

MINUTES - MORRO BAY CITY COUNCIL
CLOSED SESSION – FEBRUARY 9, 2009
CITY HALL CONFERENCE ROOM - 5:00 P.M.

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

PRESENT:	Janice Peters	Mayor
	Carla Borchard	Councilmember
	Rick Grantham	Councilmember
	Noah Smukler	Councilmember
	Betty Winholtz	Councilmember

STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney

CLOSED SESSION

MOTION: Councilmember Winholtz moved the meeting be adjourned to Closed Session. The motion was seconded by Councilmember Grantham and unanimously carried. (5-0)

Mayor Peters read the Closed Session Statement.

CS-1 GOVERNMENT CODE SECTION 54957.6; CONFERENCE WITH LABOR NEGOTIATOR. Conference with the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to employees groups 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 2 parcels.

- Property: Whale's Tail - Lease Site 96/96W
Negotiating Parties: Mandella and City of Morro Bay.
Negotiations: Lease Terms and Conditions.
- Property: Salt Building - Lease Site 65-66/65W-66W
Negotiating Parties: Imani and City of Morro Bay.
Negotiations: Lease Terms and Conditions.

The meeting adjourned to Closed Session at 5:00 p.m. and returned to regular session at 5:50 p.m.

MOTION: Councilmember Grantham moved the meeting be adjourned. The motion was seconded by Councilmember Borchard and unanimously carried. (5-0)

The meeting adjourned at 5:50 p.m.

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VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Peters called the meeting to order at 6:00 p.m.

PRESENT:	Janice Peters	Mayor
	Carla Borchard	Councilmember
	Rick Grantham	Councilmember
	Noah Smukler	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Bridgett Bauer	City Clerk
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	John DeRohan	Police Chief
	Mike Pond	Fire Chief
	Susan Slayton	Administrative Services Director
	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.

PUBLIC COMMENT

Joyce Lundy, Member of the Measure Q Sub-Committee, reviewed the fiscal year 2007/08 expenditures, and the Committee's recommendations for Measure Q funding.

Joyce Lundy reviewed the statistics for the Visitor Center. She said the Hawaiian Chieftain and Lady Washington tall ships would be arriving in the harbor on Friday February 13th; there would be a Chamber mixer at Edward Jones on February 19th; the Small Business Networking Breakfast is scheduled on March 19th; and the Kite Festival and Parade is on April 25th.

Jude Long, Librarian, announced the library's hours have been expanded. She also reviewed upcoming book sales and fundraisers that will benefit the library.

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Jennifer and Sierra Redman discussed why they enjoy the library. Jennifer reviewed what donations and membership through Friends of the Library does to support the library. She stated there would be book sales throughout the year.

Bill Woodson referred to the importance of trees in Morro Bay and noted Morro Bay Beautiful is a part of the Adopt-a-Tree program and requested citizen participation in the Adopt-a-Tree program.

Pauline Stansbury, Morro Bay Seniors Inc., invited the City Council to attend the seniors' potluck on February 20th, at which time they will also be presenting the City with a check.

Marsha Alter, Friends of Poems for Endangered Places, stated there is a poetry book written by seven local poets about local areas.

Rosemarie Wilbert read a poem written while on Bishop's Peak.

Joan Solu addressed Item D-4 (Consideration of Draft Ordinance for a Morro Bay Tourism Business Improvement District) and stated eliminating participation in the County Business Improvement District would dramatically reduce the marketing effort for the City's tourism industry. She suggested the advisory board consist of two members of the Community Promotions Committee, the Director of the Chamber of Commerce and four representatives from the lodging industry who are selected by vote of the stakeholders. Ms. Solu requested the City Council omit vacation homes and recreational vehicle parks from the ordinance.

Jonni Biaggini stated the City should approve the Business Improvement District with a 3% assessment, which would allow the hoteliers to promote their business, and it would also benefit the City.

John Sorgenfrei urged the City Council to approve the Business Improvement District with a 3% assessment. He said a healthy Business Improvement District would provide funds to assist marketing around the country; allow attendance at trade shows; and provide the opportunity to position Morro Bay where it should be.

David Nelson stated a "shovel-ready" approach is needed for projects in the City. He said wage increases should not be considered at this time for staff. Mr. Nelson stated the outfall lease calls for Dynegy to remove the tanks, which should be removed by the winter and not during tourist season.

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Colby Crotzer stated the national financial crisis might offer opportunity for fundamental structural modification. He said there has been terrible waste in the City in the environmental regard. Mr. Crotzer expressed disappointment that the proposed tennis courts at Del Mar Park are not going forward.

John Barta stated the City needs to plant the seeds for business enhancement, and urged the City Council to approve a 3% Business Improvement District.

Joshua Carmichael invited the Council to an event of the SLO Chapter of the California Landscape Contractors Association on how to design and install legal grey water systems for residential properties at the SLO Botanical Garden on February 17th.

Harold Biaggini requested the City Council support the 3% Business Improvement District.

Cathy Welles stated the \$43,000 spent on a flatbed truck for the Harbor Department is ludicrous. She said instead of paying for a modular building for the Harbor Department, the City should pay a fraction of the money to repair the existing building.

Lynda Merrill thanked the City Council for their appointment of advisory board members. She suggested those not chosen could be appointed as alternates. Ms. Merrill also congratulated those who have been promoting the Business Improvement District.

Galen Ricard requested Council support of the business grassroots effort, the Business Improvement District that will build the sustainability effort in the City.

Mayor Peters closed the hearing for public comment.

Mayor Peters called for a break at 7:40 p.m.; the meeting resumed at 7:50 p.m.

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 MEETINGS OF JANUARY 12, 2009 AND JANUARY 26, 2009; AND THE SPECIAL MEETING OF JANUARY 28, 2009; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

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A-2 RESOLUTION NO. 04-09 ADOPTING THE MID-YEAR BUDGET AMENDMENTS; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 04-09.

A-3 RESOLUTION NO. 05-09 TO REAFFIRM INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND (LAIF) AND DESIGNATE TRANSACTION OFFICERS; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 05-09.

A-4 RESOLUTION NO. 06-09 ENDORSING THE GUIDING PRINCIPLES OF THE SAN LUIS OBISPO COUNTYWIDE 10-YEAR PLAN TO END HOMELESSNESS; (ADMINISTRATION)

RECOMMENDATION: Adopt Resolution No. 06-09.

A-5 RESOLUTION NO. 07-09 ADOPTING THE MEMORANDUM OF UNDERSTANDING WITH THE MORRO BAY FIREFIGHTERS AND RELATED COMPENSATION; (ADMINISTRATION)

RECOMMENDATION: Adopt Resolution No. 07-09.

A-6 CONTINUATION OF EMERGENCY PER PUBLIC CONTRACT CODE SECTION 22050 FOR THE INSTALLATION OF ENERGY RECOVERY EQUIPMENT; (PUBLIC SERVICES)

RECOMMENDATION: Determine the necessity to continue the emergency per Public Contract Code 22050 for the installation of desalination plant energy recovery equipment.

A-7 PROCLAMATION DECLARING FEBRUARY 2009 AS “GRAND JURY AWARENESS MONTH”; (ADMINISTRATION)

RECOMMENDATION: Adopt Proclamation.

A-8 PROCLAMATION DESIGNATING FEBRUARY 24, 2009 AS “SPAY DAY USA”; (ADMINISTRATION)

RECOMMENDATION: Adopt Proclamation.

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Mayor Peters pulled Items A-7 and A-8 of the Consent Calendar in order to make presentations.

MOTION: Councilmember Winholtz moved the City Council approve Items A-7 and A-8 of the Consent Calendar. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

Councilmember Winholtz pulled Item A-2 from the Consent Calendar.

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

A-2 RESOLUTION NO. 04-09 ADOPTING THE MID-YEAR BUDGET
AMENDMENTS; (ADMINISTRATIVE SERVICES)

Councilmember Winholtz stated she would like to remove the \$110,000 from the General Fund for the Neighborhood Compatibility Standards, Housing Element Update and Storm Water Management Plan. She suggested the Storm Water Management Plan be paid from the undesignated Measure Q funds, and the Housing Element and Neighborhood Compatibility Standards be revised in-house.

MOTION: Councilmember Winholtz moved the City Council adopt Resolution No. 04-09 adopting the mid-year budget amendments eliminating the \$110,000 for contracted services under Public Services. The motion was seconded by Councilmember Smukler.

Councilmember Smukler requested an amendment to the motion to not include the elimination of the Housing Element funding.

MOTION: Councilmember Winholtz moved the City Council adopt Resolution No. 04-09 adopting the mid-year budget amendments with the elimination of the Storm Water Management Plan and Neighborhood Compatibility Standards. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

MOTION: Councilmember Winholtz moved the City Council direct staff to fund the Storm Water Management Plan in the amount of \$25,000 from the Measure Q undesignated funds of \$49,000. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

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B. PUBLIC HEARINGS, REPORTS & APPEARANCES – NONE.

C. UNFINISHED BUSINESS – NONE.

D. NEW BUSINESS

D-1 AUTHORIZATION TO RECRUIT AND FILL HALF-TIME RECREATION AND PARKS MAINTENANCE II POSITION; (RECREATION & PARKS)

Recreation & Parks Director Joe Woods stated the City Council instituted a hiring freeze when the fiscal year 2004/05 budget was adopted. This policy requires City Council approval for the filling of any new or vacant position while the freeze is in effect. During fiscal year 2004/05, staff reduced the two allocated positions for the Cloisters Assessment District to one and a half. Pursuant to Council's direction at the December 8, 2008 meeting, staff filled the Maintenance II vacancy left by the retirement of an employee. That vacancy was filled by an employee who held the half-time position allocated to the Cloisters Assessment District. As a result, staff is seeking to fill the half-time Maintenance II vacancy. Mr. Woods recommended the City Council authorize staff to recruit and fill half-time Recreation and Parks Department Maintenance II position vacancy.

MOTION: Councilmember Grantham moved the City Council authorize staff to recruit and fill the half-time Recreation and Parks Department Maintenance II position vacancy. The motion was seconded by Mayor Peters.

Councilmember Borchard expressed concern with the current budget and stated this is not the time to fill a part time position that may be cut in a couple of months.

Councilmember Smukler stated this position should be considered at the end of the fiscal year budget. He also said alternative work force options should be considered to maintain a high level of service for the community.

Councilmember Winholtz expressed frustration that although there is a hiring freeze, each time there has been a request to fill a vacancy, it has been approved. She said she would not support this request.

VOTE: The motion failed with Councilmember Borchard, Councilmember Smukler and Councilmember Winholtz voting no. (2-3)

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D-2 CONSIDERATION OF RECOMMENDATIONS FROM THE CITIZEN'S
OVERSIGHT COMMITTEE; (ADMINISTRATIVE SERVICES)

Administrative Services Director Susan Slayton stated on December 3, 2007, the Citizens Oversight Committee reviewed the fiscal year 2007/08 transactions that occurred in the District Transaction Tax Fund (Measure Q). She reviewed the questioned expenditures and recommended actions made by the Committee. Ms. Slayton recommended the City Council discuss and provide direction regarding the Committee's recommendations.

MOTION: Councilmember Winholtz moved the City Council approve the payoff of the Public Safety (Police) vehicle loans and fund with a Risk Management Fund loan. The motion was seconded by Councilmember Borchard and carried with Councilmember Grantham and Mayor Peters voting no. (3-2)

MOTION: Councilmember Winholtz moved the City Council follow the Citizen's Oversight Committee's recommendations for Streets and fund the software license renewal (\$862), and ADA ramps downtown (\$2,396) as a General Fund expenditure; and, transfer \$2,828 of spent Measure Q funds for street maintenance to General Fund. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

MOTION: Councilmember Borchard moved the City Council leave the remaining \$25,000 in Measure Q funds to be allocated as needed. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

MOTION: Councilmember Grantham moved the City Council continue the current policy regarding depreciation for police cars. The motion was seconded by Mayor Peters and carried unanimously. (5-0)

D-3 CONSIDERATION OF THE FLEXIBLE SPENDING ACCOUNT BENEFIT FOR
HEALTH AND DEPENDENT CARE EXPENSES; (ADMINISTRATIVE
SERVICES)

Administrative Services Director Susan Slayton stated a Flexible Spending Account also called a cafeteria plan is a benefit designed to save both employees and employers money as it helps to fill coverage gaps between health plans and out-of-pocket expenses. This program is 100% voluntary and the City only pays the monthly fees for the enrolled employee. The program runs on an annual basis whereby interested employees enroll at the program's inception. Those enrolled employees are obligated to the program for the current calendar year and no new employees can enroll until the open enrollment period for the new calendar year. Those employees electing to participate would make a determination of dollars they

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request deducted on a monthly basis; those monies go into their personal FSA account(s). As needed, they use their FSA debit card for eligible out-of-pocket health or dependent care related expenses. Advantages for the employer include Medicare tax savings of 1.45% on every dollar the employee puts in the plan; flexibility in budgeting for and controlling escalating benefit costs; employee morale; and, provides a competitive benefit plan that helps to attract and retain employees. Ms. Slayton recommended the City Council consider authorizing and funding City employees' participation in a Flexible Spending Account Program.

MOTION: Councilmember Grantham moved the City Council approve participation in the Flexible Spending Account Program with a \$2,500 employee medical care limit, and \$2,500 dependent medical care limit. The motion was seconded by Councilmember Winholtz and carried unanimously. (5-0)

D-4 CONSIDERATION OF DRAFT ORDINANCE FOR A MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT; (CITY ATTORNEY)

City Attorney Robert Schultz stated the discussion to form a Tourism Business Improvement District (TBID) in San Luis Obispo surfaced approximately three years ago, when the San Luis Obispo Visitors and Conference Bureau initiated efforts to establish a countywide district to generate much needed funding for tourism promotion and marketing efforts for the County. In November 2006, the City passed a resolution of consent to allow their lodging establishments to participate in the countywide TBID discussion, subject to limitations. In December 2007, the City Council reconsidered its involvement in the San Luis Obispo County TBID because the district was originally proposed for the County of San Luis Obispo's unincorporated areas and the cities of Atascadero, Arroyo Grande, Grover Beach, Morro Bay, San Luis Obispo, Paso Robles and Pismo Beach. At that time, the only other organizations that passed a resolution consenting to a countywide formation were the County of San Luis Obispo, the City of Arroyo Grande, the City of Atascadero and the City of Morro Bay. There was a concern by the City regarding the lack of cities participating. In January 2009, the City Council again reconsidered its involvement in the San Luis Obispo County TBID since the countywide BID had yet to be instituted and the original conditions adopted by the City Council were not met in the draft ordinance presented by the County. After reconsideration, the City Council approved a motion to discontinue with the countywide BID and directed staff to bring back a draft ordinance for a citywide TBID. Mr. Schultz recommended the City Council direct staff to return with a Resolution of Intention to form a citywide TBID for the purpose of increasing industry investment in tourism marketing in the City of Morro Bay.

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The consensus of the City Council was to not include vacation rentals or recreational vehicle parks, and to revisit this at the end of the calendar year 2009.

The consensus of the City Council was on a 2% assessment.

The consensus of the City Council was to maintain the Community Promotions Committee and Business Improvement District Advisory Board as separate committees.

The Advisory Board would be comprised of two Community Promotions Committee members, one Chamber of Commerce member, and four hoteliers.

No further action was taken on this item.

E. DECLARATION OF FUTURE AGENDA ITEMS

Mayor Peters requested to agendize the review of the Business Development Ad-Hoc Committee; Council concurred.

Councilmember Smukler requested an update on the Wave Energy/Intervener Status; Mayor Peters and Councilmember Grantham concurred.

Councilmember Smukler requested to agendize a presentation from the Air Pollution Control District regarding developing laws (AB 32); Council concurred.

Councilmember Winholtz requested to agendize the approval of sending a letter in support of CAL-EMA on the Public Safety Policy Committee; Council concurred.

Councilmember Winholtz requested a memorandum on the overview on grant funding for capital improvement projects prior to the Goals Setting Workshop; Council concurred.

ADJOURNMENT

The meeting adjourned at 9:49 p.m.

Recorded by:

Bridgett Bauer
City Clerk