

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – JANUARY 26, 2016  
VETERAN’S MEMORIAL HALL – 6:00 P.M.

|          |                   |                                    |
|----------|-------------------|------------------------------------|
| PRESENT: | Jamie Irons       | Mayor                              |
|          | Noah Smukler      | Councilmember                      |
|          | John Headding     | Councilmember                      |
|          | Christine Johnson | Councilmember                      |
|          | Matt Makowetski   | Councilmember                      |
| STAFF:   | Dave Buckingham   | City Manager                       |
|          | Joe Pannone       | City Attorney                      |
|          | Dana Swanson      | City Clerk                         |
|          | Sam Taylor        | Deputy City Manager                |
|          | Susan Slayton     | Administrative Services Director   |
|          | Rob Livick        | Public Works Director              |
|          | Bruce Keogh       | Wastewater Treatment Plant Manager |
|          | Janeen Burlingame | Management Analyst                 |
|          | Scot Graham       | Community Development Manager      |
|          | Eric Endersby     | Harbor Director                    |
|          | Amy Christey      | Police Chief                       |
|          | Steve Knuckles    | Fire Chief                         |

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:07 p.m.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT - No Closed Session Meeting was held.

MAYOR AND COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/KXYZtnl8h2M?t=2m36s>

Councilmember Johnson provided a report as the City’s representative to the Homeless Services Oversight Committee. The Committee voted unanimously to request local jurisdictions agendaize a discussion of opportunities to provide shelter during cold and rainy weather. She will ask the Council to consider supporting this item later in the meeting.

Mayor Irons reported SLOCOG is doing research on a potential countywide sales tax initiative to improve infrastructure and will be making presentations to various cities.

PUBLIC PRESENTATIONS - NONE

PUBLIC COMMENT

<https://youtu.be/KXYZtnl8h2M?t=13m7s>

Jane Heath, Attorney at Law, provided the business spot. She is a civil attorney who specializes in conflict management for business, families and individuals with a particular emphasis on employment issues for employers, real estate, and business conflicts. Free seminars are available for local individuals and businesses. Her office is located at 1052 Main Street, Suite A. For more information, please visit her website at [www.sloconflictmanagement.com](http://www.sloconflictmanagement.com).

Jeff Jones, Morro Bay Friends of the Fire Department President, presented a check for \$15,525 to Chief Knuckles to help the Fire Department purchase hands-only CPR mannequins and other equipment. Their organization has raised \$188,700 dollars raised since its inception to help the Fire Department achieve its goal to enhance the quality of life by providing exceptional emergency services.

Rigmore, Morro Bay, announced an education forum called “Mindwalk” takes place on Monday mornings at the Morro Bay Veterans Hall.

Ken Vesterfelt, Morro Bay, urged the Council to negotiate fairly and bring the Morro Bay Police Department to a fair wage.

Keith Taylor, Morro Bay, reminded everyone the Friends of the Morro Bay Fire Department is a 501(c)(3) so all donations are tax deductible. He also thanked the Fire Department for responding so quickly to a recent home fire.

Robert Davis, Morro Bay, announced the Morro Bay Citizens Bike Committee Meeting, Wednesday, February 2<sup>nd</sup> from 5-6pm at the Community Center Conference Room. Discussion items include the City’s goals and objectives for bike projects, AMGEN tour start, new “Share the Road” bike signs on State Park Road, July 4<sup>th</sup> bike parade report, and information on a Caltrans project to install a rumble strip along 42 miles of Highway 1, from San Luis Obispo to San Simeon.

Robert Robert, Grover Beach, encouraged the Council to adopt a Styrofoam ban ordinance.

Anita Shower, Grover Beach, President of the ECO Club Five Cities, encouraged the Council to adopt the Styrofoam ban ordinance.

Roger Ewing, Morro Bay, addressed the issue of announcing a candidacy during public comment, stating Morro Bay has a long history of allowing residents to announce their candidacy. He asked the Council to please allow everyone to speak their mind.

The public comment period was closed.

A. CONSENT AGENDA

<https://youtu.be/KXYZtnl8h2M?t=36m29s>

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

A-1 APPROVAL OF MINUTES FOR THE SPECIAL CITY COUNCIL MEETING HELD ON JANUARY 12, 2016; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE SPECIAL CLOSED SESSION CITY COUNCIL MEETING HELD ON JANUARY 13, 2016; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 TRANSIENT OCCUPANCY TAX AUDIT RECOMMENDATIONS FOR 2012 - 2014; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Authorize staff to audit vacation rentals only for Transient Occupancy Tax (TOT) for the upcoming audit period 2012-2014.**

A-4 AUTHORIZATION FOR ATTENDANCE AT THE C-MANC ANNUAL WASHINGTON, D.C., "WASHINGTON WEEK" MEETINGS; (HARBOR)

**RECOMMENDATION: Approve as submitted.**

Mayor Irons pulled Item A-3 for discussion.

The public comment period for the Consent Agenda was opened; seeing none, the public comment period was closed.

**MOTION:** Councilmember Heading moved the Council approve Items A-1, A-2 and A-4 on the Consent Agenda. The motion was seconded by Councilmember Johnson and carried unanimously, 5-0.

A-3 TRANSIENT OCCUPANCY TAX AUDIT RECOMMENDATIONS FOR 2012 - 2014; (ADMINISTRATIVE SERVICES)  
<https://youtu.be/KXYZtnl8h2M?t=37m4s>

Mayor Irons asked to continue this item to a future meeting for review of a fiscal assessment and scope of work. Administrative Services Director Slayton explained staff will issue a Request for Proposals (RFP) to auditors in the area for proposals to perform an audit that identifies new vacation rentals that may not be registered, as well as ensures compliance for those who are registered.

Responding to Councilmember Smukler's inquiry, Mayor Irons clarified he no longer owns a vacation rental and does not have a license for a vacation rental.

The Council discussed the importance of outreach and a preference to structure the audit with forewarning about compliance, particularly regarding Airbnb. Ms. Slayton suggested staff issue an RFP and bring the proposals back to Council for review and approval.

**MOTION:** Mayor Irons moved the Council authorize staff to issue a Request for Proposals for a Transient Occupancy Tax Audit of Vacation Rentals, and return to Council with results of that RFP. The motion was seconded by Councilmember Smukler.

Councilmember Smukler confirmed the proposal should provide an outline for outreach and how they will communicate expectations about coming into compliance. There was discussion about the desire to not penalize businesses for past non-compliance but to look forward.

City Manager Buckingham suggested Council continue the item and allow staff to research the applicable municipal code sections, then bring back to Council for further discussion.

Mayor Irons withdrew motion and Councilmember Smukler withdrew the second.

B. PUBLIC HEARINGS - NONE

C. BUSINESS ITEMS

C-1 DISCUSSION OF THE MAJOR MAINTENANCE & REPAIR PLAN (MMRP) FOR THE EXISTING WASTEWATER TREATMENT PLANT FOR THE NEXT FIVE-YEAR PERIOD; (PUBLIC WORKS)

<https://youtu.be/KXYZtnl8h2M?t=54m6s>

Public Works Director Livick and Wastewater Treatment Plant Division Manager Keogh presented the staff report and responded to Council inquiries.

The public comment period for Item C-1 was opened; seeing none, the public comment period was closed.

The Council expressed appreciation for the work that has been done to protect the critical infrastructure.

**MOTION:** Mayor Irons moved the Council phase out the MMRP in FY 16/17 and that any remaining necessary repairs to the plant be funded through operations and maintenance aspects of the WWTP budget. The motion was seconded by Councilmember Heading and carried unanimously, 5-0.

C-2 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 600 ADDING CHAPTER 8.17 TO THE MORRO BAY MUNICIPAL CODE REGULATING THE USE OF EXPANDED POLYSTYRENE PRODUCTS WITHIN THE CITY; (PUBLIC WORKS)

<https://youtu.be/KXYZtnl8h2M?t=1h9m1s>

Management Analyst Burlingame presented the staff report and responded to Council inquiries.

The public comment period for Item C-2 was opened.

Ken MacMillan, Morro Bay business owner, did not have an issue with the ordinance but wanted to make sure the Council understood a 10% increase in operating costs is a huge chunk.

Rosalie Valvo, Morro Bay, reminded the Council the Audubon Society supports this ordinance. Speaking as a resident, she supported the City's ban of expanded polystyrene products, applauded those businesses who made the change before the ordinance goes into effect, and requested a May 1 effective date.

Janine Rands, SLO Foam Free, urged the Council to pass the ordinance before the tourist season begins.

The public comment period for Item C-2 was closed.

The Council expressed appreciation for the outreach effort by PWAB Member Skiff and preference for the May 1 operative date. Responding to concerns expressed during public comment, they suggested consumers are willing to absorb the increased cost in order to protect the environment.

**MOTION:** Councilmember Headding moved for introduction and first reading of Ordinance 600 revised to include a May 1, 2016 operative date as recommended by the Public Works Advisory Board, by number and title only and waived further reading. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

A brief recess was taken at 8:01pm; the meeting reconvened at 8:10pm.

C-3 CONSIDERATION OF FUTURE DIRECTION OF LEASE SITE 87-88/87W-88W, LOCATED AT 833 EMBARCADERO, OWNED BY B&L FLASH, INC. (VIOLET LEAGE AND BARRY LAMBERT); (HARBOR)  
<https://youtu.be/WaSbTwQNY8k?t=19s>

Harbor Director Endersby presented the staff report and responded to Council inquiries.

The public comment period for Item C-3 was opened.

Travis Leage, Morro Bay, provided a chronology of events that led to the financial difficulties and requested the Council approve Alternative #2 as presented in the staff report.

Cherise Hansson, Morro Bay resident and owner of Under the Sea Gallery, presented a revised project concept that includes an ocean themed playground in front, smaller restaurant along the waterfront, and a second story 6-room boutique hotel with an ocean theme. She urged the Council to approve Alternative #2 and transfer the Consent of Landowner to her business.

Heather Koide, Morro Bay resident and business owner, spoke in support of Cherise Hansson and her plans for a family-friendly business.

The public comment period for Item C-3 was closed.

Mayor Irons disclosed ex parte communications with Cherise Hansson and Travis Leage to gain a better understanding of the proposed project. Councilmember Johnson also disclosed ex parte communications with Ms. Hansson.

The Council expressed concern about past management issues but appreciated the renewed energy and fresh perspective brought by the lease site subtenant. There was support for setting a short but fair timeline to allow the new lease management and development team to complete a proposal and demonstrate the financial capability to bring that project forward. The Council agreed if those firm deadlines were not met, the project should go out for RFP.

Mr. Buckingham assured the Council the City's lease management policy will be revised in the months ahead to establish requirements for demonstrated financial capacity and firm project timelines.

City Attorney Pannone suggested the Council consider a motion that would revoke the current Consent of Landowner (COL), direct staff to return to Council with a new COL within 90 days with B&L Flash and Ms. Hansson/Under the Sea Gallery that includes demonstrated financial capability and a project plan. He also reminded the Council it has the option to assign the lease to another entity, if desired.

**MOTION:** Mayor Irons moved the Council withdraw the current Consent of Landowner and direct staff to return to Council with a new Consent of Landowner within 90 days with B&L Flash, Inc. and Ms. Hansson/Under the Sea Gallery, to include a demonstrated financial capability and project plan. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

**C-4 REVIEW OF USE OPTIONS AND POSSIBLE REDEVELOPMENT OPPORTUNITIES FOR THE 781 MARKET AVENUE (DISTASIO'S) PROPERTY, ADJACENT MARKET AVENUE AND EMBARCADERO PARKING LOTS, AND MARKET AVENUE RIGHT-OF-WAY; (COMMUNITY DEVELOPMENT/PUBLIC WORKS)**  
<https://youtu.be/WaSbTwQNY8k?t=1h36m17s>

Community Development Manager Graham presented the staff report and responded to Council inquiries.

The public comment period for Item C-4 was opened.

Ken MacMillan, owner of DiStasio's Restaurant, stated he attempted to purchase the property but was unable to gain financing due to the lien the City had on the property to build an elevator. He asked the Council to negotiate lease terms based on reasonable time constraints to allow and encourage investing in business improvements.

Robert Davis, Morro Bay, member of General Plan Advisory Committee but speaking as a private citizen, supported staff's recommendation to review this matter as part of the General Plan update. This, along with other parking and other circulation decisions need to be part of a thoughtful and thorough discussion. He urged the Council to not make hurried decisions.

Susan Stewart, Morro Bay resident and business owner, General Plan Advisory Committee member and Merchant's Association President, shared that unlike other tenants, Mr. MacMillan has been unable to discuss issues and concerns with the City and a one-year lease will not encourage a business to make improvements.

The public comment period for Item C-4 was closed.

The Council discussed the importance of gaining community input and this timing fits nicely into the Embarcadero / Centennial Parkway outreach and General Plan update. This area has huge potential to enhance economic diversification and contribute to the sustainability of Morro Bay and it is important to let the community and business stakeholders take the lead to develop a concept that has community support.

Responding to public comment, Mr. Buckingham noted staff is in contact with Mr. MacMillan, has provided him with an initial lease proposal, and looks forward to his response.

No formal action was taken by the City Council.

C-5 REVIEW OF 2007 PARKING MANAGEMENT PLAN AND IMPLEMENTATION OPTIONS; (COMMUNITY DEVELOPMENT/PUBLIC WORKS)

<https://youtu.be/WaSbTwQNY8k?t=2h11m30s>

Mr. Graham presented the staff report and, along with Mr. Livick, responded to Council inquiries.

The public comment period for Item C-5 was opened.

Robert Davis, Morro Bay, was concerned decisions would be made without consulting the Chamber, Bike Committee, or reviewed by PWAB. He urged the Council to not make any decisions before this is addressed through the General Plan update process.

Erica Crawford, Morro Bay Chamber of Commerce, encouraged more dialogue on the subject and to consider any funds resulting from paid parking be directed to business improvement.

Susan Stewart, Morro Bay resident and business owner, encouraged an ongoing dialogue with advisory boards and business members. She likes diagonal parking at some level and early deliveries on the Embarcadero may be a good idea, but it's important to consult hoteliers so it won't disrupt their business.

The public comment period for Item C-5 was closed.

MOTION: Mayor Irons moved the Council extend the meeting beyond 11pm. The motion was seconded by Councilmember Johnson and carried unanimously, 5-0.

MOTION: Councilmember Johnson moved the Council direct staff to return to Council with options for improving overall parking as it relates to the business atmosphere in the Downtown and on the Embarcadero in the form of a Parking Management Plan update, with input from the Morro Bay Chamber of Commerce, Morro Bay Merchants' Association, Embarcadero business owners, PWAB, Planning Commission, and GPAC, to include specific discussion on the following items: angled parking, commercial loading zones on the embarcadero and paid parking opportunities. The motion was seconded by Councilmember Smukler.

There was concern about the cost of a Parking Management Plan update and also blending additional items into the General Plan update.

Councilmember Johnson withdrew the motion and Councilmember Smukler withdrew second.

MOTION: Councilmember Headding moved the Council direct staff to research and return to Council with options for improving overall parking and business atmosphere in the Downtown and on the Embarcadero including the following: consider implementation of angled parking based on the Parking Management Plan (PMP) for four areas/streets, consider implementation of commercial loading zones for the Embarcadero as identified in the PMP and direct modification to MBMC 10.48.020, research paid parking opportunities and bring back options for discussion, and include review by all the appropriate boards and/or committees. The motion was seconded by Councilmember Johnson.

Councilmember Smukler felt the direction was too detailed and wants to refer discussion to the advisory boards for a deeper dialogue and public input.

Staff explained two items from the 2007 Plan could be implemented now after review by the advisory boards and discussion with affected businesses. The other two are policy issues and will take more time.

Councilmember Headding withdrew the motion and Councilmember Johnson withdrew the second.

MOTION: Councilmember Headding moved the Council direct staff to research and return to Council options for improving overall parking and business atmosphere in Downtown and on the Embarcadero; consider implementing angled parking based on the PMP for four areas/streets; consider implementing commercial loading zones on the Embarcadero as identified in the PMP and direct modification to MBMC 10.48.020; research paid parking opportunities identified in the PMP and bring back options for consideration; have all considerations run through the appropriate committees. The motion was seconded by Mayor Irons and carried unanimously, 5-0.

C-6 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 598 AMENDING SECTION 3.08.070 OF THE MORRO MUNICIPAL CODE RELATING TO BIDDING; (CITY ATTORNEY)  
<https://youtu.be/WaSbTwQNY8k?t=3h13m31s>

Mr. Pannone presented the staff report and responded to Council inquiries.

The public comment period for Item C-6 was opened; seeing none, the public comment period was closed.

MOTION: Mayor Irons moved for introduction and first reading of Ordinance No. 598 amending Section 3.08.070 of the Morro Bay Municipal Code relating to Bidding, and waived further reading. The motion was seconded by Councilmember Johnson and carried unanimously, 5-0.

C-7 ADOPTION OF ORDINANCE NO. 599 AMENDING TITLE 9, CHAPTER 9.06 OF THE MORRO BAY MUNICIPAL CODE, PROHIBIT THE ESTABLISHMENT OF MEDICAL MARIJUANA DISPENSARIES, TO FURTHER PROHIBIT MARIJUANA CULTIVATION CITYWIDE AND PROVIDE OTHER MISCELLANEOUS EDITS; (CITY ATTORNEY)  
<https://youtu.be/WaSbTwQNY8k?t=3h16m16s>

Mr. Pannone presented the staff report.

The public comment period for Item C-7 was opened; seeing none, the public comment period was closed.

MOTION: Mayor Irons moved the Council adopt Ordinance No. 599 amending Title 9, Chapter 9.06 of the Morro Bay Municipal Code, prohibiting the establishment of medical marijuana dispensaries, to further prohibit marijuana cultivation citywide and provide other miscellaneous edits, and waived further reading. The motion was seconded by Councilmember Heading.

Councilmember Smukler restated the ordinance has taken into consideration and respects the Compassionate Use Act.

The motion carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/WaSbTwQNY8k?t=3h19m22s>

Councilmember Johnson requested Council support to bring forward discussion of the Homeless Services Oversight Council's recommendation to consider declaring a shelter crisis pursuant to Government Code 8698 for purposes of making government owned buildings available for use as warming shelters, and start a community conversation about what services the community is

willing to provide. There was unanimous Council support for this item to come forward on a date to be determined.

E. ADJOURNMENT

The meeting adjourned at 11:31pm. The next Regular Meeting will be held on Tuesday, February 9, 2016 at 6:00 p.m. at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

Recorded by:

Dana Swanson  
City Clerk