

AGENDA NO: A-3

MEETING DATE: June 14, 2016

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – MAY 24, 2016  
VETERAN’S MEMORIAL HALL – 6:00 P.M.

PRESENT:	Jamie Irons	Mayor
	Matt Makowetski	Councilmember
	John Headding	Councilmember
	Christine Johnson	Councilmember
	Noah Smukler	Councilmember
STAFF:	Dave Buckingham	City Manager
	Joe Pannone	City Attorney
	Dana Swanson	City Clerk
	Sam Taylor	Deputy City Manager
	Rob Livick	Public Works Director
	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 6:04 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION - None

CLOSED SESSION REPORT - No Closed Session meeting was held.

MAYOR AND COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS &  
PRESENTATIONS

[https://youtu.be/k942lwH\\_AdU?t=2m53s](https://youtu.be/k942lwH_AdU?t=2m53s)

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS

[https://youtu.be/k942lwH\\_AdU?t=8m21s](https://youtu.be/k942lwH_AdU?t=8m21s)

PRESENTATIONS

[https://youtu.be/k942lwH\\_AdU?t=11m18s](https://youtu.be/k942lwH_AdU?t=11m18s)

Stacey Aragon, Sarrie Choy and Kristin Hardtke from Cal Poly presented findings from the Morro Bay Business Walk conducted on May 11, 2016.

PUBLIC COMMENT

[https://youtu.be/k942lwH\\_AdU?t=21m43s](https://youtu.be/k942lwH_AdU?t=21m43s)

Rachel Sherfield of Skipper’s Brew located at 571 Embarcadero, provided the business spot. Skipper’s Brew serves high quality coffee drinks using local roasters.

Rigmor, Morro Bay, spoke in support of tourism and encouraged the use of an app to provide visitors with information on local restaurants and other businesses.

Susan Stewart, Morro Bay resident and business owner, announced a General Plan Update Community Workshop will be held on Thursday, June 16, both at the Business Forum at 7:30am, then at a Community Workshop from 5:30 to 8:00pm at the Veterans Hall. Regarding Item C-3, she noted the General Plan Advisory Committee has not yet addressed vacation rentals.

Meg Crockett, President of Pacific Wildlife Care, explained they are the only wildlife rehabilitation organization in San Luis Obispo County that accepts orphaned and injured land mammals, birds and reptiles. Visit [www.pacificwildlifecare.org](http://www.pacificwildlifecare.org) for information on how to support this organization.

Robert Davis, Morro Bay, spoke in support of the SLOCOG Self-Help sales tax initiative, and urged the Council and residents to support this initiative.

Tyler Conrad, Morro Bay, asked the City Council to consider a resolution supporting the National Revenue-Neutral Carbon Fee and Dividend Program aimed at protecting the economy and climate from the impacts of global warming.

Jane Heath, Morro Bay resident and business owner, announced the Central Coast Maritime Museum Association will hold an open house on June 4 and 5 from 11am to 3pm, to welcome the Historic ALMA tug. Tickets for a BBQ lunch to be held Sunday, June 5, are available at Coalesce Bookstore.

Walter Heath spoke on behalf of the Citizens Beautification and Heritage Committee, reminding the Council of their interest in adding a mural on the overpass as part of the Highway 41 / Main Street improvements. He also thanked Council and staff for their support of the Maritime Museum.

Erica Crawford, Morro Bay Chamber of Commerce, thanked the Cal Poly students for their work on the business walk, and also thanked those who participated and supported the Amgen event.

Bonnie Johnson, Morro Bay Bike Park, requested the Council move Agenda Item C-2 ahead in the agenda.

Betty Winholtz, Morro Bay, commented on Item C-3 encouraging the Council not to wait for General Plan discussion, but to forward the issue to Planning Commission now. She also expressed concern about the proposed roundabout at Highway 41 and Main Street.

Barbara Doerr, Morro Bay, spoke regarding Item C-3 raising concern about the land use issues related to vacation rentals.

KC Caldwell, Morro Bay, appreciated the business walk and was pleased to see the work being done to reach out to downtown businesses. She also encouraged the City to support Pacific Wildlife Care.

Victoria Schmidt, Morro Bay, spoke to Agenda Item C-3 and encouraged the Council to develop appropriate regulations for vacation rentals.

The comment period was closed.

Staff responded to questions raised during the public comment period.

A. CONSENT AGENDA  
[https://youtu.be/k942lwH\\_AdU?t=58m14s](https://youtu.be/k942lwH_AdU?t=58m14s)

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

A-1 APPROVAL OF MINUTES FROM THE MAY 10, 2016 SPECIAL CLOSED SESSION CITY COUNCIL MEETING; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF CONTRACT WITH DIGITAL WEST NETWORKS, INC. FOR A FIBER OPTIC AND HIGH-SPEED INTERNET PROJECT; (ADMINISTRATION)

**RECOMMENDATION: Approve the proposed consultant agreement.**

A-3 ADOPT RESOLUTION NO. 41-16 APPROVING 3<sup>RD</sup> QUARTER BUDGET ADJUSTMENTS TO COMPLY WITH THE AUDIT FINDING IN THE 2014/15 CITY AUDIT, FINDING 2015-001, ISSUE #8; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 41-16 approving the 3<sup>rd</sup> Quarter Budget Adjustments.**

A-4 ADOPT RESOLUTION NO. 37-16 APPROVING THE FISCAL YEAR 2016/17 MASTER FEE SCHEDULE; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 37-16 approving the FY 2016/17 Master Fee Schedule.**

A-5 ADOPT RESOLUTION NO. 38-16 APPROVING THE FISCAL YEAR 2016/17 BUSINESS TAX SCHEDULE; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION: Adopt Resolution No. 38-16 approving the FY 2016/17 Business Tax Schedule.**

The public comment period for the Consent Agenda was opened  
[https://youtu.be/k942lwH\\_AdU?t=58m15s](https://youtu.be/k942lwH_AdU?t=58m15s)

Susan Stewart, Morro Bay, spoke to Item A-2 asking about the expected cost of service and what would happen if not enough commercial customers sign up to reduce costs to the City.

Erica Crawford, Morro Bay Chamber of Commerce CEO, spoke to Item A-2 noting the service may not be appropriate for all businesses, but choice is the key. She suggested City savings be put toward infrastructure improvements. Regarding Item A-5, she expressed concern about the “per employee” cost being tied to CPI and the effect that has on businesses.

Betty Winholtz, Morro Bay, spoke to Item A-2 expressing concern about potential risk and suggested the City wait until the current contract with Charter expired before considering a change. Regarding Item A-4, she was unable to find the appeal fee in the document and requested that fee not be raised this year.

Walter Heath, Morro Bay, asked that Item A-2 be pulled for discussion to hear the City Attorney's concerns regarding the agreement.

The public comment period for the Consent Agenda was closed.

Mayor Irons pulled Agenda Item A-2 and A-4. Councilmember Johnson pulled Item A-5.

MOTION: Mayor Irons moved the Council approve Items A-1 and A-3 on the Consent Agenda. The motion was seconded by Councilmember Heading and carried unanimously, 5-0.

A-4 ADOPT RESOLUTION NO. 37-16 APPROVING THE FISCAL YEAR 2016/17 MASTER FEE SCHEDULE; (ADMINISTRATIVE SERVICES)  
[https://youtu.be/k942lwH\\_AdU?t=1h6m20s](https://youtu.be/k942lwH_AdU?t=1h6m20s)

Staff identified appeal fees in the document and explained those fees were raised based on "ENR", a construction cost index for development related fees. The Council requested redline tracking of cost increase be provided for ease of reference, and the desire for a full fee review in the future.

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

Barry Branin, Morro Bay, suggested an option for permit application review to be outsourced with the direct cost passed on to the applicant or developer.

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

MOTION: Mayor Irons moved for approval of Item A-4. The motion was seconded by Councilmember Smukler and carried unanimously, 5-0.

A-5 ADOPT RESOLUTION NO. 38-16 APPROVING THE FISCAL YEAR 2016/17 BUSINESS TAX SCHEDULE; (ADMINISTRATIVE SERVICES)  
[https://youtu.be/k942lwH\\_AdU?t=1h18m45s](https://youtu.be/k942lwH_AdU?t=1h18m45s)

MOTION: Councilmember Johnson moved for approval of Item A-5. The motion was seconded by Councilmember Heading and carried unanimously, 5-0.

A-2 APPROVAL OF CONTRACT WITH DIGITAL WEST NETWORKS, INC. FOR A FIBER OPTIC AND HIGH-SPEED INTERNET PROJECT; (ADMINISTRATION)  
[https://youtu.be/k942lwH\\_AdU?t=1h20m46s](https://youtu.be/k942lwH_AdU?t=1h20m46s)

Mr. Taylor provided additional information regarding Item A-2, and responded to Council inquiries.

Mayor Irons disclosed his potential conflict of interest on this item since he owns property in the downtown area. The City Attorney explained the exemption for situations where the impact on that councilmember is no different than 25% of the affected properties, there is no conflict of interest. Based on that, he did not believe the Mayor had a conflict of interest; however, if the Mayor felt uncomfortable, then he should recuse himself.

Mayor Irons recused himself due to a conflict of interest based on his ownership of property in the downtown area. Councilmember Heading also recused himself due to his business ownership in the downtown area.

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

Lynda Merrill, Morro Bay, requested the Council forward the item to the Public Works Advisory Board for further review and input.

Barry Branin, Morro Bay, suggested the project be reviewed by the Public Works Advisory Board.

Robert Davis, Morro Bay, spoke in support of the project to encourage economic development.

David Betonte, Morro Bay, expressed concern about the indemnification issue and potential misuse of computer files. He also asked why only two proposals were received and whether those who didn't respond were contacted.

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

Staff responded to questions raised during the public comment period.

The Council discussed the opportunity to improve city operations and diversify the economy for the long-term benefit of the City. It was determined the potential risk in the current contract with Charter is no different than the proposed contract with Digital West, but does offer better service.

It was also suggested that in the future when very few responses are received to an RFP staff should include the type of outreach that was done in the staff report and, when possible, explain why firms chose not to respond.

MOTION: Councilmember Johnson moved for approval of Item A-2. The motion was seconded by Councilmember Smukler and carried 3-0-2, with Mayor Irons and Councilmember Heading abstaining due to a conflict of interest.

Mayor Irons and Councilmember Heading rejoined the meeting at 8:21pm.

There was Council consensus to move to Item C-2 next.

## C. BUSINESS ITEMS

C-2 BIKE PARK UPDATE; (ADMINISTRATION)  
[https://youtu.be/k942lwH\\_AdU?t=2h17m24s](https://youtu.be/k942lwH_AdU?t=2h17m24s)

Mr. Taylor invited Bonnie Johnson of Morro Bay Bike Park Group to provide an update on the bike park.

The public comment period for Item C-2 was opened; seeing none, the public comment period was closed.

The Council supported providing a porta-potty at the bike park and expressed appreciation to the volunteers who have supported this wonderful addition to the community.

The Council took a brief recess at 8:30pm; the meeting reconvened at 8:35pm.

B. PUBLIC HEARINGS

B-1 ADOPT RESOLUTION NO. 39-16 CONTINUING THE PROGRAM AND LEVYING THE ASSESSMENTS FOR THE 2016/17 FISCAL YEAR FOR THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT (MBTBID); (ADMINISTRATION)  
<https://youtu.be/D9Z82cSWIcA?t=39s>

Deputy City Manager Taylor presented the staff report and responded to Council inquiries.

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

MOTION: Councilmember Makowetski moved for adoption of Resolution No. 39-16 continuing the program and levying the assessments for the 2016/17 Fiscal Year for the Morro Bay Tourism Business Improvement District. The motion was seconded by Councilmember Heading and carried unanimously, 5-0.

C. BUSINESS ITEMS

C-1 PRESENTATION OF FISCAL YEAR 2014/15 CITY AUDIT REPORTS; (ADMINISTRATIVE SERVICES)  
<https://youtu.be/D9Z82cSWIcA?t=3m17s>

Administrative Services Director Slayton introduced Kenneth Pun of The Pun Group who presented the 2014/15 City audit reports 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 appreciated the report and looked forward to addressing organizational needs identified in the next year or two. The need for comprehensive budget and fiscal policies and procedures was discussed and the Council requested the City Manager report back with a plan to

address those deficiencies. Given the upcoming transition in the department, there was no date certain for that report.

No formal action was taken.

C-3 VACATION RENTAL DISCUSSION & NEXT STEPS; (COMMUNITY DEVELOPMENT)

<https://youtu.be/D9Z82cSWIcA?t=1h2m>

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

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

Barbara Doerr, Morro Bay, re-stated commercial uses such as vacation rentals are not appropriate in residential areas, and encouraged strong outreach on the proposed moratorium.

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

The Council agreed a full review of vacation rentals in order to develop a comprehensive policy should take place as part of the General Plan update and supported a moratorium that would limit the number of licensed vacation rentals until that process was complete.

MOTION: Mayor Irons directed staff to bring back an emergency ordinance at the next meeting capping the total allowed number of licensed vacation rentals at 250. The motion was seconded by Councilmember Headding and carried unanimously, 5-0.

MOTION: Councilmember Johnson moved the Council direct staff to incorporate the regulation of vacation rentals and Airbnb into the General Plan update. The motion was seconded by Councilmember Makowetski and carried unanimously, 5-0.

MOTION: Mayor Irons moved the meeting go past 11:00pm. The motion was seconded by Councilmember Headding and carried 4-1 with Councilmember Makowetski voting no.

The Council took a brief recess at 10:55pm; the meeting reconvened at 11:00pm with all members present.

There was Council consensus to hear Item C-5 next.

C-5 ADOPT RESOLUTION NO. 36-16 RESCINDING RESOLUTION NO. 18-14 AND UPDATING THE CITY OF MORRO BAY'S PARTNERSHIP POLICY AND PROVIDE DIRECTION REGARDING A CO-SPONSORSHIP POLICY; (ADMINISTRATION)

<https://youtu.be/D9Z82cSWIcA?t=2h20m9s>

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

The public comment period for Item C-5 was opened; seeing none, the public comment period was closed.

MOTION: Councilmember Johnson moved the Council adopt Resolution No. 36-16 rescinding Resolution No. 18-14 and updating the City's Partnership Policy. The motion was seconded by Councilmember Headding and carried unanimously, 5-0.

C-4 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 603 AMENDING MORRO BAY MUNICIPAL CODE (MBMC) CHAPTER 13.20 REGARDING BUILDING LIMITATIONS, AND ADOPT RESOLUTION NO. 40-16 RESCINDING RESOLUTION NO. 78-00 REGARDING GROWTH MANAGEMENT PROCEDURES FOR DISTRIBUTION OF WATER RESOURCES; (PUBLIC WORKS)  
<https://youtu.be/D9Z82cSWIcA?t=2h26m51s>

Public Works Director Livick presented the staff report and responded to Council inquiries.

The public comment period for Item C-4 was opened; seeing none, the public comment period was closed.

MOTION: Councilmember Headding moved for introduction and first reading of Ordinance 603 amending Morro Bay Municipal Code (MBMC) Chapter 13.20 regarding building limitations, and adopt Resolution No. 40-16 rescinding Resolution No. 78-00 regarding growth management procedures for distribution of water resources. The motion was seconded by Mayor Irons and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS  
<https://youtu.be/D9Z82cSWIcA?t=2h38m21s>

Councilmember Johnson requested discussion of a resolution supporting the National Revenue-Neutral Carbon Fee and Dividend Program requested during public comment. The Council supported this item.

E. ADJOURNMENT

The meeting adjourned at 11:19pm. The next Regular Meeting will be held on Tuesday, June 14, 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