

MINUTES - MORRO BAY CITY COUNCIL
CLOSED SESSION – AUGUST 9, 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

CLOSED SESSION

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

Mayor Yates 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.

The meeting adjourned at 5:30 p.m.

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REGULAR MEETING – AUGUST 9, 2011
VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Yates called the meeting to order at 6:00 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
	Bridgett Kessler	City Clerk
	Rob Livick	Public Services Director
	Tim Olivas	Police Chief
	Mike Pond	Fire Chief
	Susan Slayton	Administrative Services Director
	Dylan Wade	Capital Projects Manager
	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 to discuss matters of labor negotiations; two matters are on the open session agenda as follows: Items A-4 (Resolution No. 55-11 Establishing the Compensation and Working Conditions for the Management Group of the City of Morro Bay) and A-5 (Resolution No. 56-11 Adopting an Agreement on the Compensation and Working Conditions for the Confidential Group of the City of Morro Bay).

PUBLIC COMMENT

Kim Van Norstrand announced her shop which is an artisan co-op named Artsea at 736 Main Street where she sells and teaches the art of stained glass, and plans to open a tea room.

Betty Winholtz announced Pamm Larry will be speaking at the Coalesce wedding chapel on August 20th at 3:00 p.m. on the ballot initiative regarding labeling genetically-modified organisms. She also suggested since City employees are reducing their salaries to benefit the budget, the City Council should also consider reducing their health insurance benefits.

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Hunter Kilpatrick stated Eco-Rotary asked for their participation along with the Gorilla Gardeners in the zero waste program at the Relay for Life event, and he was happy to announce that 96% of the waste at the event was diverted from the landfill.

Richard Sadowski addressed the Morro Basin Nitrate Study that was focused on the farmers, and said his report shows the nitrate pollution is more likely coming from sewage that is coming from the main lines entering the aquifer on Highway 41 and Main Street. He said it goes back to the remediation action at 1840 Main Street and due to the differed maintenance practices of the collection system and neglect of addressing the problem; further reports show the nitrate pollution is coming from sewage. Mr. Sadowski addressed Item A-3 (Authorization to File Notice of Completion for Desal Product Water Line Replacement Project: MB-2010-W1) stating he has video evidence that shows this was not a water line replacement but instead an upsizing of the desal infrastructure which would require a CEQA review and was circumvented by staff.

Taylor Newton announced Dahlia Daze and Cypress Nightz will be celebrated on August 26-27 with a wine and cheese reception on Friday night, and a festival with special events with guest speakers and a barn dance on Saturday.

Marla Jo Bruton referred to plastic bag waste and noted she makes artistic bags to use in place of plastic. She also said she was going to get a SmartMeter and then declined; she said the PUC has yet to make their ruling on the safety issues on SmartMeters.

Joan Solu addressed Item D-6 (Discussion on the Allocation of the Tourism Business Improvement District (TBID) Funds for the Visitors Center) and noted the TBID sub-committee sent the Council a letter discussing that it was their understanding that the TBID would fund the \$50,000 annually of the Visitor Center with the assessment value returning to 3% of the gross room sales starting in November 2010. She said since they have been assessed 2% from July 2010 to November 2010, Council could give TBID a credit for the four months or start payments again in November 2011.

John Barta stated the current sprinkler regulations create less new building and remodel permits due to the cost. He said the City should instead consider the installation of advanced alarm systems instead of sprinkler systems.

John Weiss stated there are financial issues in the business community, and the Chamber of Commerce is working diligently to address these issues. He said a survey has been sent out regarding the economics of the business community. Mr. Weiss also said applications are available for the Board of Directors of the Chamber.

Mayor Yates closed the hearing for public comment.

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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 THE MINUTES FOR THE REGULAR CITY COUNCIL MEETING OF JULY 12, 2011; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 RESOLUTION NO. 57-11 ESTABLISHING THE ANNUAL PROPOSITION 4 APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2011/12; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 57-11.

A-3 AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR DESAL PRODUCT WATER LINE REPLACEMENT PROJECT: MB-2010-W1; (PUBLIC SERVICES)

RECOMMENDATION: Accept the Project as completed by Brough Construction, Inc. and authorize the filing of a Notice of Completion.

A-4 RESOLUTION NO. 55-11 ESTABLISHING THE COMPENSATION AND WORKING CONDITIONS FOR THE MANAGEMENT GROUP OF THE CITY OF MORRO BAY; (ADMINISTRATION)

RECOMMENDATION: Adopt Resolution No. 55-11.

A-5 RESOLUTION NO. 56-11 ADOPTING AN AGREEMENT ON THE COMPENSATION AND WORKING CONDITIONS FOR THE CONFIDENTIAL GROUP OF THE CITY OF MORRO BAY; (ADMINISTRATION)

RECOMMENDATION: Adopt Resolution No. 56-11.

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

Mayor Yates called for a break at 6:43 p.m.; the meeting resumed at 6:49 p.m.

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B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 AMENDMENT TO CONDITIONAL USE PERMIT #UP0-042 AND COASTAL DEVELOPMENT PERMIT #CP0-064 FOR 555 MAIN STREET TO INCREASE DENSITY FROM 18 UNITS TO 21 UNITS AND ADOPTION OF A RESOLUTION NO 58-11 AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE HOME INVESTMENT PARTNERSHIP PROGRAM; (PUBLIC SERVICES

Planning Manager Kathleen Wold stated on December 13, 2010 this project was modified by the City Council to have 18 senior restricted affordable units eliminating all commercial units. Once the modification was approved the applicant engaged his architect in designing the project subject to all conditions of approval. During the design phase it became apparent that additional units could be accommodated on this site. The applicant requests an amendment to Conditional Use Permit #UP0-042 and Coastal Development Permit #CP0-064 to modify the project to allow an increase in unit count from 18 senior restricted affordable units to 21 senior restricted affordable units. Also included for Council consideration is Resolution No. 58-11 authorizing the submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnership Program. This is a follow up to the previous action taken on December 13, 2010 where the City Council approved City sponsorship of a request for HOME funds for this project. Ms. Wold recommended the City Council: 1) approve the amendment to the project by granting a Density Bonus incentive increasing the number of restricted senior affordable units to 21; and, 2) approve Resolution No. 58-11 authorizing the submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnership Program.

Robert Laing, Executive Director for Pacific Southwest (applicant), stated the request to modify the project is to allow an increase in unit count from 18 senior restricted affordable units to 21 senior restricted affordable units. He said the parking should be sufficient since not all residents will have vehicles and there will be one space assigned for a van for transport, and a handicap space. Mr. Laing stated one unit will be for the manager, 10 units will be rented to those with 50% earned income, and the remaining 10 units will be rented to those with 60% earned income. He said they will stay with the original plans that were approved by the City and are compatible with the existing neighborhood. Mr. Laing discussed the 55-year Residual Receipts Loan for this Affordable Housing Project.

Mayor Yates opened the hearing for public comment.

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John Barta stated he is a proponent of affordable housing; however, he reminded Council that granny units are also a form of affordable housing that would not need new infrastructure.

Patricia Gomez, Director for the Homeless Services Oversight Council, expressed support for this project and increasing affordable housing in the County. She also requested some units be considered for extremely low income residents.

Mayor Yates closed the hearing for public comment.

Council agreed they support the affordable housing portion of this project and would like to support the funding portion to allow this project to move forward.

MOTION: Councilmember Smukler moved the City Council conditionally approve an amendment to Conditional Use Permit #UP0-042 and Coastal Development Permit #CP0-064 to allow three additional deed restricted senior affordable residential units subject to the findings in Exhibit A and Conditions of Approval in Exhibit B; and, adopt Resolution No. 58-11 authorizing submittal of an application to the California State Department of Housing and Community Development for funding under the HOME Investment Partnership Program; and if selected, the execution of a standard agreement. The motion was seconded by Councilmember Leage and carried unanimously. (5-0)

C. UNFINISHED BUSINESS

C-1 ADOPTION OF ORDINANCE NO. 569 AUTHORIZING THE AMENDMENT OF SECTION 20475 (DIFFERENT LEVEL OF BENEFITS; SECTION 21363.1 (3% @ 55 FULL FORMULA); AND SECTION 20037 (THREE-YEAR FINAL COMPENSATION) FOR NEW, SWORN HIRES IN THE POLICE DEPARTMENT; (ADMINISTRATIVE SERVICES)

Administrative Services Director Susan Slayton stated on July 12, 2011, the City Council was presented with Ordinance No. 569 for its introduction and first reading. While there will not be a significant fiscal impact at the outset, by virtue of the change of retirement formula, the City will see substantial savings as we hire new employees to replace our existing employees, who either retire or move on to other agencies. It is known that the new employer contribution rate for the new hires will be 20.308% of reportable earnings, as opposed to the current rate of 35.055%. Ms. Slayton recommended the City Council adopt Ordinance 569, authorizing the amendment of Different Level of Benefits, 3% @ 55 Full formula and Three-Year Final Compensation for new, sworn hires in the Police Department.

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MOTION: Councilmember Borchard moved the City Council adopt Ordinance 569, authorizing the amendment of Different Level of Benefits, 3% @ 55 Full formula and Three-Year Final Compensation for new, sworn hires in the Police Department. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

D. NEW BUSINESS

D-1 RESOLUTION NO. 52-11 AUTHORIZING AND DIRECTING THE EXECUTION OF CERTAIN INSTALLMENT SALE DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF \$1,500,000 CERTIFICATES OF PARTICIPATION RELATING TO THE FINANCING OF FIRE STATION NO. 53, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO; (ADMINISTRATIVE SERVICES)

Administrative Services Director Susan Slayton stated Resolution No. 52-11 requests that the City Council approve the issuance of \$1,500,000 in Certificates of Participation for Fire Station No. 53 Administration Building project, and direct the Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City to execute the agreements, documents and certificates. Ms. Slayton recommended the City Council adopt Resolution No. 52-11 therefore directing the Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City to execute the agreements, documents and certificates.

MOTION: Councilmember Borchard moved the City Council adopt Resolution No. 52-11 authorizing and directing the execution of certain installment sale documents in connection with the offering and sale of \$1,500,000 Certificates of Participation relating to the financing of Fire Station No. 53, and authorizing and directing certain actions with respect thereto. The motion was seconded by Councilmember Johnson and carried unanimously. (5-0)

D-2 RESOLUTION NO. 53-11 AUTHORIZING AND DIRECTING THE EXECUTION OF CERTAIN INSTALLMENT SALE DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF \$300,000 CERTIFICATES OF PARTICIPATION RELATING TO THE FINANCING OF FIRE STATION NO. 53, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO; (ADMINISTRATIVE SERVICES)

Administrative Services Director Susan Slayton stated Resolution No. 53-11 requests that the City Council approve the issuance of \$300,000 in Certificates of Participation for Fire Station No. 53 Administration Building project, and direct the Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City to execute the agreements, documents and certificates.

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The reason for the additional \$300,000 are: 1) the additional costs associated with the FEMA requirement of “Buy American,” which caused a redesign of the facility to accommodate the American-made heating and cooling system; and 2) the cost overrun on the construction bids due to a significant delay in between the engineer’s estimate and the actual bid submissions. Ms. Slayton recommended the City Council adopt Resolution No. 53-11, therefore directing the Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other appropriate officials of the City to execute the agreements, documents and certificates.

MOTION: Councilmember Johnson moved the City Council adopt Resolution No. 53-11 authorizing and directing the execution of certain installment sale documents in connection with the offering and sale of \$300,000 Certificates of Participation relating to the financing of Fire Station No. 53, and authorizing and directing certain actions with respect thereto. The motion was seconded by Councilmember Leage and carried unanimously. (5-0)

D-3 RESOLUTION NO. 54-11 AUTHORIZING THE SIGNING OF USDA FORMS, WHICH AUTHORIZE AND PROVIDE FOR THE INCURRENCE OF INDEBTEDNESS FOR FIRE STATION NO. 53 ADMINISTRATION BUILDING; (ADMINISTRATIVE SERVICES)

Administrative Services Director Susan Slayton stated Resolution No. 54-11 requests that the City Council approve two (2) USDA Forms RD 1942-47 in connection with the issuance of the \$1,800,000 Certificates of Participation for Fire Station No. 53 Administration Building, and direct the City Manager to sign those forms. These forms must be submitted to the USDA in the exact format approved by the US Government, in order for us to engage in the two loans for \$1,500,000 and \$300,000. Ms. Slayton recommended the City Council adopt Resolution No. 54-11 directing the City Manager to sign the USDA Forms.

MOTION: Councilmember Borchard moved the City Council adopt Resolution No. 54-11 authorizing the signing of USDA forms, which authorize and provide for the incurrence of indebtedness for Fire Station No. 53 administration building. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

D-4 AWARD OF CONTRACT TO RARIG CONSTRUCTION, INC. OF SAN LUIS OBISPO, CA FOR THE PROJECT NO. MB-2010-FD-01: FIRE STATION 53 OFFICE AND LIVING QUARTERS PROJECT; (PUBLIC SERVICES)

Capital Projects Manager Dylan Wade stated this project entails the construction of an Office and Living Quarters portion of Fire Station 53 to replace the original facility which was damaged during the San Simeon earthquake. This structure will adjoin the existing Apparatus Bay and will improve Fire Department response times and functionality.

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The building has been designed, and will be constructed to the essential facilities standards. Project bids were opened on June 30th with 4 bids received. The low bid was submitted by Rarig Construction, Inc. of San Luis Obispo in the total bid amount of \$2,852,000. Bids ranged from the low bid to a high bid of \$3,252,000. Based on the number of bids received, and the range between bidders, staff believes the bid to be competitive. As a condition of the Federal funding received a formal bid analysis was prepared. Since the bids came in higher than the Engineer's estimate, the USDA made additional loan funds available. These additional funds will enable the project to be completed. Mr. Wade recommended the City Council award the project contract to Rarig Construction, Inc., in the total bid amount of \$2,852,000.

MOTION: Councilmember Johnson moved the City Council award the project contract to Rarig Construction, Inc., in the total bid amount of \$2,852,000 for Project No. MB-2010-FD-01: Fire Station 53 Office and Living Quarters Project. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

D-5 DISCUSSION ON APPOINTMENT OF CITY COUNCIL MEMBERS TO THE
CHAMBER OF COMMERCE ECONOMIC DEVELOPMENT COMMITTEE;
(ADMINISTRATION)

City Manager Andrea Lueker stated at the June 14, 2011 meeting, the City Council requested the discussion on participation on the Economic Development Committee come back before Council as a separate topic. Craig Schmidt, Chamber of Commerce CEO, formed an Economic Development Committee several months ago with the first meeting held on April 5, 2011. The Committee has met regularly since that time and is examining the economic development needs of Morro Bay, developing strategies to address those needs, and forming the necessary partnerships to achieve its objectives. Several aspects of economic development will be investigated and may include the following: 1) business retention and expansion; 2) business recruitment; and 3) entrepreneurial and workforce development. The goal of the committee will be to formulate a broad strategic and economic development plan and work with the Chamber. Ms. Lueker recommended the City Council discuss participation on the Chamber of Commerce Economic Development Committee by appointing two members of Council to attend the meetings.

The City Council discussed appointing Council Members Johnson and Smukler to the Chamber of Commerce Economic Development Committee because they attend the meetings.

Councilmember Borchard stated with Councilmember Leage being the City's Economic Vitality representative for San Luis Obispo County, she believes he should be appointed to the Chamber Economic Development Committee in order to share that information.

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MOTION: Councilmember Leage moved the City Council appoint Council Members Johnson and Smukler to the Chamber of Commerce Economic Development Committee. The motion was seconded by Mayor Yates and carried with Councilmember Borchard voting no. (4-1)

D-6 DISCUSSION ON THE ALLOCATION OF THE TOURISM BUSINESS IMPROVEMENT DISTRICT FUNDS FOR THE VISITORS CENTER; (ADMINISTRATION)

City Manager Andrea Lueker stated in November 2010, the City Council reviewed a staff report entitled “Discussion of the Visitors Center Including the 2009/2010 Financial Review, Percentage of Funding from the Morro Bay Tourism Business Improvement District and Representation of the Board.” After discussion, the City Council made a motion that included a number of directions, one of which is the following: Approve 33% of funding (not to exceed \$50,000) from the Tourism Business Improvement District (TBID), beginning with the month of November. Staff understood this to mean \$50,000 for fiscal year 2010/11, and \$50,000 for fiscal year 2011/12. However, the TBID Budget Sub-Committee, in a letter sent to the City Council on July 6, 2011, indicated they believe the City should have pro-rated the amount from November 2010, charging \$33,333 (instead of the \$50,000) for fiscal year 2010/11, and \$50,000 for fiscal year 2011/12. Staff is requesting the City Council to clarify the November 2010 motion. Should the Council determine the amount for last fiscal year should have been the prorated \$33,333 staff will credit the TBID with the additional \$16,667, and address the revenue loss to the General Fund at the mid-year budget review. Ms. Lueker recommended the City Council review the motion made at the November 8, 2010 meeting, review staff’s interpretation of that motion, review the concern from the TBID Budget Sub-Committee, and make any changes Council deems necessary.

Councilmember Borchard stated it was her intent in her motion at the November 8, 2010 meeting that 33% was to begin in November 2010.

Consensus of Council was to direct staff to credit the Tourism Business Improvement District with the additional \$16,667 from Fiscal Year 2010/11, and address the revenue loss to the General Fund at the mid-year budget review.

E. DECLARATION OF FUTURE AGENDA ITEMS – None.

ADJOURNMENT - The meeting adjourned at 7:51 p.m.

Recorded by:

Bridgett Kessling
City Clerk