROCLAMATION DECLARING JUNE 1, 2018 AS HUNGER AWARENESS DAY;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-7 PROCLAMATION DECLARING MAY 19, 2018, AS MORRO BAY SAFE BOATING DAY;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

The public comment period for the Consent Agenda was opened.

Ken Green, Morro Bay, requested Item A-4 be pulled to address legal issues presented by Ms. Hawley.

Cynthia Hawley spoke regarding Item A-4, suggesting it should be a Public Hearing item and not on the Consent Agenda.

Maggie Juren asked if the proposed ordinance in Item A-4 was intended to extend the current vacation rental limit until the General Plan and zoning ordinance are put in place.

The public comment period for the Consent Agenda was closed.

Mayor Irons pulled Item A-4.

MOTION: Council Member Headding moved the Council approve all items on the Consent Agenda except for A-4. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

A-4 SECOND READING AND ADOPTION OF ORDINANCE NO. 613, TO LIMIT THE NUMBER OF VACATION RENTALS IN RESIDENTIAL ZONES TO 250 AT ANY ONE TIME. ORDINANCE 613 AMENDS SECTION 5.47.050 OF THE MORRO BAY MUNICIPAL CODE; (COMMUNITY DEVELOPMENT)
<https://youtu.be/MPLk6nHBs3E?t=1h8m52s>

Staff clarified this is not a land use item, but simply extends the current limit on the number of vacation rental business permits issued by the City. Land use regulations regarding vacation rentals are being discussed by the General Plan Advisory Committee and Planning Commission, with public hearings to come. Council Sub-Committee Members Headding and McPherson will be gathering public input regarding the development of a future ordinance.

MOTION: Council Member Davis moved for approval of Item A-4. The motion was seconded by Council Member Headding and carried unanimously, 5-0.

B. PUBLIC HEARINGS

B-1 ADOPTION OF RESOLUTION NO. 23-18 APPROVING THE ENGINEER'S REPORT AND DECLARING THE INTENT TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)
<https://youtu.be/MPLk6nHBs3E?t=1h16m6s>

Public Works Director Livick presented the staff report and responded to Council inquires.

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

Steve Stevens, Morro Bay, raised liability concerns regarding use of California Conservation Corp. personnel for maintenance.

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

Mr. Pannone stated the City's agreement with the California Conservation Corp provides liability protection for the City.

The Council discussed the need for Cloisters' residents to consider a self-imposed increase to fund capital needs and maintenance at the desired level, and suggested discussion of that potential increase should occur prior to the annual renewal process.

MOTION: Council Member Heading moved the Council adopt Resolution No. 23-18 declaring the intent to levy the annual assessment for the maintenance of the Cloisters Park and Open Space for fiscal year 2018/19 and approving the Engineer's Report. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

B-2 ADOPTION OF RESOLUTION NO. 24-18 APPROVING THE ENGINEER'S REPORT AND DECLARING THE INTENT TO LEVY THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS)
<https://youtu.be/MPLk6nHBs3E?t=1h44m58s>

Mr. Livick presented the staff report and responded to Council inquires.

The public comment period for Item B-2 was opened

Steve Stevens, Morro Bay, commented the Cloisters Park is City-owned, maintained by the Cloisters' residents, and used by the entire community.

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

MOTION: Council Member Heading moved the Council adopt Resolution No. 24-18 approving the Engineer's Report and declaring the intent to levy the annual assessment for maintenance of the North Point Natural Area. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

The Council took a brief recess at 7:54 p.m. The meeting reconvened at 8:04 p.m. with all members present.

B-3 CONSIDERATION OF THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (TBID) ANNUAL REPORT AND CONTINUATION OF THE TBID ASSESSMENT FOR FY 2018/19; AND ADOPTION OF RESOLUTION NO. 25-18 DECLARING THE INTENT TO CONTINUE THE PROGRAM AND LEVY ASSESSMENTS FOR THE FISCAL YEAR 2018-19 AND SCHEDULING A PUBLIC HEARING TO LEVY THE ASSESSMENTS; (TOURISM)
<https://youtu.be/MPLk6nHBs3E?t=1h54m32s>

City Manager Collins and Tourism Manager Little presented the staff report and responded to Council inquires.

The public comment period for Item B-3 was opened.

Maggie Juren, TBID Board Member, stated she and her husband manage two small hotels on the Embarcadero and run a vacation rental agency that represents approximately 1/3 of those operating in Morro Bay. She suggested vacation rentals and RV Parks benefit from destination marketing and should contribute in some way but takes exception to 3%. She would like to see the BID process be reevaluated.

Nick Juren agreed 1% would be an appropriate contribution for vacation rentals and stated vacation rentals have much higher occupancy rates and potential for growth.

Erica Crawford, Chamber of Commerce, supported a robust strategic effort for tourism and the importance of establishing relationships with hotels and other business partners.

Bob Keller, Morro Bay, spoke in support of the Tourism Division and urged the Council to approve Resolution No. 25-18.

Betty Winholtz, Morro Bay, reminded the Council vacation rentals have an impact on residential neighborhoods and suggested a higher assessment is better.

The public comment period for item B-3 was closed.

The Council agreed it was not appropriate to include vacation rentals and RV parks in the TBID at this time and that more public notice and community discussion was needed. Council Member Davis suggested staff include this as one of the elements in the strategic planning process.

There was considerable discussion regarding the General Fund contribution to tourism, as laid out in Resolution No. 03-16, and need to reevaluate that commitment given financial challenges ahead. It was suggested the City's partnership and commitment to tourism should be to improve the product by committing funds to infrastructure and improvement of public spaces. Following discussion of reducing the General Fund contribution for FY 2018/19, the Council agreed it was necessary to have further dialogue with hoteliers before doing so.

The Council reiterated the importance of a strong strategic marketing plan that has specified objectives that can be measured through routinely reported metrics to determine outcome of efforts for dollars spent.

MOTION: Council Member Heading moved the Council adopt Resolution No. 25-18 approving draft Fiscal Year 2018/19 Tourism Business Improvement District Annual Report for expenditure of funds to be derived from the annual assessment, except that the budget should be modified by a reduction of \$60,000 and declare the intention to continue the program and levy assessments and set the public hearing date for June 12, 2018 to continue the 3% TBID Assessment in FY 2018/19. The motion failed for lack of second.

Mayor Irons restated the City's commitment should be to spend more on the product and importance of messaging the need to do things differently in the future. Council Member Davis agreed, and suggested staff must think creatively about how to do more with less.

MOTION: Council Member Davis moved the Council receive and file the report from staff on their evaluation of tourism efforts and adopt Resolution No. 25-18 approving the draft Fiscal Year 2018/19 Tourism Business Improvement District annual report for expenditure of funds to be derived from the assessment and declare the intention to continue the program and levy assessments and set the public hearing date for June 12, 2018 to continue the 3% TBID Assessment in FY 2018/19. The motion was seconded by Council Member Makowetski and carried unanimously, 5-0.

MOTION: Council Member Heading moved to direct staff to continue their discussion of vacation rentals and RV parks in the TBID, evaluating the possibility of a future assessment to benefit ratio received by such entities and bring back recommendations according to a timeline determined by staff. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

MOTION: Council Member McPherson moved the Council direct staff review Resolution No. 03-16 and come back with a recommendation on alternative allocations of General Fund within six months, based on a discussion with hoteliers and their TBID Board. The motion was seconded by Council Member Heading.

Mayor Irons stated he would not support the motion, as stated, and suggested the Council consider rescinding Resolution No. 03-16 and discuss how to allocate funds proportionally, as appropriate, to partner with tourism efforts. In his view, the relationship and partnership is for the City to improve the product.

Council Member McPherson withdrew her motion and Council Member Heading withdrew the second.

There was Council concurrence to direct staff to bring to Council consideration of rescinding Resolution No. 03-16 and discussion of how to allocate funds to enhance tourism efforts.

C. BUSINESS ITEMS

C-1 DISCUSSION AND ADOPTION OF RESOLUTIONS APPROVING COUNCIL POLICIES & PROCEDURES, ADVISORY BODIES HANDBOOK AND BY-LAWS, AND READOPTING CIVIL DISCOURSE POLICY AND DIRECTION REGARDING POSSIBLE CHANGE TO THE MORRO BAY MUNICIPAL CODE REQUIREMENT FOR PREPARATION OF COUNCIL MEETING MINUTES; (CITY CLERK)
<https://youtu.be/MPLk6nHBs3E?t=4h19m4s>

Clerk Swanson presented the report and responded to Council inquiries.

Advisory Bodies Handbook and By-Laws

The Council directed staff to bring back consideration of an ordinance that would reduce the Citizen's Finance Advisory Committee term to four years.

Council Policies & Procedures

Page 147 - Section 1.4.7: Insert the following, "but not later than the second regular meeting after..."

Page 157 – Section 3.13: Remove "Presiding Officer" and add the following language, "establishing a sub-committee requires the body to define purpose, parameters and duration of sub-committee. The City Clerk will keep list of sub-committees and defined description as a record with Council liaison assignments for review annually." Except for reference to the City Clerk & annual review, similar language is to be added to the Advisory Bodies Handbook & By-Laws.

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

Bob Keller, Morro Bay, complimented staff and the Council for their work.

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

MOTION: Council Member McPherson moved the Council adopt Resolution No. 26-18 approving the Council Policies & Procedures, including proposed amendments; and adopt Resolution No. 27-18 reaffirming its commitment to follow best practices of civility and civil discourse; and Resolution No. 28-18 approving the Advisory Bodies Handbook and By-Laws, as amended. The motion was seconded by Council Member Heading and carried unanimously, 5-0.

Staff is to bring back ordinance amending Morro Bay Municipal Code 2.08.090 and reducing terms for the Citizens Finance Advisory Committee from six years to four.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

<https://youtu.be/MPLk6nHBs3E?t=4h49m31s>

Council Member Headding requested the future agenda item regarding the air quality issue be removed from the list as it has been resolved.

Council Member McPherson requested discussion of the appropriate uses for Measure Q funds. There was full Council support for this item.

ADJOURNMENT

The meeting adjourned at 11:00 p.m. The next Regular Meeting will be held on Tuesday, April 24, 2018, at 6:00 p.m. at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

Recorded by:

Dana Swanson
City Clerk