

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – DECEMBER 13, 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 Kessling	City Clerk
	Eric Endersby	Harbor Operations Manager
	Susan Lichtenbaum	Harbor Business Manager
	Rob Livick	Public Services Director
	Tim Olivas	Police Chief
	Mike Pond	Fire Chief
	Susan Slayton	Administrative Services Director
	Dylan Wade	Utilities/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 – there was no Closed Session meeting.

PUBLIC COMMENT

Caroline Wichman announced her business Karma Sunshine Store on Morro Bay Boulevard which she carries 20<sup>th</sup> century collectibles.

Father Stephen Mills announced he is filling in as the Rector at St. Peters by the Sea Episcopal Church due to Rector Harriett Linville's retirement.

Matt Hudgins of Central Coast Stand Up Paddling and Sue Strebbin, both of the Jesse King Memorial Paddle Race Committee donated \$1,500 to the Morro Bay Parks and Recreation Department and \$500 for the County Junior Lifeguards for their efforts in the 2011 Jesse King Memorial Paddle Race.

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Jerry Rioux of the County Housing Trust Fund discussed affordable housing projects throughout the County. He thanked the City for its support in its participation of the Commission in its affordable housing efforts.

David Nelson expressed displeasure with the Taco Bell remodel project. He also noted a lot in North Morro Bay was split into 23 parcels for a proposed housing development which is unacceptable. Mr. Nelson stated it has been heard that \$5 million has been spent on the City sewer and asked why it's being built on a flood plain. He said the City should make it clear that the power plant in the City should be moved.

Susan Stewart acknowledged the efforts of those who placed the luminarias on Morro Bay Boulevard during the holidays.

Scott Doyle, Vice President of Cal Poly Surf Rider Club, addressed cigarette pollution on the beach, and advised Council of a project he and others are working on which are collectors that could be placed on the beach, and they are called Cigarette Butt Biters.

Ken Vesterfelt stated the Caroling Cop Car event is organized by Neighborhood Watch which takes many people and funding to become a successful event. He also wished the City a Merry Christmas.

Garry Johnson thanked the Police Department for their efforts in the Caroling Cop Car event.

Betty Winholtz addressed the following items on the agenda: Item A-2 (Resolution No. 72-11 Adopting the Memorandum of Understanding with the Morro Bay Firefighters Association) stating technically it is accurate but could have been worded differently; although it appears to be a benefit to the City, it is only a 3% benefit. She referred to Item A-4 (Quarterly Financial Status Report for the Fiscal Year Ended September 30, 2011) and asked questions regarding the water and sewer funds. Ms. Winholtz addressed Item A-5 (Approval of Amendment #1 to the Lease Agreement for Lease Site 110-112/110W-112W, and 20' of the Easterly Portion of 111.5W, between the City of Morro Bay and GAFCO Inc., Located at 1185 Embarcadero, and Amendment #1 to the Lease Agreement for Lease Site 124-128/124W-128W and 113W, between the City of Morro Bay and Sea One Solutions LLC, Located at 1215 Embarcadero) and asked why Council has agreed to a two year extension for GAFCO when the City ordinance states it should consider a one year extension when the lease hasn't fulfilled its first two years. She referred to Item A-7 (Adoption of Ordinance No. 575 Amending Morro Bay Municipal Code Section 5.04.330 Regarding the Procedure for Submitting Certain Business License Applications to the Chief of Police and City Council) and asked if the Police Chief will notify the public regarding the submittal of certain business licenses. Ms. Winholtz referred to Item A-12 (Proclamation Declaring December 4, 2011 as Arbor Day) noting this celebration usually takes place in April, why this year is it in December.

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She referred to Item A-13 (Approval of a New Lease Agreement for Lease Site 144/144W, between the City of Morro Bay and Charles and Sandra Marciel, doing Business as M&M Refrigeration, Located at 1287 Embarcadero) noting the proposed fee seems low to her.

Roger Ewing stated there are many people in need over the holidays, and reminded the public of the Salvation Army bell ringers and to help when we can.

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 REGULAR CITY COUNCIL MEETING OF NOVEMBER 8, 2011; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 RESOLUTION NO. 72-11 ADOPTING THE MEMORANDUM OF UNDERSTANDING WITH THE MORRO BAY FIREFIGHTERS ASSOCIATION; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 72-11.**

A-3 RESOLUTION NO. 73-11 AUTHORIZING PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) FOR THE MORRO BAY FIREFIGHTERS ASSOCIATION; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 73-11.**

A-4 QUARTERLY FINANCIAL STATUS REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Accept the report as presented.**

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A-5 APPROVAL OF AMENDMENT #1 TO THE LEASE AGREEMENT FOR LEASE SITE 110-112/110W-112W, AND 20' OF THE EASTERLY PORTION OF 111.5W, BETWEEN THE CITY OF MORRO BAY AND GAFCO INC., LOCATED AT 1185 EMBARCADERO, AND AMENDMENT #1 TO THE LEASE AGREEMENT FOR LEASE SITE 124-128/124W-128W AND 113W, BETWEEN THE CITY OF MORRO BAY AND SEA ONE SOLUTIONS LLC, LOCATED AT 1215 EMBARCADERO; (HARBOR)

**RECOMMENDATION: Adopt Resolution No. 75-11 approving Amendment #1 to the Lease Agreement for Lease Site 110-112/110W-112W and 20' of the easterly portion of 111.5W between the City of Morro Bay and GAFCO, Inc.; and, adopt Resolution No. 76-11 approving Amendment #1 to the Lease Agreement for Lease Site 124-128/124W-128W and 113W between the City of Morro Bay and Sea One Solutions LLC.**

A-6 APPROVAL OF RESOLUTION AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO BOATING SAFETY AND ENFORCEMENT GRANT CONTRACT WITH THE DEPARTMENT OF BOATING AND WATERWAYS; (HARBOR)

**RECOMMENDATION: Adopt Resolution No. 74-11 authorizing the Harbor Operations Manager to execute the Boating Safety and Enforcement Grant Contract Agreement #11-204-758 with the California Department of Boating and Waterways for purchase of miscellaneous equipment consisting of two rescue personal watercraft and trailer in the amount of \$24,000.**

A-7 ADOPTION OF ORDINANCE NO. 575 AMENDING MORRO BAY MUNICIPAL CODE SECTION 5.04.330 REGARDING THE PROCEDURE FOR SUBMITTING CERTAIN BUSINESS LICENSE APPLICATIONS TO THE CHIEF OF POLICE AND CITY COUNCIL; (CITY ATTORNEY)

**RECOMMENDATION: Adopt Ordinance No. 575.**

A-8 AWARD OF CONTRACT TO WHITAKER CONSTRUCTION GROUP, INC. OF SAN LUIS OBISPO, CA FOR THE PROJECT NO. MB-2011-S-02: LIFT STATION 2 UPGRADE; (PUBLIC SERVICES)

**RECOMMENDATION: Award the Project contract to Whitaker Construction Group, Inc., in the amount of \$958,740.**

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A-9 AWARD OF CONTRACT TO D-KAL ENGINEERING INC. OF SAN LUIS OBISPO, CA FOR THE PROJECT NO. MB-WC-1: SECTION 6 SEWER REHABILITATION; (PUBLIC SERVICES)

**RECOMMENDATION: Award the Project contract to D-Kal Engineering Inc., in the amount of \$64,570.**

A-10 AWARD OF CONTRACT FOR DEL MAR PARK TENNIS COURT IMPROVEMENTS: MB-2011-RP1; (PUBLIC SERVICES)

**RECOMMENDATION: Award the Project contract to Malibu Pacific Tennis Courts Inc. in the amount of \$297,650.00.**

A-11 APPROVAL OF THE AGREEMENT WITH THE CLARICE RIGHETTI TRUST TO LEASE A PORTION OF TRUST PROPERTY FOR THE CONSTRUCTION AND OPERATION OF THE NUTMEG WATER TANK; (PUBLIC SERVICES)

**RECOMMENDATION: Approve the Lease Agreement with the Clarice Righetti Trust for a portion of Trust property to be used for the construction of the Nutmeg Water Tank.**

A-12 PROCLAMATION DECLARING DECEMBER 4, 2011 AS ARBOR DAY; (RECREATION & PARKS)

**RECOMMENDATION: Adopt Proclamation.**

A-13 APPROVAL OF A NEW LEASE AGREEMENT FOR LEASE SITE 144/144W, BETWEEN THE CITY OF MORRO BAY AND CHARLES AND SANDRA MARCIEL, DOING BUSINESS AS M&M REFRIGERATION, LOCATED AT 1287 EMBARCADERO; (HARBOR)

**RECOMMENDATION: Adopt Resolution No. 77-11 approving a new lease agreement for Lease Site 144/144W between the City of Morro Bay and Charles and Sandra Marciel, doing business as M&M Refrigeration, located at 1287 Embarcadero.**

Councilmember Smukler pulled Item A-4 from the Consent Calendar; Mayor Yates pulled Item A-5.

**MOTION:** Councilmember Johnson moved the City Council approve the Consent Calendar with the exception of Items A-4 and A-5. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

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A-4 QUARTERLY FINANCIAL STATUS REPORT FOR THE FISCAL YEAR  
ENDED SEPTEMBER 30, 2011; (ADMINISTRATIVE SERVICES)

Councilmember Smukler asked a question relating to the water fund and its expenditures.

Utilities/Capital Projects Manager Dylan Wade responded by giving an update on the water fund and the projected water rates.

Administrative Services Director Susan Slayton responded the water fund in July of each year pays for the State Water contract.

MOTION: Councilmember Smukler moved the City Council approve Item A-4 of the Consent Calendar. The motion was seconded by Councilmember Johnson and carried unanimously. (5-0)

A-5 APPROVAL OF AMENDMENT #1 TO THE LEASE AGREEMENT FOR LEASE  
SITE 110-112/110W-112W, AND 20' OF THE EASTERLY PORTION OF 111.5W,  
BETWEEN THE CITY OF MORRO BAY AND GAFCO INC., LOCATED AT  
1185 EMBARCADERO, AND AMENDMENT #1 TO THE LEASE AGREEMENT  
FOR LEASE SITE 124-128/124W-128W AND 113W, BETWEEN THE CITY OF  
MORRO BAY AND SEA ONE SOLUTIONS LLC, LOCATED AT 1215  
EMBARCADERO; (HARBOR)

Mayor Yates pulled this item in order for Councilmember Leage to step down due to a conflict of interest with this item.

Councilmember Leage stepped down from the dais.

MOTION: Councilmember Borchard moved the City Council approve Item A-5 of the Consent Calendar. The motion was seconded by Councilmember Johnson and carried with Councilmember Leage abstaining. (4-0-1)

Mayor Yates called for a break at 6:57 p.m.; the meeting resumed at 7:15 p.m.

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B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 APPEAL OF THE PLANNING COMMISSION'S DECISION TO CONDITIONALLY APPROVE CONDITIONAL USE PERMIT UP0-233 AND COASTAL DEVELOPMENT PERMIT CP0-285 WHICH ALLOWED THE CONSTRUCTION OF A NEW 2-STORY, SPLIT LEVEL, 3,256-SQUARE FOOT RESIDENTIAL STRUCTURE INCLUDING AN ATTACHED 2-CAR 920-SQUARE FOOT GARAGE, 745-SQUARE FEET OF DECKING DECKS, AND A 711-SQUARE FOOT SECONDARY LIVING UNIT; (PUBLIC SERVICES)

Planning Manager Kathleen Wold stated the project as described above was heard at a duly noticed public hearing on October 5, 2011 before the Planning Commission. During this meeting staff presented a report which provided project details including the environmental assessment, the proposed improvements including the house, the second unit, garage and access way and vegetation removal. The Planning Commission also took public testimony which included six individuals speaking in opposition of the project and five individuals speaking in favor of the project. Subsequent to the Planning Commission action and within the designated time frame, four appeals were filed requesting the City Council overturn the approval of the project. Staff has reviewed the information contained within the appeal documents and found that there is no new material contained within these documents which would alter staff's recommendation for this project to be approved as conditioned. Ms. Wold stated due to the insufficient information provided by the appellants to demonstrate that the Planning Commission's findings or their approval were in error, staff therefore finds that the appeals are without merit and recommend the City Council deny the appeals and uphold the Planning Commission's approval of Conditional Use Permit UP0-233 and Coastal Development Permit CP0-285 subject to the Findings and the Conditions of Approval.

Julian Smalley, appellant addressed his reasons for appealing this project. He said the project is fraught with potential future conflicts and in direct conflict with values espoused within the City's Local Coastal Plan. He noted the project plans do not provide for sufficient indemnification should neighbor properties suffer damage during blasting, grading, or rock removal. Mr. Smalley stated this project is divisive for the community, and approval would constitute poor stewardship of the City's ecological and cultural assets. Mr. Smalley encouraged the City Council to recognize Cerrito Peak as the singular asset it is, replete with wildlife and history, and requested Council to uphold the appeals before them and deny the development plans submitted for Cerrito Peak.

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Nicole Dorfman, appellant, requested the City Council disregard the Mitigated Negative Declaration and require that an Environmental Impact Report be provided on this development. She stated there are two flaws in the study: 1) that this development is not visible from Scenic Highway 1; and 2) adverse affects on geology and soils; a detailed rock fall investigation must be performed on this development, risk reduction measures on adjacent properties, and long-term maintenance. Ms. Dorfman stated she supports private property owners' rights to develop their property within the rules and regulations of the land; however, she strongly objects to public domain being appropriated to serve for the infrastructure of the home.

Kevin Elder, representing appellant Nancy Mellen, requested the Mitigated Negative Declaration and project be denied and not allowed to move forward. He discussed the surrounding project site as open space which is much like a public park and should not be destroyed with a development such as this. Mr. Elder noted the plans and elevations of this development are not detailed enough. He requested the City Council decline to approve the Mitigated Negative Declaration and decline to approve the project without preparation of an Environment Impact Report.

John Thompson, appellant, stated the site map does not clearly show where the development will be located and where the grading will take place. He also noted the public does not know what the permanent significant impact would be on the wildlife and wider environment. Mr. Thompson stated the documents provided by the City revealed that the development would be located on soil that is unstable or would become unstable as a result of the project and could result in a potential landslide. He said there is evidence for potential significant impacts and an Environmental Impact Report should be provided on this development.

Cathy Novak, representing the applicant, stated the appellants raise several legal concerns including the appropriateness of a Mitigated Negative Declaration versus an Environmental Impact Report. I will defer to the letter submitted by William Walter dated December 11, 2011 to discuss these items for the record and forego any other comments. She said the project plans as presented provide detailed information with topographic information, elevations, contour points, finished floor and height information that defines the location of the house, driveway, fencing, retaining walls and other pertinent information. The City has consistently required that projects provide sufficient details in order to evaluate projects for potential impacts and zoning compliance. The final designs will be prepared, reviewed and approved by licensed professionals and ultimately this project will be required to meet all the regulations. The appellants allege that the biological resource evaluations are invalid, misleading to the public and lack complete information regarding sensitive or special status species, in particular the Monarch Butterfly, migratory birds and rare plants.

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The Fish and Game stated that “no rare plants were detected on the Project site without the actual rare plant surveys being conducted.” Furthermore, the Department states that appropriate avoidance measures for tree removal during migratory bird nesting season were not included within the document. The Department continued with recommendations that include tree removal outside the nesting season of February to September, or if this cannot be avoided then a qualified biologist would need to survey the project site, provide findings and protection measures if necessary. In reference to the Monarch Butterfly, during a biological assessment prepared by Mr. David Wolff, he notes that this would be considered a small winter roost aggregation as compared to 21,000 currently at the Pismo Beach winter roost site. He concludes his report by stating that while the site is used by the monarch butterfly, it does not support a substantial autumnal or winter roosting site. In his professional opinion, given the results of the autumn and winter roost surveys conducted on the project site and required tree replacement mitigation, potential impacts on the monarch butterfly would be considered to be at a less-than-significant level. There are three basic phases of concern to the developer, landowner, and the City. Phase One is an inventory of cultural resources and generally consists of a records search, a pedestrian field survey, and a written report. Phase Two is an evaluation of cultural resources and the purpose of this phase is to determine whether a cultural resource is “significant” as outlined in CEQA. Usually this will include test excavation pits and the goal is to determine the site boundaries, an assessment of the site's integrity, and an evaluation of the site's importance or significance through a study of its features and artifacts. A Phase Three is data recovery. These reports and evaluations are used by the City to assess the environmental impacts of a project. With this project, the archeologist concluded in his Phase I report that based upon his investigation the preliminary evidence suggests that this is a significant resource. A follow up letter by the applicant was provided to the City in December 2010 that acknowledged the site contains a unique archeological resource and for the City to proceed with identifying the appropriate measures to mitigate the impacts. Since this option to acknowledge the site as being significant was proposed prior to the circulation of the Mitigated Negative Declaration and Initial Study, the project impact discussion was treated as such and the mitigation measures were established based upon the assumed significance. Therefore, the mitigation measures contained in the Mitigated Negative Declaration are not relying on future studies that would provide any additional information to determine if this site is a significant cultural resource. Furthermore, appropriate mitigation measures allowed under State law include construction monitoring, data recovery and avoidance. Ms. Novak stated the applicant provided all the necessary plans and studies for evaluation in the Mitigated Negative Declaration and Initial Study. This project has undergone a rigorous analysis over several years by the City and appropriate mitigation measures and project conditions have been included to meet CEQA requirements and were ultimately approved by the Planning Commission. She requested the City Council deny the four appeals and uphold the Planning Commission's approval of the Coastal Development Permit, Conditional Use Permit and Mitigated Negative Declaration along with the inclusion of the language to Environmental Condition #7 for clarity purposes only.

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Mayor Yates opened the hearing for public comment.

The following people spoke in support of the appeals filed in opposition to the Planning Commission's approval of Conditional Use Permit UP0-233 and Coastal Development Permit CP0-285 subject to the Findings and the Conditions of Approval for the Jordan Terrace/Cerrito Peak Residential Project: Gloria Velasquez, David Nelson, Krista Kendall, Dorothy Cutter, Chris Bellano, Jessica Griffiths, Michael Lucas, Fred Collins, Bill Quigley, Berta Parrish (read a letter from a long-time resident), Don Boatman (read a letter from Dawn Borst), Eric Meyer, Sequoia (no last name), Barbara Jo Osborne, Mary Ann - no last name (read a letter from Roger Case), Abe Perlstine, Dave Shoemaker, Carina Cardin, Kate Martin, Andrew Christie, Betty Winholtz, Manzar Foroohar, Monique Black, Joe Morris, and Roger Ewing.

The following people expressed respect for the wildlife that surrounds Morro Bay and the Native American sacred lands; however, they also expressed support for property rights and requested the City Council uphold the Planning Commission's approval of this residential project: Garry Johnson, Jessica Napier, John Finesse, William Dolmovic, John Barta, and Ken Vesterfelt.

Mayor Yates closed the hearing for public comment.

Mayor Yates called for a break at 9:06 p.m.; the meeting resumed at 9:25 p.m.

Councilmember Smukler referred to Exhibit B (Standard Conditions) #5 – Hold Harmless; and suggested adding the following sentence based on the City Attorney's advice, inserted before the last paragraph: "Applicant understands and acknowledges the City is under no obligation to defend any legal actions challenging the City's actions with respect to the project." Councilmember Smukler also referred to Exhibit B (Standard Conditions) #3 – Changes; and suggested the following amendments: "~~Minor~~ **All** changes to the project shall be subject to review and approval by the Public Services Director. Any changes to the approved project ~~determined not to be minor by the Director~~ shall require the filing of an amendment subject to Planning Commission review." Councilmember Smukler referred to the replanting of trees and said he disagrees that the City has mitigated that issue stating that the replanting of 5-gallon trees is not going to establish a healthy habitat on the landscape based on the loss of trees removed. He said the replanting ratio should be increased within the public right-of-way. Councilmember Smukler referred to the public access and asked about the prescriptive rights.

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Mayor Yates stated he supports the two-to-one tree replacement ratio. He said he does not support bringing minor changes to the Planning Commission noting he has faith in the Public Services Director to manage these changes. Mayor Yates stated he does support the additional language to Standard Condition #5 - Hold Harmless. He said there will be no blasting; and referred to the concern about drainage noting there is an engineer on staff that only handles drainage work. Mayor Yates stated there will be 270 trees left on the peak which will house butterflies. He said Cerrito Peak is private property, and this is a private property rights issue. Mayor Yates stated if the public does not want this built on then they should agree that this be purchased by the City as open space. He said he will be voting to deny all four appeals and uphold the Planning Commission's approval of Conditional Use Permit UP0-233 and Coastal Development Permit CP0-285.

Councilmember Borchard stated she supports the additional language to Standard Condition #5 - Hold Harmless. She said she does not agree to the amendment to bring minor changes to the Planning Commission stating the Public Services Director is able to make a determination on what constitutes a minor change. Councilmember Borchard stated she also supports the two-to-one tree replacement ratio stating any more than that will block view sheds.

Councilmember Johnson stated she also supports the additional language to Standard Condition #5 - Hold Harmless. She does not support the change to Standard Condition #3 – Changes. Councilmember Johnson stated this is about property rights, and this property owner has been paying taxes on this property. She said she will be voting to deny the appeals and support the Planning Commission's approval of Conditional Use Permit UP0-233 and Coastal Development Permit CP0-285.

Councilmember Leage stated this is about property rights. He said he would prefer this property be sold to someone other than the City who would dedicate it as open space.

Councilmember Smukler referred to the Coastal Commission's letter received by Council, second paragraph confirming the legality of this lot, and asked staff for the record if the City followed the process and reviewed the historic records.

Public Services Director Rob Livick responded a couple of years ago the City issued a Certificate of Compliance on this lot confirming that it is a legal lot which was recorded in 2004/2005.

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**MOTION:** Councilmember Borchard moved the City Council deny the appeal and uphold the Planning Commission’s approval of Conditional Use Permit UP0-233 and Coastal Development Permit CP0-285 subject to the Findings in Exhibit “A” and the Conditions of Approval in Exhibit “B”; and, to include the addition submitted by the applicant’s agent of the two (2) Environmental Conditions (#7 – Supplemental Text); and, to add the additional language to Standard Condition #5 - Hold Harmless as submitted by Councilmember Smukler. The motion was seconded by Mayor Yates and carried with Councilmember Smukler voting no. (4-1)

**MOTION:** Councilmember Borchard moved the City Council approve the Mitigated Negative Declaration for Conditional Use Permit UP0-233 and Coastal Development Permit CP0-285 (Jordan Terrace/Cerrito Peak Residential Project.) The motion was seconded by Councilmember Johnson and carried with Councilmember Smukler voting no. (4-1)

**B-2 REVIEW AND PROVIDE RECOMMENDATIONS FOR THE CITY OF MORRO BAY SIGN CODE BASED ON WORKSHOP AND SURVEY RESULTS; (PUBLIC SERVICES)**

Mayor Yates continued this item to the January 10, 2012 City Council meeting.

**B-3 REVIEW AND ADOPT DRAFT FUNDING RECOMMENDATIONS FOR THE 2012 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS; (PUBLIC SERVICES)**

Public Services Director Rob Livick stated the CDBG fund is a flexible program providing communities with resources to address a wide range of unique community development needs. The program works to ensure decent, affordable housing; to provide services for members of our community; and to create jobs through expansion and retention of businesses. On May 24, 2011, the City of Morro Bay agreed to join with the Urban County of San Luis Obispo, which is a consortium of participating jurisdictions that includes San Luis Obispo County and the Cities of Paso Robles, Atascadero, San Luis Obispo and Arroyo Grande for the purpose of receiving and allocating CDBG funds. The 2012 CDBG award process began in the fall of 2011. The first of two workshops were held throughout the County to solicit public comment on community needs. A needs workshop was held in Morro Bay on September 20, 2011 at the Community Center. The County published a request for CDBG proposals and the City received ten (10) applications. Total funding is anticipated to be approximately \$93,405. Final funding amounts will be released by the Department of Housing and Community Development (HCD) in early 2012.

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Mr. Livick recommended the City Council review and adopts draft funding recommendations for the 2012 Community Development Block Grant funds; specifically the funding of the two requests from the City of Morro Bay.

Mayor Yates opened the hearing for public comment.

John Barta stated there are a lot of items on the menu, not just the sidewalks to repair that the City Council might want to consider.

Mayor Yates closed the hearing for public comment.

**MOTION:** Councilmember Borchard moved the City Council: 1) adopt the draft funding recommendations for the 2012 Community Development Block Grant funds and forward recommendations to the San Luis Obispo County Board of Supervisors for inclusion with the other requests from the Urban County Consortium; 2) forward the two items from the City of Morro Bay: a) the barrier removal (ADA) project estimated at \$74,724; and, b) program administration at \$18,681, for a total of \$93,405; and 3) authorize the City Manager to make pro rata adjustments to the allocation based on final funding amount from San Luis Obispo County. The motion was seconded by Councilmember Johnson and carried unanimously. (5-0)

C. UNFINISHED BUSINESS – None.

D. NEW BUSINESS

D-1 REQUEST TO UTILIZE \$600,000 OF THE AFFORDABLE HOUSING IN LIEU FUNDS FOR THE PROJECT LOCATED AT 555 MAIN STREET; (ADMINISTRATION)

City Manager Andrea Lueker stated the City's Affordable Housing In Lieu account balance is approximately \$650,000. Approximately \$200,000 was allocated to a workforce housing project on Teresa Drive, and \$400,000 allocated to the project at 555 Main Street. Several months ago, the City was notified that the Teresa Drive project was not moving forward, and the applicant had released those previously dedicated funds. Subsequently, staff has been contacted by the applicant for the 555 Main Street project about the possibility of allocating the disencumbered \$200,000 to the project at 555 Main Street. Staff has been informed that the applicant is interested in purchasing the property at 555 Main Street, and is hoping to close escrow by the December 31, 2011. Should the City Council authorize the use of the \$600,000, staff will enter into negotiation on the terms and conditions of the loan.

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Ms. Lueker recommended the City Council authorize utilization of \$600,000 of the Affordable Housing In-Lieu Funds for the project located at 555 Main Street.

MOTION: Councilmember Smukler moved the City Council authorize utilization of \$600,000 of the Affordable Housing In-Lieu Funds for the project located at 555 Main Street. The motion was seconded by Councilmember Johnson and carried unanimously. (5-0)

E. DECLARATION OF FUTURE AGENDA ITEMS

Mayor Yates requested to agendize a discussion on a fee waiver on impact fees for residential building for five years; Councilmember Borchard, Councilmember Johnson, and Councilmember Leage concurred.

Mayor Yates requested to agendize a discussion on the concept of a roundabout at the intersection of Highway 41 and Main Street; Councilmember Johnson and Councilmember Leage concurred.

Mayor Yates requested to agendize a discussion on rescinding the resolution on larger lease site policies for waterfront development – there was no Council support.

Councilmember Smukler requested to agendize a discussion on the closure of North Atascadero Beach; Mayor Yates, Councilmember Borchard, and Councilmember Johnson concurred.

Councilmember Smukler requested to agendize a discussion on PG&E and their process with City street trees – Mayor Yates, Councilmember Borchard and Councilmember Johnson concurred.

Councilmember Borchard requested to agendize a discussion on Jessica's Law – Mayor Yates and Councilmember Johnson concurred.

ADJOURNMENT

The meeting adjourned at 10:54 p.m.

Recorded by:

Bridgett Kessling  
City Clerk