

MINUTES - MORRO BAY CITY COUNCIL
CLOSED SESSION – FEBRUARY 23, 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 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:** Lease Site 150 Extension/180 Atascadero Road
Negotiating Parties: Hanson Aggregates 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 5:40 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 5:40 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
	Dylan Wade	Utilities/Capital Projects 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.

PUBLIC COMMENT

Keith Taylor addressed the USDA funding for Phase II of the Fire Department noting the Emergency Center Treatment Room is very important to include in this plan. He urged the City Council's support when considering this loan at the March 9th City Council meeting.

John Flores, representative of the U.S. Census, requested the community's support in the upcoming census.

Jonni Biaggini announced Neil Farrell would be presenting an economic stimulus plan for the City of Morro Bay at this week's Business Forum.

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Joan Solu thanked the Galley Restaurant for their generosity in sponsoring a fundraiser for the Community Foundation, which raised \$1,600 for the Foundation. She said there would be a silent and live auction and barbecue at Del Mar Elementary School on March 29th. Ms. Solu also noted the Dixon Spaghetti Dinner Fundraiser would be held on February 27th.

Steve Eckes, Morro Bay Pups, gave a status report on the proposed dog park at Del Mar Park. He invited the public to a party to kick off the Capital Fundraising Campaign for the dog park at Del Mar Park on March 1st.

David Nelson addressed the need to repair the potholes around the City. He asked the cost of the roundabout. Mr. Nelson stated there is enough talent within the City that the City does not need to hire consultants.

Melody DeMeritt addressed Dynegy's request to extend its outfall lease, which expires in 2012. She said the New Futures Ad-Hoc Committee provided a report that provided all the Brownfield Act funding, the entitlements they could get, the attraction of flat coastal land that would generate tourism and tax-base for the City. Ms. DeMeritt requested the City Council only negotiate with Dynegy for what would benefit the City.

Mayor Peters 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 FEBRUARY 9, 2009; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR FIRE STATION 53 (HARBOR STREET) APPARATUS BAY REPLACEMENT PROJECT; (PUBLIC SERVICES)

RECOMMENDATION: Accept the project as completed by Specialty Construction Incorporated and authorize the filing of a Notice of Completion.

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A-3 AUTHORIZATION FOR THE ATTENDANCE AT THE C-MANC ANNUAL MEETING IN WASHINGTON D.C.; (HARBOR)

RECOMMENDATION: Authorize for a two-person delegation to attend C-MANC'S Washington Week meetings scheduled for March 23-25, 2009.

A-4 APPROVAL OF LETTER IN SUPPORT OF CAL-EMA ON PUBLIC SAFETY POLICY COMMITTEE;

RECOMMENDATION: Approve letter of support of CAL-EMA on Public Safety Policy Committee.

A-5 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.

Councilmember Winholtz pulled Items A-1, A-2, A-3, and A-4 of the Consent Calendar.

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

A-1 APPROVAL OF MINUTES FOR THE REGULAR CITY COUNCIL MEETING OF FEBRUARY 9, 2009; (ADMINISTRATION)

Councilmember Winholtz requested the following amendment be made to the minutes of February 9, 2009, page 10, paragraph 1:

~~The consensus of the City Council was to include vacation rentals in a Business Improvement District but not recreational vehicle parks.~~ **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.**

MOTION: Councilmember Winholtz moved the City Council approve Item A-1 of the Consent Calendar as amended. The motion was seconded by Councilmember Smukler and carried unanimously. (5-0)

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A-2 AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR FIRE STATION 53 (HARBOR STREET) APPARATUS BAY REPLACEMENT PROJECT; (PUBLIC SERVICES)

Councilmember Winholtz requested clarification regarding the construction costs.

Utilities/Capital Projects Manager Dylan Wade responded the total project cost included any staff time billed to the project, any consultant time spent on the project, and any direct cost the City had. The construction contract cost would be any cost of the contractor.

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

A-3 AUTHORIZATION FOR THE ATTENDANCE AT THE C-MANC ANNUAL MEETING IN WASHINGTON D.C.; (HARBOR)

MOTION: Councilmember Winholtz moved the City Council designate Mayor Peters and Harbor Director Rick Algert to attend the C-MANC Washington Week meetings. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

A-4 APPROVAL OF LETTER IN SUPPORT OF CAL-EMA ON PUBLIC SAFETY POLICY COMMITTEE

MOTION: Councilmember Winholtz moved the City Council continue this item to the March 9, 2009 City Council meeting. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

Mayor Peters called for a break at 6:50 p.m.; the meeting resumed at 7:00 p.m.

B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 CONSIDERATION OF CONTRACTING WITH CAL FIRE FOR FIRE SERVICES IN MORRO BAY; (FIRE)

Fire Chief Mike Pond requested the City Council receive the Cooperative Fire Protection Agreement Proposal for Morro Bay Fire Department and the presentation provided by Cal Fire Chief Matt Jenkins and staff. Chief Pond stated staff would provide a report with recommendations for Council consideration at the March 9th City Council meeting.

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Mayor Peters opened the hearing for public comment.

David Nelson stated there is not a lot of savings in the proposal by Cal Fire and the City should maintain local control.

John Sigler stated the City should not give up its local fire services. He said by giving up local control would give up exclusive management of our Fire Department.

Walter Heath stated the dynamic in accountability is different between employer/employee and employer/vendor. He urged the Council to reject the proposal of Cal Fire and fully fund our local Fire Department.

Peter Risley stated the City should not lose local control of its Fire Department.

Joan Solu asked what the legacy cost of going with Cal Fire would be. She said she would like to maintain local control of the City's Fire Department.

Ken Vesterfelt stated it has been reiterated in the proposal that the City would be in control of the contract with Cal Fire.

Mayor Peters closed the public comment hearing.

Councilmember Grantham stated it is a rare occurrence to reverse a contract such as what is being proposed by Cal Fire. He said once there is a contract, the City is in it for the long haul. Councilmember Grantham also said it would be prudent to know how much it would cost to bring the Bonita Street Station up to code.

Councilmember Winholtz stated she understands one of the biggest concerns of our fire fighters is that of safety. She said the option of using Station 11 was the concern of the residents of North Morro Bay to reduce response time.

Councilmember Smukler stated a five-year strategic plan would be a good outline of what the City needs to address the objective of managing and operating the Fire Station in Morro Bay and not continue dialogue with Cal Fire. He said the City should look internally, consider how to resolve the issues, achieve the objectives, and prioritize the needs of the Fire Department before going any further with negotiations with Cal Fire.

Councilmember Borchard stated the opportunities Cal Fire can provide in Package Two is interesting to her at a cost-savings. She said she is interested in pursuing options that would save money and improve response times.

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Mayor Peters stated Options 1, 1.1 and 2 would give the City some savings. She said with the time spent on the proposal, she supports continuing to the next meeting to receive staff's recommendations.

MOTION: Mayor Peters moved the City Council continue the consideration of contracting with Cal Fire for Fire Services in Morro Bay to the City Council meeting of March 9, 2009 or April 13, 2009. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

Mayor Peters called for a break at 9:00 p.m.; the meeting resumed at 9:06 p.m.

B-2 ADOPTION OF RESOLUTION NO. 08-09 DECLARING THE CITY'S INTENTION TO ESTABLISH THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID), DECLARING ITS INTENTION TO LEVY AN ASSESSMENT ON LODGING BUSINESSES WITHIN SUCH DISTRICT, AND FIXING THE TIME AND PLACE OF A PUBLIC MEETING AND A PUBLIC HEARING THEREON AND GIVING NOTICE THEREOF; (CITY ATTORNEY)

City Attorney Robert Schultz stated State law allows cities to form assessment districts, pursuant to the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Sections 36500, *et seq.* Representatives of Morro Bay lodging establishments have suggested the City consider establishing a tourism business improvement district to provide resources for the purpose of promoting tourism within business districts in order to create jobs, attract new business, and enhance the business district. At the February 9, 2009 City Council meeting, the City Council directed staff to return with a Resolution Declaring the City's Intention to Establish the Morro Bay Tourism Business Improvement District. The City Council directed staff to set the annual assessment rate at 2% and to exclude vacation rentals and recreational vehicle parks. Mr. Schultz recommended the City Council adopt Resolution No. 08-09 declaring the City's intention to establish the Morro Bay Tourism Business Improvement District, declaring its intention to levy an assessment on lodging businesses within such district, and fixing the time and place of a public meeting and a publish hearing thereon and giving notice thereof.

Mayor Peters opened the hearing for public comment.

John Solu stated he would like to have this Business Improvement District in place by June 1, 2009. He said there has been no indication of an administrative cost, which there should be a cap placed in the ordinance. Mr. Solu stated the stakeholders should name the representatives from the lodging industry who would serve on the advisory board. He said the goal for year one is to be competitive in promoting Morro Bay.

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Jonni Biaggini stated the first year rate should be at the highest rate (3%); then the City can promote a transient occupancy tax initiative, this is a private business improvement initiative. She said the City role is to collect and enforce, and the businesses role as stakeholders is how best to spend this money.

Joan Solu requested the City Council consider allowing the hoteliers to define the by-laws. She also requested if there is an administrative fee, that it is capped at 2%. Ms. Solu stated the Business Improvement District Formation Committee would like the Council to consider moving the contribution for the stimulus plan from 2% to 3% until 2010; and, allow the hoteliers to decide if and when a transient occupancy tax increase is suggested by the City, and if and when it is approved by the voters, it would allow the hoteliers to consider the 3% assessment and what impacts it can bear.

Susan Stewart stated she supports a Business Improvement District at 3%.

Mayor Peters closed the public comment hearing.

Councilmember Winholtz stated she supports a City Business Improvement District at 2%, with hopes of approving a 1% County Business Improvement District. She also supports placing a transient occupancy tax initiative on the next ballot.

Councilmember Grantham stated he supports a Business Improvement District at 2%, and placing a transient occupancy tax initiative on the next ballot.

Councilmember Smukler stated he supports a Business Improvement District at 3% to get the infusion to the highest level possible at this time, and it can be reduced in the future if necessary.

Councilmember Borchard stated the process has made her decision a difficult one, and one she is still considering

Mayor Peters stated she supports the Business Improvement District at 3% this year, and 2% thereafter; then Council could decide what to do with the transient occupancy tax.

MOTION: Mayor Peters moved the City Council adopt Resolution No. 08-09 declaring the City's intention to establish the Morro Bay Tourism Business Improvement District, declaring its intention to levy an assessment on lodging businesses within such district, and fixing the time and place of a public meeting and a publish hearing thereon and giving notice thereof; and, approve 3% for one year and 2% as of June 2010. The motion was seconded by Councilmember Borchard and carried with Councilmember Grantham and Councilmember Winholtz voting no. (3-2)

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C. UNFINISHED BUSINESS – NONE.

D. NEW BUSINESS

D-1 SELECTION OF TWO COUNCIL MEMBERS TO SERVE ON THE
BUSINESS DEVELOPMENT AD-HOC COMMITTEE; (CITY ATTORNEY)

City Attorney Robert Schultz stated at the May 12, 2008 City Council meeting, the City Council established an ad-hoc committee to determine which businesses would be viable for Morro Bay and to recruit them. The City Council unanimously appointed then Councilmember Peirce, Councilmember Grantham, the Executive Director of the Morro Bay Chamber of Commerce or his/her designee, one member who is a current retail business owner, one member of the Public Services Department; and others as deemed necessary. Mr. Schultz recommended the City Council decide whether to appoint or reappoint two members to the Business Development Ad-Hoc Committee.

Councilmember Smukler stated he would bring back a report on the focus of the Committee.

MOTION: Mayor Peters moved the City Council continue this item to a future date. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

D-2 SCHEDULE AND COMPOSITION OF ADDITIONAL BUDGET REPORT(S);
(CITY COUNCIL)

Councilmember Smukler stated additional budget updates strategically included at consistent points within the budgetary year, would give the Council and staff another benchmark to comparatively measure current performance to previous years. Finance staff has recommended April as a relatively light workload period appropriately spaced between the Mid-Year Budget Review and the end of the fiscal year. He recommended the City Council discuss the concept and direct Administrative Services to adopt an additional budget performance update annually scheduled for April.

MOTION: Councilmember Smukler moved the City Council adjust the budget update to include the end of the first quarter if possible and end of the third quarter and accept those reports as information for general awareness of the City's budget situation. The motion was seconded by Councilmember Borchard and carried unanimously. (5-0)

E. DECLARATION OF FUTURE AGENDA ITEMS – None.

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ADJOURNMENT

The meeting adjourned at 10:13 p.m.

Recorded by:

Bridgett Bauer
City Clerk