

MINUTES - MORRO BAY CITY COUNCIL  
CLOSED SESSION – SEPTEMBER 22, 2008  
CITY HALL CONFERENCE ROOM - 5:00 P.M.

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

PRESENT:	Janice Peters	Mayor
	Melody DeMeritt	Councilmember
	Rick Grantham	Councilmember
	William Peirce	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Susan Slayton	Administrative Services Director
	Rick Algert	Harbor Director

CLOSED SESSION

MOTION: Councilmember DeMeritt 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 City Manager, the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to the City Employees 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 one (1)) parcel.

- Property: 35W and 36W adjacent to 235 Main Street  
Negotiating Parties: Martony, Pekarek 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 5:55 p.m.

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

The meeting adjourned at 5:55 p.m.

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VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Peters called the meeting to order at 6:05 p.m.

PRESENT:	Janice Peters	Mayor
	Melody DeMeritt	Councilmember
	Rick Grantham	Councilmember
	William Peirce	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Jamie Boucher	Deputy City Clerk
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	John DeRohan	Police Chief
	Steve Knuckles	Fire Captain
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director
	Mike Prater	Planning Manager
	Rachel Grossman	Associate Planner

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

MAYOR'S REPORTS & ANNOUNCEMENTS

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 acknowledged the Chamber of Commerce for the Avocado Margarita Festival, which was a huge success. He also noted that all the bricks have been sold for the first phase of the Fire Department, and the money raised will help defray costs to the Morro Bay Fire Reserves who attend Paramedic School.

Bill Black stated the Friends of the Morro Bay Police, Friends of the Morro Bay Fire and Rotary are selling raffle tickets to win a Prius, and other monetary awards and the winning tickets would be pulled at the Harbor Festival.

Anita Ayoob and Mary Stallard, members of the Morro Bay Pups invited pet owners to come to Del Mar Park on Saturday, October 4<sup>th</sup> to get their pets' picture taken.

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Ken Smokoska, volunteer with the Sierra Club and leader of the Climate Protection Campaign thanked Council for signing the Climate Protection Agreement along with 650 other cities. He expressed support for Item A-6 (Resolution No. 56-08 To Join International Council For Local Environmental Initiatives - Local Governments For Sustainability In Order To Conduct A Greenhouse Gas Emissions Inventory For The City Of Morro Bay).

Bill Martony congratulated the Chamber and Morro Bay on the success of the Avocado & Margarita Festival. He encouraged people to continue their support of the local avocado industry all year long. Mr. Martony emphasized that water is critical to avocado growers and noted tertiary water treatment would be helpful to their industry.

Nancy Bast addressed Item A-2 (Resolution No. 58-08 Approving Of New Lease Agreement For Lease Site 129W-131W Located At 1215 Embarcadero With Morro Bay Fish Company) and Item A-3 (Resolution No. 59-08 Approving Of New Lease Agreement For Lease Site 132W-133W Located At 1235 Embarcadero With Tognazzini Family, Inc.), and noted she is pleased to see that Morro Bay has a bona-fide fish buyer to take over this dock. She expressed concern with dividing the dock up with two competing fish buyers in a small space, and there may be an unfair advantage to the restaurant owner. Ms. Bast also expressed concern that there are too many unknown costs and unforeseen problems not under warranty with the ice plant.

Nancy Castle announced the public will be able to view meetings on their computers at [www.slospan.org](http://www.slospan.org) or through the City's website via a live-stream on Channel 20. She also announced that Chess Live would be performing at the Harbor Festival.

Claire Grantham invited the public to Sierra Vista Hospital on Saturday, October 18<sup>th</sup> from 8-11am for free flu shots.

Doug Claassen requested Council's support in approving Item A-5 (Approval Of Resolution No. 60-08 For Approval Of Lease Agreement For Real Property Located At 1700 Embarcadero, Jointly Owned By The City Of Morro Bay And Cayucos Sanitary District, With Morro Dunes Travel Trailer Park & Resort Campgrounds).

Noah Smuckler encouraged the City Council to revitalize the City's Adopt-a-Tree Program as part of the Urban Tree Management Plan. He also thanked Morro Bay Beautiful for their \$5,000 donation to get this program restarted.

Ed Ewing expressed support for Items A-2 and A-3, noting it will be a positive working relationship between the two lessees.

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Ken Vesterfelt congratulated Gerry Doris on her retirement from the local business Best Friends, and thanked her for her continued efforts at revitalizing the downtown business district. He also addressed a parking problem on Atascadero Road as well as Quintana Road where people are using these areas as used car lots; he requested the City consider instituting a no parking zone between 11:00 p.m. – 6:00 a.m.

Hank Roth stated he recently attended a workshop in Sacramento and was introduced to a program called “Rad Kids”, which is a program that teaches kids how to protect themselves against their environment. He said he is hoping to bring this program to the elementary school in Morro Bay.

Mayor Peters closed the hearing for public comment.

DECLARATION OF FUTURE AGENDA ITEMS

Councilmember DeMeritt requested to agendize an item to re-establish the Adopt-a-Tree Program.

Councilmember Grantham requested to agendize a discussion on makeshift car lots and parking time limits on City streets.

Councilmember Peirce requested to agendize a presentation from the Buckston Group, a market research company that studies consumer-spending habits in an effort to bring new business to Morro Bay.

Councilmember Winholtz requested to agendize her presentation on what defines a Landmark Tree in October.

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 SEPTEMBER 8, 2008; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 RESOLUTION NO. 58-08 APPROVING OF NEW LEASE AGREEMENT FOR LEASE SITE 129W-131W LOCATED AT 1215 EMBARCADERO WITH MORRO BAY FISH COMPANY; (HARBOR)

**RECOMMENDATION: Adopt Resolution No. 58-08.**

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A-3 RESOLUTION NO. 59-08 APPROVING OF NEW LEASE AGREEMENT FOR LEASE SITE 132W-133W LOCATED AT 1235 EMBARCADERO WITH TOGNAZZINI FAMILY, INC.; (HARBOR)

**RECOMMENDATION: Adopt Resolution No. 59-08.**

A-4 RESOLUTION NO. 57-08 APPROVING SUBLEASE AGREEMENT FOR A PORTION OF LEASE SITE 124-128/124W-128W LOCATED AT 1215 EMBARCADERO BETWEEN VIRG'S LANDING, INC. AND SLO DIVERS; (HARBOR)

**RECOMMENDATION: Adopt Resolution No. 57-08.**

A-5 APPROVAL OF RESOLUTION NO. 60-08 FOR APPROVAL OF LEASE AGREEMENT FOR REAL PROPERTY LOCATED AT 1700 EMBARCADERO, JOINTLY OWNED BY THE CITY OF MORRO BAY AND CAYUCOS SANITARY DISTRICT, WITH MORRO DUNES TRAVEL TRAILER PARK & RESORT CAMPGROUNDS; (HARBOR)

**RECOMMENDATION: Adopt Resolution No. 60-08.**

A-6 RESOLUTION NO. 56-08 TO JOIN INTERNATIONAL COUNCIL FOR LOCAL ENVIRONMENTAL INITIATIVES - LOCAL GOVERNMENTS FOR SUSTAINABILITY IN ORDER TO CONDUCT A GREENHOUSE GAS EMISSIONS INVENTORY FOR THE CITY OF MORRO BAY; (PUBLIC SERVICES)

**RECOMMENDATION: Adopt Resolution No. 56-08.**

A-7 PROCLAMATION DECLARING OCTOBER 5-11, 2008 AS “NATIONAL FIRE PREVENTION WEEK”; (FIRE)

**RECOMMENDATION: Adopt Proclamation.**

A-8 PROCLAMATION DECLARING SEPTEMBER 27, 2008 AS “SAN LUIS OBISPO COUNTY CREEK DAY”; (PUBLIC SERVICES)

**RECOMMENDATION: Adopt Proclamation.**

Councilmember Winholtz pulled items A-1, A-2, A-3, A-4, and A-5 from the Consent Calendar; Councilmember DeMeritt pulled Item A-8.

**MOTION:** Councilmember Winholtz moved the City Council approve Items A-6 and A-7 of the Consent Calendar. The motion was seconded by Councilmember DeMeritt and carried unanimously. (5-0)

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A-1 APPROVAL OF MINUTES FOR THE REGULAR CITY COUNCIL MEETING  
OF SEPTEMBER 8, 2008; (ADMINISTRATION)

Councilmember Winholtz requested the following amendment to the minutes of September 8, 2008, page 7 "...1) 1.0 floor-to-area ratio less ~~than~~ normal setbacks such as Los Angeles..."

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

A-2 RESOLUTION NO. 58-08 APPROVING OF NEW LEASE AGREEMENT  
FOR LEASE SITE 129W-131W LOCATED AT 1215 EMBARCADERO WITH  
MORRO BAY FISH COMPANY; (HARBOR)

Councilmember Winholtz asked for clarification on the metering of water and electricity on the dock; about the grant status accepted by the conservancy to help with the ice plant; and the letter Council received from John Lindsay regarding over-crowding of this area.

Harbor Director Rick Algert reviewed the proposed lease agreement for clarification.

MOTION: Councilmember Peirce moved the City Council approve Item A-2 of the Consent Calendar. The motion was seconded by Councilmember Grantham and carried with Councilmember Winholtz voting no. (4-1)

A-3 RESOLUTION NO. 59-08 APPROVING OF NEW LEASE AGREEMENT FOR  
LEASE SITE 132W-133W LOCATED AT 1235 EMBARCADERO WITH  
TOGNAZZINI FAMILY, INC.; (HARBOR)

Due to a conflict of interest, Councilmember Peirce excused himself from this item.

Councilmember Winholtz requested to go on record that she feels this lease site agreement violates Measure D. She also said the language regarding the CPI should read that the rent should be increased only, never decreased and that the word "decreased" should be removed from the agreement.

MOTION: Mayor Peters moved the City Council meet past 11:00 p.m. The motion was seconded by Councilmember Grantham and carried with Councilmember DeMeritt voting no and Councilmember Peirce absent for the vote. (3-1-1)

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MOTION: Councilmember Grantham moved the City Council approve Item A-3 of the Consent Calendar. The motion was seconded by Councilmember DeMeritt and carried with Councilmember Winholtz voting no and Councilmember Peirce abstaining. (3-1-1)

A-4 RESOLUTION NO. 57-08 APPROVING SUBLEASE AGREEMENT FOR A PORTION OF LEASE SITE 124-128/124W-128W LOCATED AT 1215 EMBARCADERO BETWEEN VIRG'S LANDING, INC. AND SLO DIVERS; (HARBOR)

Councilmember Winholtz requested to go on record that she feels this lease site agreement violates Measure D.

MOTION: Councilmember Grantham moved the City Council approve Item A-4 of the Consent Calendar. The motion was seconded by Councilmember Peirce and carried with Councilmember Winholtz voting no. (4-1)

A-5 APPROVAL OF RESOLUTION NO. 60-08 FOR APPROVAL OF LEASE AGREEMENT FOR REAL PROPERTY LOCATED AT 1700 EMBARCADERO, JOINTLY OWNED BY THE CITY OF MORRO BAY AND CAYUCOS SANITARY DISTRICT, WITH MORRO DUNES TRAVEL TRAILER PARK & RESORT CAMPGROUNDS; (HARBOR)

Councilmember Winholtz requested the following amendments to the lease agreement: 1) the CPI being used is San Francisco, she would like that changed to Los Angeles/Riverside in order to be consistent with all other current leases; and, 2) on page 8, section 3.04 of the lease agreement, the phrase “except as acceptable by law” needs to be added to the definition of Hazardous Materials.

Councilmember Grantham requested the addition of language deemed necessary by the City and Cayucos Sanitary District and read and approved by Mr. Claassen as follows: “Notwithstanding the term of this lease, in the event that the CITY/DISTRICT’S use of the Wastewater Treatment Plant (WWTP) necessitates a rearrangement, relocation, reconstruction or construction of the WWTP onto the premises, CITY/DISTRICT may terminate the lease for that part of the premises that is necessary for a rearrangement, relocation, reconstruction or construction of the WWTP upon thirty (30) days prior written notice to TENANT. If termination for part of the premises occurs, the minimum rent pursuant to Section 2.01 shall be pro-rated.”

Councilmember Winholtz also wanted to publicly acknowledge that the Cayucos Sanitary District was going to take part in the cost of the negotiation of this lease site. City Attorney Robert Schultz confirmed that in his discussions with Manager Bill Callahan, Cayucos will be paying the agreed upon percentage portion.

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Councilmember DeMeritt feels that we need consistency with our lease sites; if we go to San Francisco with this one we need to follow suit with the rest.

**MOTION:** Councilmember Winholtz moved the City Council approve Item A-5 of the Consent Calendar with the above-mentioned amendments to the definition of Hazardous Waste and the addition of language provided by Councilmember Grantham. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

Councilmember Winholtz then questioned how to proceed with the CPI language. She encouraged feedback from the rest of Council. She would be willing to make the change to Los Angeles or she would wait to see how the remaining lease sites were handled later on in the meeting.

Councilmember DeMeritt suggested continuing this portion of this item until we get to Items A-2, A-3, and A-4 and the CPI portion of A-5 could be discussed then; Councilmember Winholtz concurred.

**A-8 PROCLAMATION DECLARING SEPTEMBER 27, 2008 AS “SAN LUIS OBISPO COUNTY CREEK DAY”; (PUBLIC SERVICES)**

Councilmember DeMeritt requested staff clarification on this item.

Associate Planner Rachel Grossman reviewed the details of the upcoming event.

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

**B. PUBLIC HEARINGS, REPORTS & APPEARANCES**

**B-1 EXTENSION OF AN INTERIM URGENCY ORDINANCE MODIFYING THE DEVELOPMENT REVIEW FOR PARCELS IN THE R-1 DISTRICT ZONE THAT EXCEED 2,500 SQUARE FEET PENDING COMPLETION OF STUDIES AND THE PREPARATION OF AN UPDATE TO THE CITY’S ZONING CODE; (CITY ATTORNEY)**

City Attorney Robert Schultz stated the City Council initially granted an Interim Urgency Ordinance for forty-five days and for ten months and fifteen days, and staff is now recommending Council hold a public hearing and extend the period in order for staff to develop regulations for development in the R-1 zone. Mr. Schultz recommended the City Council adopt Interim Urgency Ordinance No. 543 which would extend the previously enacted Ordinance modifying the development review for parcels in the R-1 district zone that exceed 2,500 square feet pending completion of studies and the preparation of an update to the City’s zoning code.

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Mayor Peters opened the hearing for public comment.

Dorothy Cutter expressed support for this extension and finds it provides protection for people with small houses on small lots.

Mayor Peters closed the public comment hearing.

**MOTION:** Councilmember Grantham moved the City Council adopt Ordinance No. 543 Modifying the Development Review for Parcels in the R-1 District Zone that Exceed 2,500 Square Feet Pending Completion of Studies and the Preparation of an Update to the City's Zoning Code. The motion was seconded by Councilmember Peirce and carried unanimously. (5-0)

**B-2 RECONSIDERATION OF THE DENIAL OF A REQUEST FOR A TWO-LOT SUBDIVISION AT 735 CABRILLO PLACE PURSUANT TO COURT ORDER; (PUBLIC SERVICES)**

Associate Planner Rachel Grossman stated on June 18, 2007, the Planning Commission continued the applicant's request for a Coastal Development Permit and parcel map approvals for a lot split at 735 Cabrillo Place, and requested staff return with findings for denial at the next regular meeting of the Planning Commission. On July 2, 2007, the Planning Commission approved findings for denial for the proposed lot split. The applicant subsequently appealed the Planning Commission's decision to the City Council, who denied the applicant's appeal and approved findings for denial on September 10, 2008. The applicant subsequently legally challenged the City's denial of the requested lot split at 735 Cabrillo Place. The court ruled the City's findings for denial did not fully support the City's conclusions and that the subject neighborhood was not clearly defined within the City's administrative record. As a result of this ruling, the Court remanded the matter so that proper findings could be made, and so the neighborhood within which the project is located could be clearly defined. Ms. Grossman recommended the City Council deny the project and adopt revised findings that support denial of the project, and that clearly define the neighborhood and characteristics that make this area a unique and worth preserving as supported by the goals and policies of the City.

Bill Walter, attorney for applicants, stated the court gave the City a second chance to identify the specific policies that would justify their decision to deny this appeal. He said staff has misread the direction of the court by giving an arbitrary definition of neighborhood. Mr. Walter stated the court asked the City to adopt findings, to make those findings specific, and have those findings identify specific policies that reference the neighborhood. He said the City has been unable to make those findings, and requested Council review the situation along with abiding by the law.

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Cathy Novak, representing the appellant for the Cabrillo Place appeal, stated the findings for denial conclude that the project is inconsistent with the City's policies due to neighborhood characteristic and lot size. The staff report defines the neighborhood as Tract 41 as well as adjacent properties to the north, south, east and west. As noted in the staff report the neighborhood area is a "diverse array of housing types and lot sizes adjacent to the subject property including lots ranging in size from 2,500 – 46,710 square feet and uses ranging from single family residential to condominiums to trailer parks." She noted in the staff report, "the definition of a neighborhood is of a subjective matter the process by which is not clearly defined within the Subdivision Ordinance, Zoning Ordinance, General Plan or Local Coastal Plan". Ms. Novak stated the lots chosen, as a comparison for this project was purely subjective. She said Council in the past has repeatedly asked applicants to design projects that are consistent with City rules and regulations, and this project meets those standards.

Mayor Peters opened the hearing for public comment.

Jim Bianchi stated the CCR's in which this neighborhood was created are not irrelevant and established the character of this area as they defined lot size, restricted lot splits as well as restricted units to one per lot. He said he disagrees with the applicant's suggestion that Tract 41 is not a neighborhood and urged the City Council to define neighborhood.

Ruth Bianchi stated this tract has specific boundaries and characteristics defined by large lots and wide-open spaces. She said the lots in this tract average 12,000 square feet and by allowing a lot split would change the character of this neighborhood in a negative way.

Skip Barnhart stated the City Council's role should be subjective when considering issues such as this. He said as a resident in this neighborhood he supports denial of this project, which if approved could set a precedent for all neighborhoods in the City.

Karyn Convertini stated this neighborhood was planned back in 1946 and has been kept up for over 60 years. She said she is unaware of anybody who is in favor of this particular change to the neighborhood.

Barbara Attinello stated she has owned property in Morro Bay since 1982 and chose the home she now owns in Tract 41 because of the large lots, the views and the character of the neighborhood. She requested Council deny this appeal.

Kathy Phipps requested Council maintain this neighborhood character. She said the neighbors know each other, they take care of each other, they walk the neighborhood together and it is a very defined neighborhood.

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Joe Attinello stated the specific neighborhood where the proposed lot split is located was established in 1946. He said the CCR's specifically prohibit lot splits. Mr. Attinello stated each home in the neighborhood has between 40-50 feet minimum spacing between each house. He also feels that should this lot split go through, property values in this tract would be significantly reduced.

Bill Luffee stated this lot split would not be in the best interest of Morro Bay or the neighborhood. He said the neighborhood residents should be able to define their own neighborhood character. Mr. Luffee noted the applicant bought the property in August 2006 when the 40-foot frontage guidelines were not in place, and there should not have been any expectation of a lot split at that time.

Dorothy Cutter stated this is one of Morro Bay's most attractive neighborhoods and this lot split would denigrate its beauty. She urged Council's denial of the appeal.

Dan Glesmann stated while splitting the lot into two and building maximized housing provides for greater wealth for the developer it extracts wealth for the neighboring properties.

Mayor Peters closed the public comment hearing.

Councilmember DeMeritt stated that due to the legal nature of the situation, it is the attorney's job to review this material. She said Tract 41 is a neighborhood and one of our best gateways in the City. Councilmember DeMeritt stated she would be voting to deny the appeal and let the attorneys handle the rest of it.

Councilmember Grantham requested the following be placed as part of the record: A) the proposed lot split is not consistent with the General Plan and Coastal Land Use Plan because the resulting lot sizes and shapes would not be consistent with the neighborhood character evident in the defined neighborhood of Tract 41; B) the design and improvement of the proposed subdivision are not consistent with the General Plan and Coastal Land Use Plan because the resulting lot sizes and shapes would not allow for an amount of open space that would be consistent with neighboring development; and, C) if subdivided, the site would not be physically suitable for a development type and density consistent with the neighborhood because it would allow the construction of an additional single family residential unit, which would not be compatible with the development pattern in the neighborhood.

Councilmember Peirce stated this proposed lot split is not compatible with the rest of the neighborhood; it degrades the visual quality of the neighborhood and is inconsistent with existing single-family residences in this neighborhood.

Councilmember Winholtz stated Morro Bay has many neighborhoods; for example the Radcliffe neighborhood, the Beach Tract, the Bananabelt, and Morro Heights. She said she does not believe postponing this decision is wise, and is in favor of denying the appeal.

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Mayor Peters stated another definition of a neighborhood is the people who live within it, and these neighbors want to maintain its character. She expressed support for maintaining this neighborhood character.

MOTION: Councilmember Winholtz moved the City Council deny the appeal as well as deny the requested lot split at 735 Cabrillo Place. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

B-3 CONCEPT PLAN APPROVAL FOR THE EMBARCADERO CONFERENCE CENTER LOCATED AT 801-833 EMBARCADERO, UPO-212; (PUBLIC SERVICES)

Planning Manager Mike Prater stated the applicant is proposing to demolish portions of two detached buildings on separate lease sites and remodel the structures while adding new square footage by constructing a 6,257 square foot conference center, 7,770 square foot commercial retail, 2,188 square foot restaurant, add 17 new boat slips, 8-foot lateral access, and view decks, and create two public plazas by requesting expansion of lease space in exchange for the street end to facilitate the project. The project is anticipating only partial removal of the existing buildings. The applicant is requesting the project be considered a remodel in order to retain the historic parking credits. The previous uses required 31 parking spaces for the Outrigger building and 79 parking spaces for the Embarcadero Grill. The new uses generate a parking demand of 197 parking spaces and various parking management strategies are proposed to offset the projects shortfall. Mr. Prater stated this project can be found consistent with the waterfront design guidelines with offsetting public benefits and the project's potential impacts can be reduced to less than significant levels through incorporation of a mitigation-monitoring plan. The applicant has agreed to incorporate the mitigation-monitoring plan into the project and fully comply with its mandates. The proposed project is consistent with the development standards of the Zoning Ordinance and all applicable provisions of the General Plan, and Local Coastal Plan with incorporation of recommended conditions.

Steve Puglisi, the project's architect presented the project to the Council stating that it meets all conditions set forth in the City's General Plan, Zoning Ordinances and Codes and Waterfront Master Plan which include land use, view corridors, sidewalk widths, building setbacks and architectural character. He reviewed several issues for Council's consideration in order to allow this project to proceed.

Andy Peas with In Balance Green Consulting, the project's green consultant, stated this design would meet all the criteria for LEED certification, and a preliminary analysis finds the building will achieve LEED certification.

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Mary Beatie, TPG Consulting, worked on the approved City's Parking Management Plan for the Embarcadero. TPG has concluded that while there is a perception of a parking shortage there really is not one; it is more of an issue of getting the visitors to the parking they need. Ms. Beatie went on to present documentation that shows how the project will be able to procure the additional 187 parking spaces it will need. They will utilize valet parking, trolley use as well as shuttles. They currently have a signed lease agreement with San Luis Coastal Unified School District to provide 104 spaces at Morro Elementary and they are in negotiations with Bank of America and Rabobank to provide the remaining required spaces.

Myraline Whittaker, with Central Coast of California Hospitality Consulting Services reviewed the project from a hotel standpoint and what the impact to the hotel community might be. She stated in 2007/08, the Morro Bay hotel community was only at 50% occupancy rate; Morro Bay has also lost 9% of its share of visitor spending. The hotel community would be able to take advantage of this conference center project as it would bring much needed business in the form of transient occupancy tax and visitor spending in restaurants, retail, arts, recreation, and food stores to Morro Bay.

Mayor Peters opened the hearing for public comment.

Richard Snyder stated the City does not want change but are willing to destroy the look of the waterfront. He said people would not want to be shuttled to and from a conference. Mr. Snyder stated he supports a conference center but not on the waterfront.

Troy Leage stated he commends the owners of the Outrigger for what they have done for the business since they took over in 1998. He said he could not say whether a conference center would work in this location but he does know the Outrigger does work. Mr. Leage also said there is a huge parking issue on the Embarcadero.

Dannie Tope stated there is already a parking problem on the waterfront. She said she is a proponent of the conference center but not at this location.

Gail Queen stated the Brannigan's site should be the first choice for a conference center. She said the City should wait to proceed with this proposal until they receive the request for proposals that are due for the purchase of the Brannigan property. Ms. Queen noted the Coastal Commission would think we are out of our mind with this proposal.

Dan Reddell stated he has brought the City an offer of 3.5 million dollars for the Brannigan property, and his client is confused as to where the City stands with that offer.

Dan Dorn stated he is not against the concept of a conference center; in fact he is in favor of it, just not at this location. He said the City should leave the two lease sites intact as both are currently bringing in money to the City, and look elsewhere for a conference center location such as the Brannigan property. Mr. Dorn expressed concern with the view shed and noted in 1997 he attended a Coastal Commission meeting for the ratification of the Waterfront Plan. The Plan was accepted but an amendment was attached called the Dorn Amendment,

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which said that for all time the public view from the street ends at the bluff level cannot be interfered with; this includes the view of the rock, the sand spit and the water; so any proposal brought to the Commission will be under the scrutiny of this amendment.

Floyd Davison stated the Planning Commission saw weaknesses in the proposed parking plan and as such required an additional 87 spaces. He said he wants to see the signatures on the contracts that the applicant has obtained before this proceeds.

Ed Ewing stated he has lived in Morro Bay for 40 years and has seen the waterfront grow as well as change and does not believe a conference center on the waterfront is a good idea, and does not feel the Coastal Commission would either. He said the Brannigan property is a perfect spot for a conference center because it has a larger height limit. Mr. Ewing suggested the City wait until the bids on the Request for Proposal are received on the Brannigan property.

Bob Purcott stated there was a theater group attempting to move into this waterfront location, which never happened because the request hit a brick wall with the Coastal Commission over parking issues. He expressed support for a conference center; however the Brannigan property is a better location.

Susan Stewart stated she strongly supports the concept of a mid-size conference center in Morro Bay and likes the look of the project, especially the added boat slips and additional retail outlets.

Andrea Klipfel, member of the Chamber of Commerce, read a statement written by Peter Candela, CEO of the Morro Bay Chamber of Commerce. Mr. Candela recognizes the need for a conference center in Morro Bay, as it will bring countless visitors to our City.

George Leage expressed concern with parking on the waterfront, and noted there are more appropriate locations for a conference center. He said petitions have been circulated and for every 100 signatures they are receiving it shows 97 against the proposed site. Mr. Leage also stated the proposal will not get past the Coastal Commission because it will not meet the requirements.

Dorothy Cutter stated this project has tremendous parking problems.

John Barta stated the proposed zero parking spaces on the site will not work. He said he is concerned with the north-side view of the center, which will look like a massive wall that will never be approved by the Coastal Commission. Mr. Barta stated this site would not work as a conference center site because they only work in conjunction with a hotel; there is no room flexibility; you need breakout rooms, general session rooms, and on-site valet parking.

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Colin McKay stated there are other locations that would be more suitable for a conference center. He said it is the location of the conference center that is questionable, not the plan itself.

Tracy Neil encouraged Council to look at the effects this conference center will have on the surrounding businesses. She expressed concern that the construction phase would have a bad effect on Embarcadero business. Ms. Neil stated the Embarcadero does not have the infrastructure to support the parking needs. She said while she would like to see a conference center project move forward, she does not want to see it there.

Gene Doughty, Harbor Advisory Board Member, expressed concern that the Harbor Advisory Board never heard this concept plan for a conference center. He said he is also concerned that this project's plan to enlarge the waterfront lease site towards the navigation channel. Mr. Doughty stated technically it won't encroach into the channel but might force the smaller boats and kayaks into the tidal stream of the larger boats going up and down the bay. He said he also does not believe this project meets the Waterfront Master Plan.

Ken Vesterfelt stated he agrees the City needs a conference center. He said he had conversations with the manager at Bank of America and he said he was unaware of any parking lot negotiations. Mr. Vesterfelt stated while he respects the parking study that was done he feels that if you actually live here, you can see that we have a parking problem. He also finds that while new restaurants and/or hotels would possibly do well, without parking how can retail do well.

Neil Farrell stated he sits on the Board of Directors of Ride-On and the use of Ride-on vehicles as shuttles for this project has never been discussed at the board level. He said if the opportunity was there and there was a contract to supply this service, Ride-on would provide the vans.

Bill Martony stated one of the original purposes of the conference center was to provide a link between the waterfront and the downtown area with the hope of stimulating the economy of downtown; he said the Brannigan site could do this where this proposed site cannot. He said the Embarcadero has already lost some of its old character and this project will not help.

Mayor Peters closed the public comment hearing.

Councilmember Peirce stated years ago the City hired a consultant who informed the City that our attempts to put a conference center and hotel at the Brannigan's site would not work because of the costs. He said the consultant also noted that a conference center by itself has more problems than one with a hotel in close proximity. Councilmember Peirce stated he likes the plan but would rather delay the decision for two weeks until the request for proposal for the Brannigan's site are received.

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Councilmember Winholtz stated there are two public benefits to this project, the LEED certification and two new public restrooms. She expressed concern with the project being built too far out into the water and does not like the fact that the slips will be pushed out further than any other slips that currently exist. Councilmember Winholtz stated she is also concerned that there is not adequate parking.

Councilmember DeMeritt stated she is in favor of the project in order to increase the local hotel occupancy rate to over 50%. She said she is in favor of voting for this project but does have the following issues: 1) the two lost handicap spaces should be drawn in across the street; 2) the valet parking should be in front of the building, not across the street; 3) the footprint of the building needs to be pulled back to match the footprint of Rose's from the bay side; 4) the Parking Management Plan will only work if the City implements the other parts of the Parking Management Plan such as signage to the lots at the end; 5) wants to see fewer boat slips as more boat slips create more of a need for parking; and, 6) explore the use of parking-in-lieu fees as a portion of meeting the parking needs rather than locating additional spaces.

Councilmember Grantham stated he would like to review the proposal for parking. He acknowledged this project would probably be a whole different project when it comes back from the Coastal Commission. Councilmember Grantham stated the City requested the applicants to come back with a viable project and they have; and Council should do the right thing and approve this concept plan.

Mayor Peters read a letter prepared by Michele Jacquez, member of the Community Promotions Committee who wrote in full support of the project. She expressed the City needs a conference center, and the applicants who are proposing this project have the experience of doing this before. Mayor Peters addressed the parking problem, and noted she attended the Avocado Margarita Festival this weekend and had no problem finding parking spaces. She said shuttles would work and people who attend conferences will use them.

MOTION: Councilmember DeMeritt moved City Council approve the Mitigated Negative Declaration and conditionally approve the Concept Plan for the Conference Center Project. The motion was seconded by Councilmember Grantham and carried with Councilmember Peirce and Councilmember Winholtz voting no. (3-2)

C. UNFINISHED BUSINESS

C-1 STATUS REPORT ON THE AGP CONTRACT AND CONSIDERATION OF PROVIDING WEB STREAMING OF COUNCIL MEETINGS;  
(ADMINISTRATION)

No discussion was held on this item.

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D. NEW BUSINESS - NONE

ADJOURNMENT

The meeting adjourned at 11:08pm

Recorded by:

Jamie Boucher  
Deputy City Clerk