

MINUTES - MORRO BAY CITY COUNCIL
CLOSED SESSION – JANUARY 14, 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	Interim City Manager
	Robert Schultz	City Attorney

CLOSED SESSION

MOTION: Councilmember Peirce 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 54956.9(A); CONFERENCE WITH LEGAL COUNSEL REGARDING PENDING LITIGATION.

- CITY OF MORRO BAY vs. EQUILON/SHELL

CS-3 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: Morro Bay Dunes.
Negotiating Parties: Doug Claassen and City of Morro Bay.
Negotiations: Lease Terms and Conditions.

CS-4 GOVERNMENT CODE SECTION 54956.9(a); CONFERENCE WITH LEGAL COUNSEL REGARDING PENDING LITIGATION - STATUS REPORT ON ALL PENDING LITIGATION. This is a report on status and no action may be taken on any matter not specifically listed. Council may request a specific matter be agendaized in the future for action.

CS-5 GOVERNMENT CODE SECTION 54957; PERSONNEL ISSUES.

Discussions regarding Personnel Issues including one (1) public employee regarding appointment, specifically the City Manager.

CS-6 GOVERNMENT CODE SECTION 54957; PERSONNEL ISSUES.

Discussions regarding Personnel Issues including one (1) public employee regarding evaluation, specifically the Interim City Manager.

The meeting adjourned to Closed Session at 5:00 p.m. and returned to regular session at 5:58 p.m.

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

The meeting adjourned at 5:58 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
	Melody DeMeritt	Councilmember
	Rick Grantham	Councilmember
	William Peirce	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	Interim City Manager
	Robert Schultz	City Attorney
	Bridgett Bauer	City Clerk
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	John DeRohan	Police Chief
	Rob Livick	City Engineer
	Mike Pond	Fire Chief
	Susan Slayton	Finance Director
	Dylan Wade	Civil Engineer

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 addressed the number of calls received by the Fire Department. He said Specialty Construction is doing a good job on the new fire station.

Guy Wallace invited the public to a fundraiser on January 26, 2008, honoring Poet Robert Burns, and will benefit the Central Coast Scottish Society.

Jack Barrett acknowledged Hank Roth and a job well done in the Police Department.

Marla Jo Bruton expressed concern with the due process of cutting trees in the California Coastal Zone, and reviewed the required process for the cutting of trees.

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Dannie Tope addressed a proposal from the Department of Drugs and Alcohol in San Luis Obispo County for an ordinance that would require a class for restaurant owners and servers regarding the service of alcohol.

John Barta expressed support for Item D-2 (Recommendation from the Harbor Advisory Board on Regulating Newspaper Racks on the Embarcadero), and Item D-3 (Consideration of Limiting Chain Stores on the Embarcadero and Downtown Area). He also announced the filing period for Mayor/Council vacancies for the upcoming primary election.

The following people expressed opposition to Item D-1 (Discussion on a Ballot Measure to Increase the Transient Occupancy Tax) noting it could cause a negative impact on tourism, and requested the City Council consider promoting the City through the Business Improvement District: Joan Solu, Andy Hamp, Peter Candela and Michele Jacquez.

Kelly Vandeneuvel addressed the services of the Pacific Wildlife Animal Rescue.

Peter Risley expressed concern with the City's water situation that will be problematic in the future. He said the City should decrease the use of the Desalination Plant because it is the most expensive procurement of water. Mr. Risley stated the City's water source should rely on well water.

Jim Phillips expressed support for Item D-2 stating there are approximately 93 newspaper racks on the Embarcadero, which causes an unsightly view of the City's waterfront.

Noah Smukler expressed support of Item A-4 (Resolution No. 03-08 Authorizing a Representative to Apply for and Enter into a Grant Agreement With the California Department of Water Resources Local Groundwater Assistance Grant For A Nitrate Study In The Chorro Valley) and requested the City maintain and restore its groundwater resources.

Mayor Peters closed the hearing for public comment.

Mayor Peters called for a break at 7:23 p.m.; the meeting resumed at 7:34 p.m.

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DECLARATION OF FUTURE AGENDA ITEMS

Councilmember Winholtz requested to schedule a workshop with staff to discuss goals and priorities on March 31, 2008; there was Council consensus.

Councilmember Winholtz requested to agendize a discussion on sending a letter to legislators on the Governor's proposal regarding the closure of state parks; there was Council consensus to discuss this at the next meeting.

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 DECEMBER 10, 2007 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 RESOLUTION NO. 01-08 APPROVING THE CITY INVESTMENT POLICY; (FINANCE)

RECOMMENDATION: Adopt Resolution No. 01-08.

A-3 RESOLUTION NO. 02-08 APPROVING SUBLEASE FOR LEASE SITES 65-66/65W-66W LOCATED AT 571 EMBARCADERO; (HARBOR)

RECOMMENDATION: Adopt Resolution No. 02-08.

A-4 RESOLUTION NO. 03-08 AUTHORIZING A REPRESENTATIVE TO APPLY FOR AND ENTER INTO A GRANT AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES LOCAL GROUNDWATER ASSISTANCE GRANT FOR A NITRATE STUDY IN THE CHORRO VALLEY; (PUBLIC SERVICES)

RECOMMENDATION: Adopt Resolution No. 03-08.

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A-5 RESOLUTION NO. 04-08 ENDORSING THE INTEGRATED REGIONAL WATER MANAGEMENT PLAN PREPARED BY THE COUNTY OF SAN LUIS OBISPO; (PUBLIC SERVICES)

RECOMMENDATION: Adopt Resolution No. 04-08.

A-6 CITY COUNCIL ANNUAL MEETING SCHEDULE - 2008; (ADMINISTRATION)

RECOMMENDATION: Approve the 2008 meeting schedule.

A-7 ACCEPTANCE OF LETTERS OF RESIGNATION FROM ONE COMMUNITY PROMOTIONS COMMITTEE MEMBER AND ONE PUBLIC WORKS ADVISORY BOARD MEMBER; (ADMINISTRATION)

RECOMMENDATION: Accept letters of resignation.

Councilmember Winholtz pulled Items A-2 and A-6 from the Consent Calendar; Councilmember DeMeritt pulled Item A-1.

MOTION: Councilmember Winholtz moved the City Council approve the Consent Calendar with the exception of Items A-1, A-2 and A-6. The motion was seconded by Councilmember Peirce and carried unanimously. (5-0)

A-1 APPROVAL OF MINUTES FOR THE DECEMBER 10, 2007 CITY COUNCIL MEETING; (ADMINISTRATION)

Councilmember DeMeritt requested the following amendment to the minutes of December 10, 2007:

B-2 CONTINUED PUBLIC HEARING ON A BED AND BREAKFAST/MIXED-USE PROJECT LOCATED AT 214 BEACH STREET; (PAGE 10 – 1ST PARAGRAPH):

After discussion, there was a majority Council consensus that street striping should be paid by the applicant; the requirement to post no parking signs for vehicles over 7 feet high on Market Street; investigate a flashing red light for pedestrian crossing; and require covered parking vs. a parking structure. **Further discussion also revealed that the bedroom designed for the applicant's upstairs housing unit was not legally designed under the City's zoning codes.**

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Mayor Peters made the following corrections:

B-3 RECONSIDERATION OF PAYMENT TO THE VISITORS AND
CONFERENCE BUREAU; (PAGE 11 – 4TH PARAGRAPH):

Mayor Peters stated she has concern with the comparison of other cities representation with the Visitors and Conference Bureau. She said she did recognize the benefit of the VCB in filming in the area. Mayor Peters stated she could support funding an additional \$10,000 for this year, and have the VCB review ~~look at~~ the fair share formula based on ~~General Fund in the future~~ the percentage the transient occupancy tax represents of each city's total General Fund revenue.

MOTION: Councilmember DeMeritt 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. 01-08 APPROVING THE CITY INVESTMENT POLICY;
(FINANCE)

Councilmember Winholtz requested the following amendment to page 2 of the Investment Policy:

Ethics and Conflict of Interest: The treasurer and designated staff ~~should~~ **shall** refrain from personal business activities that could conflict with the proper execution of the investment program or which could impair their ability to make impartial decisions.

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

A-6 CITY COUNCIL ANNUAL MEETING SCHEDULE - 2008; (ADMINISTRATION)

Councilmember Winholtz requested an amendment to the proposed meeting schedule in order to meet jointly with the Planning Commission on February 19 and September 15, 2008.

MOTION: Councilmember Peirce moved the City Council approve Item A-6 of the Consent Calendar as amended. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

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B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 REVIEW OF RENTAL AGREEMENT FOR SENIOR CENTER;
(RECREATION & PARKS)

Acting Recreation & Parks Director Joe Woods stated the Morro Bay Senior Citizen's Inc. has operated the Morro Bay Senior Center for 27 years. The first agreement between the City and the Senior Citizen's, Inc. dates back to February 13, 1980 and defines relationships and areas of responsibilities. Subsequent agreements have been in place and the current operating agreement is due to expire on January 15, 2009. The City and the Morro Bay Senior Citizens, Inc. have been working jointly to provide services for the senior population for many years. The Recreation and Parks Commission approved the agreement with minor amendments at their November 1, 2007 meeting. Mr. Woods recommended the City Council approve the proposed Senior Center Use Agreement and authorize the Mayor to sign said Agreement on behalf of the City.

Mayor Peters opened the hearing for public comment.

Norma Vaughan stated the Morro Bay Senior Citizen's Inc. should be considered as a co-owner of the Community Center and the agreement is for future maintenance of the building. She said the Senior Citizen's Inc. have always had a good working relationship with the City.

Mayor Peters closed the hearing for public comment.

MOTION: Councilmember Peirce moved the City Council approve the proposed Senior Center Use Agreement and authorize the Mayor to sign said Agreement on behalf of the City. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

C. UNFINISHED BUSINESS

C-1 DISCUSSION ON THE ANNEXATION OF THE BACK BAY AND
CHEVRON BEACHFRONT PROPERTY AS PART OF THE CITY'S SPHERE
OF INFLUENCE; (PUBLIC SERVICES)

Public Services Director Bruce Ambo stated on October 22, 2007, Councilmember Winholtz requested to agendaize a Council discussion on annexing the back bay and northerly beachfront portion of the Chevron property. The concept of designating the Chevron property as a dog park was raised during the deliberations on the City's recently amended Sphere of Influence/Municipal Service Review that was conducted by the Local

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Agency Formation Commission. Before a property can be annexed, the property owner must consent to the annexation, which means there is no prospect for annexation unless and until the property owner agrees to be annexed into the City. The property owner for the back bay is the State Lands Commission and Chevron owns the northerly beachfront parcel. If this project were to proceed, the next step would be formally contacting the property owners to see if they agree to the City's proposed use of the property and want to be annexed in to the City. The formal annexation process could begin involving the pre-zoning of the areas, land use and service impact analysis, and environmental review. Mr. Ambo recommended the City Council weigh the priority of annexing the back bay and beachfront portions of the Chevron property and provide further direction to staff.

MOTION: Councilmember Grantham moved the City Council direct staff to inquire with the property owners if they agree to be annexed into the City. The motion was seconded by Councilmember DeMeritt.

Councilmember Peirce suggested amending the motion to include language regarding if the property is decommissioned, would the property owners be willing to donate the property to the City.

Councilmember Grantham accepted the amendment; Councilmember DeMeritt accepted the amendment to her second.

VOTE: The motion carried unanimously. (5-0)

D. NEW BUSINESS

D-1 DISCUSSION ON A BALLOT MEASURE TO INCREASE THE TRANSIENT OCCUPANCY TAX; (FINANCE)

Finance Director Susan Slayton stated at the October 22, 2007 City Council meeting, Council requested information on placing a voter measure to increase the City's transient occupancy tax from 10% to 12% on the 2008 June Primary Election or November General Election ballot. Transient occupancy tax is currently collected by all entities renting lodging for 30 days or less at a rate of 10% per rental. Those taxes are remitted monthly to the City, and that revenue stream accounts for 20.5% of the General Fund's revenue before transfers in. Ms. Slayton recommended the City Council review this information and direct staff accordingly.

Councilmember Grantham stated he has proposed to place this measure on the ballot in order to bring the City more revenue.

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The majority of the City Council agreed to wait on the results of the Business Improvement District, and obtain information on the economic impact on the increase in transient occupancy tax.

MOTION: Councilmember DeMeritt moved the City Council direct staff to bring back information on the Business Improvement District, and contact Mr. Kotin on where to find information on the economic impact on the increase in transient occupancy tax. The motion was seconded by Mayor Peters and carried with Councilmember Grantham voting no. (4-1)

D-2 RECOMMENDATION FROM THE HARBOR ADVISORY BOARD ON
REGULATING NEWSPAPER RACKS ON THE EMBARCADERO;
(HARBOR)

Harbor Director Rick Algert stated for over a year, the Harbor Advisory Board has been discussing a request to the City Council to consider some regulation of news racks in the waterfront area to improve public health and safety, manage risk, enhance public access, minimize view/traffic obstructions, and to improve aesthetics and the business environment. The Harbor Advisory Board made recommendations to the City Council at their November 1, 2007 meeting on elements to include in a proposed ordinance. Mr. Algert recommended the City Council direct the City Attorney to prepare a draft news rack ordinance to regulate news racks in the waterfront area.

Councilmember DeMeritt stated she would like the racks to be placed on the east side of the Embarcadero in order to keep them out of the view shed; and perhaps limit the size of the racks.

Councilmember Grantham stated he would like the advertisers to contribute towards the purchase and maintenance of the racks.

Councilmember Peirce stated there should be as few racks as possible with an annual maintenance agreement.

Councilmember Winholtz asked if this ordinance could apply to all areas in the City.

Mayor Peters stated she would like to move forward with an ordinance to regulate news racks, and discuss the regulation with the newspaper agencies.

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MOTION: Councilmember Peirce moved the City Council accept the Harbor Advisory Board recommendation to direct the City Attorney to prepare a draft news rack ordinance to regulate news racks in the waterfront area. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

D-3 CONSIDERATION OF LIMITING CHAIN STORES ON THE EMBARCADERO AND DOWNTOWN AREA; (CITY COUNCIL)

Mayor Peters stated to date, Morro Bay has not had any chain stores desiring to locate on the Embarcadero or in the central downtown area. The City Council has made it a point to support local small businesses. She suggested Council determine if business owners and citizens would like to see chain stores limited to certain areas of the City, and perhaps consider establishing an ordinance providing said limitations. Mayor Peters provided similar ordinances from the City of Ojai and the City of Port Townsend for Council information.

Consensus of the City Council was to consider this item when reviewing the Downtown Vision Plan.

No further action was taken on this item.

D-4 SET DATE FOR INTERVIEWS OF COMMISSIONER/ADVISORY BOARD VACANCIES; (ADMINISTRATION)

MOTION: Councilmember Winholtz moved the City Council extend the deadline to submit applications for advisory board vacancies to January 25, 2008. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

The City Council scheduled the interviews for January 30, 2008 at 6:00 p.m. in the Community Center Multi Purpose Room.

D-5 APPOINTMENT OF REPRESENTATIVES ON DISCRETIONARY BOARDS; (ADMINISTRATION)

The City Council agreed to maintain their positions on the discretionary boards. Councilmember DeMeritt requested to be appointed alternate to the Economic Vitality Corporation. Council requested the San Luis Obispo County Housing Trust Fund be added to the list of discretionary appointments with Councilmember Winholtz as the City's representative.

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MOTION: Councilmember DeMeritt moved the City Council accept the appointments as discussed by Council. The motion was seconded by Councilmember Peirce and carried unanimously. (5-0)

D-6 DISCUSSION ON FORMING A CITY COUNCIL COMPENSATION COMMITTEE PURSUANT TO SECTION 2.6 OF THE CITY COUNCIL POLICIES AND PROCEDURES; (CITY ATTORNEY)

City Attorney Robert Schultz stated the City Council Policies and Procedures indicate that a Council Compensation Committee should be formed by January 31 of each even-numbered year. The policy sections specify the makeup of the Committee and call for the Committee to study Council compensation and bring back recommendations to the City Council. Mr. Schultz recommended the City Council review Section 2.6 of the City Council Policies and Procedures, and direct staff accordingly.

Council requested the following amendment to Section 2.6 (Council Compensation Committee): A five-member review committee ~~shall~~ **may** be appointed by January 31, in even-numbered years

MOTION: Councilmember Peirce moved the City Council decline to form a City Council Compensation Committee, and direct staff to bring back the City Council Policies and Procedures as amended. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

D-7 APPOINTMENT OF VICE-MAYOR TO SERVE FOR A ONE-YEAR TERM;
(ADMINISTRATION)

Consensus of the City Council was to appoint Councilmember Grantham to serve a one-year term as Vice-Mayor.

MOTION: Councilmember Winholtz moved the City Council review the City Council Policies and Procedures regarding appointment of Vice-Mayor (nomination vs. rotation). The motion was seconded by Councilmember DeMeritt and carried unanimously. (5-0)

ADJOURNMENT - The meeting adjourned at 9:30 p.m.

Recorded by:

Bridgett Bauer
City Clerk