

MINUTES - MORRO BAY CITY COUNCIL
CLOSED SESSION – JUNE 14, 2011
CITY HALL CONFERENCE ROOM - 5:00 P.M.

Mayor Yates called the meeting to order at 5:00 p.m.

PRESENT:	William Yates	Mayor
	Carla Borchard	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Susan Slayton	Administrative Services Director
	Jamie Boucher	Human Resources Analyst

CLOSED SESSION

Mayor Yates adjourned the meeting to Closed Session and read the Closed Session Statement.

CS-1 GOVERNMENT CODE SECTION 54957.6; CONFERENCE WITH LABOR NEGOTIATOR. Conference with City Manager, the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to the City Employees 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 one (1) parcel.

- Property: Vacant Lot/Corner of Coral/San Jacinto.
Negotiating Parties: Potential Buyers and City of Morro Bay.
Negotiations: Voluntary Purchase and Sale.

The meeting adjourned at 5:40 p.m.

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VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Yates called the meeting to order at 6:07 p.m.

PRESENT:	William Yates	Mayor
	Carla Borchard	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Jamie Boucher	Deputy City Clerk
	Eric Endersby	Harbor Operations Manager
	Rob Livick	Public Services Director
	Tim Olivas	Police Chief
	Mike Pond	Fire Chief
	Susan Slayton	Administrative Services Director
	Kathleen Wold	Planning Manager
	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 on Item CS-1.

The following action was taken on Item CS-2:

- Property: Vacant Lot/Corner of Coral/San Jacinto.
Negotiating Parties: Potential Buyers and City of Morro Bay.
Negotiations: Voluntary Purchase and Sale.

The City Council took action to take this property off the real estate market.

PUBLIC COMMENT

Denise Wilson, new owner of Blue Sky Coastal Café reviewed their menu which features locally grown produce; they open at 8 a.m., happy hour from 3-6 p.m., and offer live music on weekends.

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Jim Davis announced on Sunday, June 19th from 3-5 p.m. there will be a skateboard event at Tidelands Park, with the Red Skunk Gypsy band performing afterwards; and, there will be a fundraiser for Ride-On Transportation for Veterans on August 7th at The Lodge on Highway 41 with a barbeque and the Louie Ortega band performing.

D'Onna Kennedy announced the Central Coast Veterans Support Group will be meeting on June 21st at 6 p.m. at the Eagles Lodge on Main Street.

John Weiss announced Eco-Rotary that helps the environment with zero-waste, recycling and making a good footprint for our children and grandchildren; he noted the charter would be on June 23rd at the golf course. He also announced they will be talking about Eco-Rotary and zero-waste on June 16th at the Morro Bay Business Forum.

Stephanie Pipan, Morro Bay Police Officer, announced the K-9 Walk-a-thon will be held this Saturday, June 18th starting at 10 a.m. at the Morro Rock parking lot. She stated funds raised from this benefit will go towards a Morro Bay Police K-9.

John Barta referred to Item D-1 (Discussion on Proposing a Moratorium on the Payment of Development Impact Fees) stating these impact fees are substantial along with water and sewer impact fees and mandated standards; he suggested keeping these fees as low as possible. Mr. Barta also suggested not having a sprinkler ordinance and replacing it with a high tech fire alarm. He suggested the City perform a historical review of the impact fees.

Annette Neals, Manager of Walkers Mobile Home Park, referred to Item A-5 (Resolution Determining Issuance of an Alcoholic Beverage Control Permit for Virg's Landing Inc. Located at 1169 Market Avenue) and expressed concern with the hours this business will be open in a residential neighborhood; and, the type of liquor license they are requesting.

Betty Winholtz expressed concern with the method of how parking and trolley signs came down on the Embarcadero. She also expressed concern with funds being expended recklessly for: 1) the new banners on the Embarcadero; 2) hiring a consultant for \$300,000, and a lobbyist at \$650/hour regarding the Wastewater Treatment Plant upgrade project; 3) the vote to do away with the Cloister's assessment district; and, 4) the discussion of a moratorium on the payment of development impact fees. Ms. Winholtz stated these costs means less services for the citizens and more taxes.

Janice Peters complimented the Recreation & Parks Department on the new landscaping in front of the Community Center. She also announced a local production "Playhouse Creatures" will be held at the Pewter Plough in Cambria through July 23rd.

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Ms. Peters also noted the Community Promotions Committee and Tourism Business Improvement District Advisory Board will be holding a joint meeting on Thursday, June 16th starting at 8:30 a.m. in the Veterans Memorial Building and encouraged participation.

Sharon Moore, owner of Virg's Landing, Inc., addressed Item A-5 stating last weekend was the first time they had a problem with noise, and they will resolve this issue. She said the ABC license is to sell a small amount (1.8% of the store sales) of beer to provide on the fishing boats.

Rick Holiday, neighbor to Virg's Landing stated he can offer a parking lot to Virg's in the morning hours to help mitigate a possible noise problem.

Mayor Yates closed the hearing for public comment.

A. CONSENT CALENDAR

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

A-1 APPROVAL OF MINUTES FOR THE SPECIAL CITY COUNCIL MEETING OF MAY 24, 2011 AND THE REGULAR CITY COUNCIL MEETING OF MAY 24, 2011; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 RESOLUTION NO. 39-11 CONTINUING THE FISCAL YEAR 2010/11 ANNUAL BUDGET; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 39-11.

A-3 AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR THE NORTH MAIN BIKE LANE AND STREET IMPROVEMENT PROJECT; (PUBLIC SERVICES)

RECOMMENDATION: Authorize staff to file Notice of Completion for the North Main Bike Lane and Street Improvement Project.

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A-4 RESOLUTION DETERMINING ISSUANCE OF AN ALCOHOLIC BEVERAGE CONTROL PERMIT FOR A WINE TASTING ROOM LOCATED AT 783 MARKET AVENUE; (CITY ATTORNEY)

RECOMMENDATION: Adopt Resolution No. 40-11.

A-5 RESOLUTION DETERMINING ISSUANCE OF AN ALCOHOLIC BEVERAGE CONTROL PERMIT FOR VIRG'S LANDING INC. LOCATED AT 1169 MARKET AVENUE; (CITY ATTORNEY)

RECOMMENDATION: Adopt Resolution No. 41-11.

A-6 PROCLAMATION RECOGNIZING THE 100TH ANNIVERSARY OF INCORPORATION OF THE CITY OF ARROYO GRANDE AND COMMEMORATING THE CITY'S CENTENNIAL CELEBRATION; (ADMINISTRATION)

RECOMMENDATION: Adopt Proclamation.

Councilmember Borchard pulled Item A-3 from the Consent Calendar; and Mayor Yates pulled Item A-5.

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

A-3 AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR THE NORTH MAIN BIKE LANE AND STREET IMPROVEMENT PROJECT; (PUBLIC SERVICES)

Councilmember Borchard expressed displeasure for using Measure Q funds due to going over budget because of making changes that were not recognized when the original bid was made on this project.

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

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A-5 RESOLUTION DETERMINING ISSUANCE OF AN ALCOHOLIC BEVERAGE CONTROL PERMIT FOR VIRG'S LANDING INC. LOCATED AT 1169 MARKET AVENUE; (CITY ATTORNEY)

Councilmember Johnson stated she would be stepping down on this item due to a conflict of interest.

Councilmember Leage stated he would be stepping down on this item due to a conflict of interest.

MOTION: Councilmember Borchard moved the City Council approve Item A-5 of the Consent Calendar. The motion was seconded by Councilmember Smukler and carried unanimously. (3-0-2)

B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 DISCUSSION ON THE VISITORS CENTER; PROPOSED MARKETING SPECIALIST, AND THE FISCAL YEAR 2011-2012 CONTRACT TO OPERATE THE VISITORS CENTER; (ADMINISTRATION)

City Manager Andrea Lueker stated throughout the past months, the City Council has evaluated the Visitors Center, as well as provided direction for a number of changes to be made. The City is in a redefining position with a new marketing/advertising agency, Barnett Cox & Associates coming onboard to promote the Morro Bay experience. Barnett Cox & Associates is beginning work on a marketing plan which when finalized will provide clear direction to take in its efforts to enhance and increase tourism, an important goal of the marketing strategy. In order for the City to realize its full potential, it is extremely important that the many different agencies and organizations in the City work collaboratively. With the changes the City Council has made and directed to be made with both the Visitors Center and the new marketing agency and marketing plan, accompanied by the Chamber of Commerce hiring a new Chamber CEO this year, staff believes the City is poised for an increase in tourism, better organization of our marketing efforts, initiation of strategic economic development, and enhancing agencies to foster a cooperative working relationship.

Ms. Lueker made the following recommendations to the City Council:

- 1) Retain the current management structure at the Visitors Center with the following modifications:
 - a. Hold a Partners/Stakeholders Workshop to develop and modify the marketing plan, identify goals and strategies and assign completion tasks;
 - b. Hold a Partners/Stakeholder Workshop for the Visitors Center;
 - c. Consider a Marketing Specialist position following the Workshops;

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- d. Determine specific measures of success for the Visitors Center;
- e. Conduct a six month review of the Visitors Center;
- f. Participate on the Economic Development Committee;
- g. Renew the Contract with the Chamber of Commerce for 2011/2012 to run the Visitors Center.

2) Add off-site, informational, visitors' kiosks.

Mayor Yates opened the hearing for public comment.

John Solu thanked the City for the change in the marketing advertising agency, and recommended the City Council approve the hiring of a tourism and promotions director. He said although occupancy and transient occupancy tax has been up recently, they have been behind their competitors in the County. Mr. Solu stated the recommended hours for the Chamber of Commerce need to be adjusted to meet the tourists' needs on the weekends. He said he wants to see the Chamber of Commerce survive, which it cannot do without the Visitor Center funds.

Hank Roth recommended hiring someone to act as a coordinator to support the City's marketing plan. He said this would be someone who would meet the City's needs and has the experience to work within the City's structure to help move us towards our goal to bring more tourists to the City.

Craig Schmidt, Chamber of Commerce CEO, stated the recommended strategic planning sessions is to develop a long-range marketing plan with a more narrow focus to discuss the role and effectiveness of the Visitors Center. He said the purpose of these workshops is to establish a roadmap for where the City needs to get to, and collaborate collectively with stakeholders in Morro Bay's tourism economy in developing this community's vision.

John Weiss, Chamber of Commerce Board President, stated for the past 55 years the Chamber of Commerce has represented and promoted local businesses. They have accomplished their work cost effectively and do their best to be forthright and flexible. Mr. Weiss stated the Chamber Board applauds the City's suggestions to help them achieve their mission of promoting the community's economic vitality, quality of life and providing a united base for the community to advance and prosper. He said the Chamber is able to run the Visitors Center because they are able to offer the City more for their money by operating as a fulfillment center for City promotions, and able to staff the Visitor Center and market the City through events, print collateral, email blasts and social networking. Mr. Weiss stated this job could not be fulfilled by one marketing specialist. He noted Morro Bay is in a transitional time with a new marketing advertising agency, budget considerations and opportunity for new marketing strategies.

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Mr. Weiss stated it is an opportune time to bring the stakeholders together and move ahead in one direction with experience and perseverance.

Mick Theiss stated the first order of business is to be surrounded with competent people. He said there would be an incredible learning curve in hiring a marketing specialist to replace the Chamber CEO that could destroy the City's bottom line. Mr. Theiss suggested the City Council consider staff's report and recommendations and make a long-term decision.

George Ross, consultant for the Chamber of Commerce stated it would be a disaster to pull the Chamber of Commerce away from the Visitors Center; they would not do well independently. He said the current events would not run as smoothly without the hard work of the Chamber staff.

John Barta shared slides of billboards advertising the City noting this is a valuable asset with poor artwork, that are not being maintained and no one is taking responsibility. He said the City will not get good decisions from a committee in a workshop; he said the City needs a creative individual who will take responsibility.

Gary Christianson, Vice-President/Treasurer of the Chamber of Commerce Board reviewed an estimate of what it would cost to run a stand-alone Visitor Center = \$170,540. He stated the Chamber of Commerce CEO has only been on board for six months and needs time to implement the recommended changes previously made by the City.

Janice Peters stated the City is in a state of flux right now with a new marketing advertising agency, a new Chamber of Commerce CEO, and the Tourism Business Improvement District Advisory Board that is now working. She said a workshop in this case is a good idea because there is such a diversity of people in the business community who don't communicate with each other. Ms. Peters stated there is a wealth of experience between the Community Promotions Committee and Tourism Business Improvement District Advisory Board along with the business community who can establish direction through a workshop setting to enable the Council to determine the best marketing strategy for the City.

Joan Solu requested the City Council look for new and innovative solutions to approach marketing and tourism by looking at a concept of hiring an outside neutral dynamic experienced tourism leader to sell the City the way it deserves to be sold. In order to do this, she asked Council to give the following tasks to the Tourism Business Improvement District Advisory Board and Community Promotions Committee: 1) examine and develop the job description and duties for the Director of Tourism; 2) examine funding mechanisms to pay for time and direction of the new Director of Tourism or office;

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3) develop a reporting mechanism to ensure accountability and begin the hiring process by August 15, 2011; 4) move forward with granting the current contractor for a 90-day period while the Director of Tourism moves forward; 5) add a hiring freeze to the current contractor's events coordinator position; and 6) address the overall strategic vision for tourism in Morro Bay in a workshop setting.

Mayor Yates closed the hearing for public comment.

Mayor Yates requested staff take care of the weeds around the billboard on Highway 1.

Councilmember Borchard stated she is interested in a month-to-month contract with the Chamber of Commerce to operate the Visitors Center until all of the issues have been resolved. She said the kiosks are a good idea, but should be in addition to, not in lieu of, alternative sites for the Visitors Center. Councilmember Borchard stated the Economic Development Committee is a function of the Chamber and not the City. She said she is not interested in hiring a company to look at alternative locations for the Visitors Center; that is something that can be reviewed at the workshop.

Councilmember Johnson stated she agrees with a month-to-month contract with the Chamber of Commerce to operate the Visitors Center until the issues have been resolved. She said she hopes to gain some innovative and clear idea of the role of the Chamber of Commerce. Councilmember Johnson stated all options and possibilities such as the location of the Visitors Center need to be considered at the workshop.

Mayor Yates stated he goes into the Visitors Center every week and he finds the staff to be very busy talking with tourists and doing a fabulous job. He requested the Chamber Board review the hours of operation of the Visitors Center.

Councilmember Leage stated alternative locations of the Visitors Center should be considered. He said he supports hiring a person in charge of promoting the City.

Councilmember Smukler stated it is important to maintain flexibility at this time. He said he would prefer a 90-day agreement with the Chamber of Commerce, and a suspension of the hiring of the events coordinator position. Councilmember Smukler stated he would like to add hours of operation to the agreement restructuring the mid-week hours and adding weekend hours. He said prior to the workshop, he would like strong involvement from the Community Promotions Committee and Tourism Business Improvement District Advisory Boards in the structuring of the workshop.

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Councilmember Smukler stated he would like to develop a matrix that lists the stakeholders and the role/mission of each group; that way it would show a graphic that identifies the areas that need restructuring. He said he would like to have the discussion on the restructuring of the Community Promotions Committee/Tourism Business Improvement District Advisory Board as soon as possible.

MOTION: Councilmember Borchard moved the City Council direct staff to draft a 90-day contract with the Chamber of Commerce to operate the Visitors Center beginning July 1, 2011; and, direct that part of the negotiations would be extended hours on the weekends. It was further moved that this contract be returned for Council approval at the June 28, 2011 City Council meeting. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

Councilmember Borchard stated she would like to explore information regarding locating a California Welcome Center in Morro Bay.

Craig Schmidt, Chamber of Commerce CEO stated a California Welcome Center is being pursued and he will have information at the next City Council meeting.

MOTION: Mayor Yates moved the City Council support the Community Promotions Committee and Tourism Business Improvement District Advisory Board to form a sub-committee to come up with a proposal for two workshops: 1) one workshop to develop and modify a marketing plan identifying goals and strategies; and 2) a workshop to review the Visitors Center. The sub-committee is further directed to return with their recommendations from the workshops to the City Council at the September 13, 2011 City Council meeting. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

Mayor Yates called for a break at 8:00 p.m.; the meeting resumed at 8:10 p.m.

C. UNFINISHED BUSINESS – NONE.

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D. NEW BUSINESS

D-1 DISCUSSION ON PROPOSING A MORATORIUM ON THE PAYMENT OF DEVELOPMENT IMPACT FEES (ALSO REFERRED TO AS BUILDING IMPACT OR PUBLIC FACILITIES FEES AND SIGN PROGRAM PERMIT FEES); (PUBLIC SERVICES)

Planning Manager Kathleen Wold stated at the December 13, 2010 City Council meeting, Councilmember Johnson proposed the idea of exploring different options regarding establishing a program to incentivize businesses within the City to improve their buildings without incurring City development impact fees within three specific areas of the City. The first area is Morro Bay Boulevard (downtown area) from the roundabout to Market Street; the second area is Main Street to the City limits; and the third area is Quintana Road. Reducing or waiving development impact fees could provide an economic incentive for businesses to consider improvements to buildings as impact fees can add a substantial amount of money onto the building permit fee. In addition to the moratorium on development impact fees, Councilmember Johnson also suggests a moratorium on fees associated with sign programs. This would provide incentive for business owners to reevaluate the businesses' sign program and consider improvements without additional City fees. Currently sign regulations have been under review by the City and one of the goals of this review has been to encourage businesses to utilize signs in a way that does not detract from the community as a whole. A moratorium on sign fees for sign programs would provide additional incentive for businesses to review their entire sign program and consider an entirely new sign program. Ms. Wold recommended the City Council weigh the benefits to the business community against the loss of revenue to determine if the benefits outweigh the costs and direct staff accordingly.

Councilmember Smukler stated without knowing what the real intent and focus is he is not comfortable with moving forward with this in segments. He said he would prefer to identify the real strategy as a whole with all of the elements available.

MOTION: Councilmember Borchard moved the City Council place a moratorium on development impact fees on commercial projects for the next three (3) years within the City bordered commercial areas. The motion was seconded by Councilmember Johnson and carried with Councilmember Smukler voting no. (4-1)

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D-2 NORTH MAIN STREET COMMERCIAL PARKING AREA MAP AND
DRAFT ORDINANCE CHANGE; (PUBLIC SERVICES)

Planning Manager Kathleen Wold stated at the December 13, 2010 City Council meeting, Councilmember Borchard requested that staff provide a report on the status of parking in the North Main Street area to include options for modifications or amendments to City requirements which would address buildings where the number of stalls is nonconforming to present day standards. At the February 8, 2011 meeting, staff presented a report which contained various options for Council to consider, and directed staff to prepare a boundary map and an exemption for Morro Bay Municipal Code Section 17.44.020(A).1 which was presented to Council during this presentation. Ms. Wold recommended the City Council review the boundary map and draft ordinance change, and direct staff accordingly.

MOTION: Councilmember Borchard moved the City Council approve the exemption to Morro Bay Municipal Code Section 17.44.020(A).1 for Parking Facilities for North Main Street to read as per the staff report with the additional language: “to not include new construction or new additions.” The motion was seconded by Councilmember Johnson and carried unanimously. (5-0)

D-3 RECOMMENDATION ON THE ALIGNMENT OF THE MORRO
BAY/CAYUCOS BIKE PATH CONNECTOR; (RECREATION & PARKS)

Recreation & Parks Director Joe Woods introduced Elizabeth Kavanaugh, Parks Planner for San Luis Obispo County Parks. Ms. Kavanaugh stated the Morro Bay to Cayucos Connector project is a multi-use trail that connects coastal communities of Morro Bay and Cayucos along Highway 1. This is a San Luis Obispo County Parks’ project and County Parks requests the City Council review the Eastern and Western alignments of the Connector, and recommend one of the alignments to the County. The Morro Bay Parks and Recreation Commission reviewed these alignments on March 17, 2011 and recommends the Western alignment. Ms. Kavanaugh recommended the City Council discuss the Eastern and Western alignments of the Morro Bay/Cayucos Bike Path Connector, and make a recommendation to the San Luis Obispo County Parks.

MOTION: Mayor Yates moved the City Council recommend the Western Alignment of the Morro Bay/Cayucos Bike Path Connector to the San Luis Obispo County Parks. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

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E. DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Johnson requested to agendize a discussion on developing a Business Improvement Program that would include a Façade Improvement Program; Council concurred.

Councilmember Smukler requested to agendize a report on the Cambria Voluntary Bus Program on the next City Council agenda; Council concurred.

ADJOURNMENT

The meeting adjourned at 9:41 p.m.

Recorded by:

Jamie Boucher
Deputy City Clerk