

MINUTES - MORRO BAY CITY COUNCIL
CLOSED SESSION – DECEMBER 14, 2009
CITY HALL CONFERENCE ROOM - 5:00 P.M.

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

PRESENT:	Janice Peters	Mayor
	Carla Borchard	Councilmember
	Rick Grantham	Councilmember
	Noah Smukler	Councilmember
	Betty Winholtz	Councilmember

STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney

CLOSED SESSION

MOTION: Councilmember Borchard moved the meeting be adjourned to Closed Session. The motion was seconded by Councilmember Winholtz 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 the City's Designated Representative, for the purpose of reviewing the City's position regarding the terms and compensation paid to employees groups 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.

Property: 781 Market Street and the Corner of Pacific Street and Market Street.
Negotiating Parties: George Salwasser and the City of Morro Bay.

Negotiations: Purchase and Sale Conditions.

The meeting adjourned to Closed Session at 5:00 p.m. and returned to regular session at 5:45 p.m.

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

The meeting adjourned at 5:45 p.m.

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VETERANS MEMORIAL HALL - 6:00 P.M.

Mayor Peters called the meeting to order at 6:00 p.m.

PRESENT:	Janice Peters	Mayor
	Carla Borchard	Councilmember
	Rick Grantham	Councilmember
	Noah Smukler	Councilmember
	Betty Winholtz	Councilmember
STAFF:	Andrea Lueker	City Manager
	Robert Schultz	City Attorney
	Bridgett Bauer	City Clerk
	Janeen Burlingame	Management Analyst
	Rick Algert	Harbor Director
	Bruce Ambo	Public Services Director
	Rob Livick	City Engineer
	Tim Olivas	Police Commander
	Mike Pond	Fire Chief
	Christine Rogers	Housing Programs Coordinator
	Susan Slayton	Administrative Services Director
	Dylan Wade	Utilities/Capital Projects Manager
	Kathleen Wold	Senior Planner
	Joe Woods	Recreation & Parks Director

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

MAYOR AND COUNCIL MEMBERS REPORTS, ANNOUNCEMENTS &
PRESENTATIONS

CLOSED SESSION REPORT - City Attorney Robert Schultz reported the City Council met in Closed Session, and no reportable action under the Brown Act was taken.

PUBLIC COMMENT

Hank Roth expressed his appreciation towards the volunteers for their help with the Caroling Cop Cars Program.

Robert Davis, Morro Bay Citizens Bike Committee, stated the San Luis Obispo Council of Governments called for a current list of Unmet Bike Needs be presented at their meeting on December 2, 2009. Mr. Davis listed the items of Unmet Bike Needs presented to the Council of Governments for the City Council's information.

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Priscilla Handley, United States Census Bureau representative for San Luis Obispo County, stated she is working in conjunction with the San Luis Obispo Council of Governments to support the upcoming Census operations for 2010. She stated the U.S. Census Bureau is still hiring for the 2010 Census.

Peter Candela, Morro Bay Chamber of Commerce, announced upcoming events.

Doug Claussen, Morro Dunes RV Park, expressed the need for financial assistance for the City's Police Department. He also addressed Item B-4 (Discussion and Direction Regarding Placing a Measure on the June 2010 General Election Ballot Approving an Increase of the City's Transient Occupancy Tax) and said the City should not increase the TOT more than 1% due to the challenging economy.

Claire Grantham announced there will be free public H1N1 shot clinics at the San Luis Obispo, Paso Robles and Grover Beach Public Health Departments on Tuesday, December 15th.

Gerald Luhr stated he would be available to answer questions regarding Item D-4 (Discussion on Options for Funding the Cal Poly Visioning Project for the Downtown Area).

John Barta stated he is interested in Council's discussion on Item C-2 (Status Report on the Floor-Area-Ratio (Far) Formula to Projects from May to October 2009).

Joan Solu expressed support for Item D-4 noting it would be fabulous for the City's downtown area.

Mayor Peters closed the hearing for public comment.

A. CONSENT CALENDAR

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

- A-1 APPROVAL OF MINUTES FOR THE REGULAR CITY COUNCIL MEETING OF NOVEMBER 9, 2009, AND THE SPECIAL MEETING OF NOVEMBER 30, 2009; (ADMINISTRATION)

RECOMMENDATION: Approve minutes as submitted.

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A-2 RESOLUTION NO.57-09 APPOINTING THE CITY TREASURER AND CITY ENGINEER; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Adopt Resolution No. 57-09 appointing Susan Slayton as the City Treasurer and Robert Livick as the City Engineer.

A-3 AUTHORIZATION TO SURPLUS AND SELL FIRE ENGINE #5381; (ADMINISTRATIVE SERVICES)

RECOMMENDATION: Designate Fire engine #5381 as surplus property, and request the Administrative Services Director sell the vehicle and remove it from the City's fleet.

A-4 RESOLUTION TO APPROVE INTERIM LEASE AGREEMENT FOR LEASE SITE 96/96W LOCATED AT 945 EMBARCADERO - WHALE'S TAIL; (HARBOR)

RECOMMENDATION: Adopt Resolution No. 58-09.

A-5 RESOLUTION TO APPROVE AMENDMENT #4 TO THE LEASE AGREEMENT FOR LEASE SITE 87-88/87W-88W LOCATED AT 833 EMBARCADERO - OUTRIGGER RESTAURANT; (HARBOR)

RECOMMENDATION: Adopt Resolution No. 59-09.

A-6 APPROVAL OF RESOLUTION AUTHORIZING THE CITY OF MORRO BAY TO ENTER INTO ABANDONED WATERCRAFT ABATEMENT FUND CONTRACT WITH THE DEPARTMENT OF BOATING AND WATERWAYS; (HARBOR)

RECOMMENDATION: Adopt Resolution No. 60-09 authorizing the City to enter into an Abandoned Watercraft Abatement Fund contract with the Department of Boating & Waterways.

A-7 RESOLUTION AUTHORIZING AND DELEGATING AUTHORITY TO THE UTILITIES/CAPITAL PROJECTS MANAGER FOR THE PURSUIT OF A PROPOSITION 84 WATER TREATMENT GRANT; (PUBLIC SERVICES)

RECOMMENDATION: Adopt Resolution No. 61-09.

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A-8 RESOLUTION AUTHORIZING STAFF TO SUBMIT THE ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM APPLICATION TO THE CALIFORNIA ENERGY COMMISSION FOR GRANT FUNDS TO EXECUTE THE PROPOSED IMPROVEMENTS IDENTIFIED IN THE CALIFORNIA ENERGY COMMISSIONS ENERGY AUDIT LETTER REPORT; (RECREATION & PARKS)

RECOMMENDATION: Adopt Resolution No. 62-09 allowing the City to accept grant monies for the execution of the improvements identified in the California Energy Commission Energy Audit Letter Report.

A-9 STATUS REPORT ON APPLICATIONS FOR ECONOMIC STIMULUS FUNDING; (ADMINISTRATION)

RECOMMENDATION: Receive for information.

Councilmember Winholtz pulled Item A-2 from the Consent Calendar; Mayor Peters pulled Item A-5 and Councilmember Smukler pulled Item A-8.

MOTION: Councilmember Borchard moved the City Council approve the Consent Calendar with the exception of Items A-2, A-5 and A-8. The motion was seconded by Councilmember Winholtz and carried unanimously. (5-0)

A-2 RESOLUTION NO.57-09 APPOINTING THE CITY TREASURER AND CITY ENGINEER; (ADMINISTRATIVE SERVICES)

Councilmember Winholtz asked if this request would affect the evaluation process.

City Attorney Robert Schultz responded it would not affect the administrative process.

Councilmember Winholtz stated she would like to update this ordinance next year.

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

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A-5 RESOLUTION TO APPROVE AMENDMENT #4 TO THE LEASE
AGREEMENT FOR LEASE SITE 87-88/87W-88W LOCATED AT 833
EMBARCADERO - OUTRIGGER RESTAURANT; (HARBOR)

Mayor Peters stated the California Coastal Commission approved the proposed conference center for Lease Site 87-88/87W-88W. She noted Burt Caldwell has stated he would like to start construction by the end of next year and requested the City Council consider extending the lease site extension for 6 months with two 3-month extensions thereafter.

MOTION: Mayor Peters moved the City Council approve extending the lease agreement for Lease Site 87-88/87W-88W for six (6) months with two 3-month extensions thereafter. The motion was seconded by Councilmember Grantham. The motion failed with Councilmember Borchard, Councilmember Smukler and Councilmember Winholtz voting no. (2-3)

MOTION: Councilmember Borchard moved the City Council adopt Resolution No 59-09 approving Amendment #4 to extend the existing Lease Agreement one year for Lease Site 87-88/87W-88W located at 833 Embarcadero. The motion was seconded by Councilmember Winholtz and carried with Mayor Peters voting no. (4-1)

A-8 RESOLUTION AUTHORIZING STAFF TO SUBMIT THE ENERGY
EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM
APPLICATION TO THE CALIFORNIA ENERGY COMMISSION FOR
GRANT FUNDS TO EXECUTE THE PROPOSED IMPROVEMENTS
IDENTIFIED IN THE CALIFORNIA ENERGY COMMISSIONS ENERGY
AUDIT LETTER REPORT; (RECREATION & PARKS)

Councilmember Smukler requested staff review the Energy Efficiency Program for public information.

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

Mayor Peters called for a break at 6:53 p.m.; the meeting resumed at 7:03 p.m.

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B. PUBLIC HEARINGS, REPORTS & APPEARANCES

B-1 DISCUSSION ON FISCAL YEAR 2009/10 TRANSPORTATION DEVELOPMENT ACT FUNDING CUT TO TRANSIT AND CONSIDERATION OF MORRO BAY DIAL-A-RIDE SERVICE OPTIONS; (PUBLIC SERVICES)

Management Analyst Janeen Burlingame stated the Transportation Development Act (TDA) provides two sources of funding for transportation programs. The first, the Local Transportation Fund (LTF), is derived from 1/4 cent of each 7.75 cents collected in retail sales taxes. The second, State Transit Assistance (STA) is derived from the statewide sales tax on vehicle fuel. Annually SLOCOG apportions TDA funds based on estimates provided by the State; these funds include LTF and STA (the Governor's adopted budget eliminated STA funds in fiscal year 2009/10.) There are essentially two options available to the City to combat the loss in transit funding for this fiscal year: 1) find alternative revenue sources in the amount of the funding loss, or 2) implement service cuts if alternative funding cannot be identified to compensate for all or part of the funding shortfall. Ms. Burlingame recommended the City Council: 1) approve use of up to 10% of the City's awarded American Recovery and Reinvestment Act (ARRA) 5311 grant and revenue from the sale of the 1985 trolley to compensate for the TDA funding cut to the City's 2009/2010 fiscal year transit allocation; 2) approve using general accumulation funds to retain existing levels of Dial-a-Ride service for fiscal year 2009/2010 only if the ARRA 5311 grant and revenue from the trolley sale in recommendation #1 do not make up the entire cut to the City's fiscal year 2009/2010 TDA allocation; or 3) if recommendations 1 and 2 are not approved, approve reducing Monday through Friday Morro Bay Dial-a-Ride service days by six (6) hours each day to be effective between January 15, 2010 and June 30, 2010 to compensate for the TDA funding cut to the City's 2009/2010 fiscal year transit allocation.

Mayor Peters opened the hearing for public comment.

The following people expressed support for maintaining the current Dial-a-Ride services: Peter Candela, Susan Brown, Rita Tomack, Vicki Landis, Camille Watkins and Levi Tyler.

Mayor Peters closed the public comment hearing.

Councilmember Grantham stated this is a compassionate service and should be fully funded out of the Accumulation Fund.

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Councilmember Smukler stated he agrees this service should be maintained at the current level. He said he would like the Public Works Advisory Board take charge in considering the future of this program; perhaps consider a “Friends of Public Transportation” program.

Councilmember Winholtz stated she supports maintaining this service at its current level.

Councilmember Borchard agrees that the Public Works Advisory Board should consider the future funding of this program and how to increase ridership. She said she supports staff recommendation #1 approving the use of up to 10% of the City’s awarded American Recovery and Reinvestment Act 5311 grant and proceeds from the sale of the 1985 trolley to compensate for the TDA funding cut to the City’s 2009/10 fiscal year transit allocation.

Mayor Peters stated she agrees the City should maintain the current Dial-a-Ride service.

MOTION: Councilmember Winholtz moved the City Council: 1) approve using general accumulation funds to retain existing levels of Dial-a-Ride service for fiscal year 2009/10 only if the American Recovery and Reinvestment Act 5311 grant and revenue from the trolley sale do not make up the entire cut to the City’s fiscal year 2009/10 TDA allocation; and 2) forward to the Public Works Advisory Board for discussion on Dial-a-Ride services, future funding, and how to increase ridership. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

B-2 CONSIDERATION OF PARTICIPATION IN A COUNTYWIDE AB 811 CONTRACTUAL ASSESSMENT PROGRAM (CALIFORNIAFIRST) TO FINANCE ENERGY EFFICIENCY IMPROVEMENTS AND DISTRIBUTED RENEWABLE ENERGY; (PUBLIC SERVICES)

Housing Programs Coordinator Christine Rogers stated the CaliforniaFIRST Program is being instituted by California Communities, a joint powers authority sponsored by the League of California Cities and the California State Association of Counties, to allow owners of property in participating cities and counties to finance renewable energy, energy efficiency and water efficiency improvements on their property. If a property owner chooses to participate, the improvements will be financed by the issuance of bonds by California Communities. California Communities will levy “contractual assessments” on the owner’s property to repay the portion of the bonds issued to finance the improvements on that property. San Luis Obispo County has initiated action to participate in the program and is considering formal adoption of the resolutions to participate in the program later this month. As requested, the City Manager has sent a letter to the California Energy Commission expressing the City’s interest in participating

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in the program by the November 20th deadline. The program also requires the adoption of a resolution of participation by the City Council prior to January 18, 2010. The general advantage of the program is that the City can work through the overall State program and that the majority of the program administration would be covered by outside resources. The City already has an ambitious energy conservation component to its affordable housing rehabilitation program, but this is only available to households that income-qualify. Ms. Rogers recommended the City Council adopt Resolution No. 63-09 authorizing the City of Morro Bay to become a participating member agency in the CaliforniaFIRST Program and direct staff to continue the process to implement the CaliforniaFIRST Program within the City.

Mayor Peters opened the hearing for public comment.

Margaret Ambersavage, Central Coast Chapter of the United States Green Building Council, stated their organization fully supports AB811. She said this energy and efficiency program would implement solar and other renewable energy sources to reduce our carbon footprint.

Gerald Luhr stated this is an excellent program which the County requires an energy performance audit. He asked if that would also be included in the City's program. Mr. Luhr recommended the City Council approve participation in this program.

Mayor Peters closed the public comment hearing.

MOTION: Councilmember Smukler moved the City Council adopt Resolution No. 63-09 authorizing the City of Morro Bay to become a participating member agency in the CaliforniaFIRST Program and direct staff to continue the process to implement the CaliforniaFIRST Program within the City. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

B-3 ADOPTION OF RESOLUTION NO. 65-09 APPROVING THE REAL ESTATE AGREEMENT FOR THE SALE OF CITY-OWNED PROPERTY AT 781 MARKET AND THE CITY-OWNED PROPERTY AT THE CORNER OF PACIFIC AND MARKET IN MORRO BAY, CALIFORNIA; (CITY ATTORNEY)

City Attorney Robert Schultz stated the City obtained ownership of the property located at the Northeast corner of Market Avenue and Pacific Street in 2001. The real property is a ±14,387 square foot parcel currently improved with an asphalt-paved 40-space automobile parking lot. The property was purchased for \$500,000 using parking in-lieu funds. The City will need to reimburse the parking in-lieu fund \$500,000 unless the funds

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are reallocated to another project. The City obtained ownership of the property located at 781 Market Street in 2002. The real property is a ±6,769 square foot parcel and is currently improved with a vacant masonry building previously used as a restaurant. General Fund monies were used for the purchase of the property. The purchase of the property at 781 Market Street was part of a purchase that also included the property at 714 Embarcadero. Since 2002, the City has unsuccessfully issued a series of RFP's to develop the properties into a hotel/conference center. The buyer, George Salwasser, has accepted the terms and conditions of the Real Estate Agreement and will purchase the property at 781 Market Street and at the corner of Pacific and Market for \$1,500,000.00. Mr. Schultz recommended the City Council approve the Real Estate Agreement and adopt Resolution No. 65-09 approving the sale of City-owned property located at 781 Market Street and at the corner of Pacific and Market Street for \$1,500,000.00.

Mayor Peters opened the hearing for public comment.

John Mayers expressed support of the sale of this property; however, he does not agree with the structuring of the proposed transaction which seems to greatly favor the investor. He said the City should not get into the banking business and should move forward with a clean sale with another investor.

John Barta addressed the sale of the parking lot and noted the funds should be reimbursed to the in-lieu parking fund.

Mayor Peters closed the public comment hearing.

Councilmember Winholtz stated she is going to support the sale of this property because the City has had this property up for sale in both good and poor economic times and has not been able to sell it, and the City needs to cut its losses and move forward. Councilmember Winholtz stated she would like this money to be used to build a bathroom downtown.

Councilmember Grantham stated the City will benefit by the Lift Station purchased by the buyer of the property, and he supports moving forward with the sale of this property.

Councilmember Smukler stated he also supports the sale of this property since the buyer has liquid assets to be able to focus on rehabilitating the property. He said he is hoping to reinvest these funds in community development projects.

Councilmember Borchard expressed her support on the sale of the property. She noted a correction on Item 23 in Resolution No. 65-09 that the City will not be responsible for the proposed Lift Station.

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Mayor Peters stated she is ambivalent to selling this property because she would prefer to maintain it as lease property in order for the City to have constant income.

MOTION: Councilmember Borchard moved the City Council adopt Resolution No. 65-09 approving the Real Estate Agreement for the sale of City-Owned Property at 781 Market and the City-Owned Property at the Corner of Pacific and Market in Morro Bay, California, with the amendment to Item #23 in the contract stating that the City will not be responsible for any operation and maintenance of the Lift Station, and will negotiate the hours of operation only. The motion was seconded by Councilmember Grantham and carried with Mayor Peters voting no. (4-1)

B-4 DISCUSSION AND DIRECTION REGARDING PLACING A MEASURE ON THE JUNE 2010 GENERAL ELECTION BALLOT APPROVING AN INCREASE OF THE CITY'S TRANSIENT OCCUPANCY TAX (TOT); (CITY ATTORNEY)

City Attorney Robert Schultz stated at the June 23, 2009 meeting, City Council directed staff to draft enabling documents to submit a tax measure increasing the City's Transient Occupancy Tax (TOT) on the June 8, 2010 ballot for voter approval as part of the General Municipal Election. TOT at a rate of 10% per rental is currently collected by all entities renting lodging for 30 days or less. Those taxes are remitted monthly to the City, and that revenue stream accounts for approximately 18% of the General Fund's revenues before transfers in. TOT is the second largest revenue source to the City (property tax is the largest.) In order to increase TOT, the City must hold an election at the same time that an election is held where members of the City Council will be elected. In addition, pursuant to State law, any increase of the tax rate must first be approved by a 2/3 vote (4 members) of the City Council and then a majority vote of the City's voters who vote at a regular Municipal Election. Mr. Schultz recommended the City Council discuss and direct staff regarding placing a measure on the June 8, 2010 ballot increasing the Transient Occupancy Tax from 10% to 12%. The deadline for submittal of such a measure to the County is February 24, 2010.

Mayor Peters opened the hearing public comment.

The following people expressed opposition to placing a measure on the June 2010 General Election ballot approving an increase in the City's Transient Occupancy Tax: John Solu, Mike Casola, Chris Duff, Jonni Biaggini, Peter Candela, Joan Solu, John Barta, Peter Beaman, George Leage, John Gerber, and Ken Vesterfelt.

Mayor Peters closed the public comment hearing.

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MOTION: Mayor Peters moved the City Council continue this item to the January 25, 2010 City Council meeting. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

Mayor Peters called for a break at 8:43 p.m.; the meeting resumed at 8:51 p.m.

C. UNFINISHED BUSINESS

C-1 ENDING THE DECLARATION OF A WATER EMERGENCY FOR THE STATE WATER SHUTDOWN AND REPEAL OF THE MANDATORY CONSERVATION REQUIREMENT AND ADOPTION OF A STANDING WATER EMERGENCY DURING REDUCED OR NON STATE WATER DELIVERY PERIODS; (PUBLIC SERVICES)

Utilities/Capital Projects Manager Dylan Wade stated the City has four main sources of water supply, which include the State Water Project, Chorro groundwater, Morro groundwater, and a Desalination Plant. The State Water Project has become the primary source of supply. Each year the State Water Project undergoes a maintenance shutdown; during this time the primary water supply source for the City is unavailable. The contamination of our groundwater resources with nitrates, by agricultural activities in both the Morro and Chorro groundwater basins have further impacted the City's water supplies. During the State Water shutdown, or periods of greatly reduced deliveries, it is necessary to blend our groundwater sources with water from other sources to reduce nitrate levels in the distribution system. When blending high nitrate sources, having a reduction in demands helps to keep high nitrate sources of water offline which in turn keeps system nitrate levels at an acceptable level. In order to reduce water demands during critical water supply periods, the Council can declare an emergency and thereby authorize the Public Services Director to institute Mandatory Water Conservation Requirements as outlined in the municipal code. Mr. Wade recommended the City Council repeal Resolution No. 50-09 declaring a water emergency during the State Water Project annual maintenance shutdown and instituting mandatory conservation requirements. He also recommended the City Council adopt Resolution No. 64-09 declaring a water emergency during periods of time when State Water Project deliveries are below 35% and authorizing the Public Services Director to implement mandatory conservation requirements as outlined in the municipal code.

Councilmember Winholtz stated she supports going to Level B (Moderately Restricted Water Supply Conditions), which is stable especially for non-permanent residents.

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Councilmember Grantham stated he would like to receive a monthly report that shows where the City is currently and where it is projected to be in the next month in order to see problems coming.

Mayor Peters agreed with going to Level B as the City's standard water restriction, and by receiving a monthly report will be a constant reminder of how the City is doing.

Councilmember Smukler stated he supports adopting Level B as the City's standard water restrictions. He said he would also like to improve public education regarding water conservation.

Councilmember Borchard stated she supports the consistency of Level B water restrictions.

MOTION: Councilmember Winholtz moved the City Council adopt Resolution No. 64-09 as modified by Council wherein the Public Services Director is directed to implement Section (B) Moderately Restricted Water Supply Conditions. The motion was seconded by Councilmember Grantham and carried unanimously. (5-0)

C-2 STATUS REPORT ON THE FLOOR-AREA-RATIO (FAR) FORMULA TO PROJECTS FROM MAY TO OCTOBER 2009; (PUBLIC SERVICES)

Public Services Director Bruce Ambo stated at the March 30, 2009 joint City Council/Planning Commission meeting, the Council directed staff to include a paragraph in the staff reports for the Planning Commission on how the floor-to-area ratios (FAR) compiled by a citizens' committee would compare on projects. There has been considerable analysis and community debate on the subject of FAR's and numerous community meetings, Planning Commission and City Council hearings dating back to 2007. In September 2007, the City Council enacted an interim urgency ordinance requiring the review and approval of a Conditional Use Permit at the Planning Commission for any residence exceeding 2,500 square feet (excluding a 400 sq. ft. allowance for the garage) in the R-1, Single Family Residential zone. This interim ordinance was again extended in September 2008, and has now lapsed. Mr. Ambo recommended the City Council receive and file this report and/or provide further direction to staff.

MOTION: Mayor Peters moved the City Council direct staff to return with a resolution reinstating the 2,500 square foot single family residential review level. The motion was seconded by Councilmember Winholtz and carried with Councilmember Borchard voting no. (4-1)

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MOTION: Mayor Peters moved the City Council direct staff to start the process of amending the code addressing neighborhood compatibility in single family residential areas using the non-numeric methodology that was originally recommended by staff. The motion was seconded by Councilmember Winholtz and carried with Councilmember Borchard and Councilmember Grantham voting no. (3-2)

D. NEW BUSINESS

D-1 DISCUSSION ON WATER QUALITY TESTING IN MORRO BAY'S
DRINKING WATER; (PUBLIC SERVICES)

This item was pulled from the agenda.

D-2 UPDATE ON THE WORK PROGRAM FOR DEVELOPING A PRELIMINARY
CLIMATE ACTION PLAN; (PUBLIC SERVICES)

Housing Programs Coordinator Christine Rogers stated the purpose of this working program is to identify all of the unfunded environmental and energy efficiency programs that are mandated by the State, establish some sort of timing and order to accomplish the implementation of them, and efficiently allocate staff resources. The work program is a living document, and must respond to frequent changes in the regulatory and environmental framework, as well the availability of pertinent data and improved methodologies. A review of the work program identifies the program activities, target dates, responsible department, outcome and progress to date. Ms. Rogers recommended the City Council receive and file this update of activities to be undertaken related to state, county, and/or local programs and updates to regulatory codes and standards.

Council received this report for information; no action was taken on this item.

D-3 DISCUSSION ON USING IN-LIEU FUNDS FOR CAPITAL PROJECT STUDIES
SUCH AS THE HOUSING ELEMENT OR GENERAL PLAN UPDATE; (PUBLIC
SERVICES)

Public Services Director Bruce Ambo stated this item was placed on the agenda by Councilmember Winholtz, presumably out of concern that funds from the affordable housing in-lieu fees were being spent on plans, studies and/or reports instead of affordable housing projects. The provisions for the use of affordable housing in-lieu fees are set forth in the Zoning Ordinance as follows:

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“Section 17.50.060 B. Fees accepted for affordable housing shall be used by the City to construct or assist in the construction of housing for rent or sale to very low, low and moderate income families or to purchase land for the purpose of affordable housing or to assist very low, low and moderate income families to afford adequate housing or for other measures to provide housing for low and moderate income families. The City may, at its option, transfer in-lieu fees to another public agency as a nonprofit housing provider for the purpose of providing affordable housing in the City of Morro Bay.”

Staff requested the City Council address the issue more globally and to look at all in-lieu funds associated with the City.

The City Council agreed to receive the in-lieu fee reduction requests on a case-by- case basis.

No further action was taken on this item.

D-4 DISCUSSION ON OPTIONS FOR FUNDING THE CAL POLY VISIONING PROJECT FOR THE DOWNTOWN AREA; (PUBLIC SERVICES)

City Manager Andrea Lueker stated at the March 30, 2009 Joint City Council/Planning Commission meeting, there was direction to form a sub-committee to prepare an outline/compilation of the available visioning documents that the City had generated or had been generated for the City. The sub-committee was formed with Councilmember Smukler and Planning Commissioners Luhr and Diodati. The sub-committee reviewed approximately ten such studies, containing over 30 years of information. During this period, the sub-committee met, a relationship was also forged with the Cal Poly City and Regional Planning Department “Design Studio” graduate class, and discussion ensued as to some of the opportunities that might exist to work with the City. The issue was discussed at the November 30, 2009 Joint City Council/Planning Commission meeting, and was well-received by both the City Council and the Planning Commission. At that meeting, the City Council motioned for staff to bring back options for funding the project, an approximate \$10,000 cost. Staff has identified 4 possible funding sources, including: 1) the Accumulation Fund/Reserve Fund; 2) Unallocated Measure Q funds; 3) Unrestricted CDBG funding; or 4) Council’s savings of \$16,879 (decreased health care & contingency funds). Ms. Lueker recommended the City Council evaluate the options provided for funding of the Cal Poly Visioning Project and provide further direction to staff.

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Councilmember Smukler and Gerald Luhr reviewed the information received from the studies reviewed by the sub-committee, and discussions with the Cal Poly City and Regional Planning Department regarding opportunities in working with the City of Morro Bay.

MOTION: Councilmember Winholtz moved the City Council approve the funding of the Cal Poly Visioning Project from the sale of the 781 Market Street property. The motion was seconded by Councilmember Smukler.

Councilmember Winholtz amended her motion to fund the Cal Poly Visioning Project from CDBG funds; Councilmember Smukler accepted the amendment to his second

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

D-5 REQUEST FOR A DECREASE IN THE PARKING IN-LIEU FEES FOR 600 MORRO BAY BOULEVARD; (PUBLIC SERVICES)

Public Services Director Bruce Ambo stated the project located at 600 Morro Bay Boulevard (16-unit residential/3,330 sq. ft. commercial mixed use) is unoccupied and recently constructed. The project proponents have signed the parking in-lieu fee agreement and they are in the process of finalizing their subdivision map to record. At the November 30, 2009 Special City Council meeting, Councilmember Borchard requested a discussion on the fee reduction request. There is no procedure for reducing the parking in-lieu fees outlined in the parking in-lieu program or ordinance; therefore, staff recommends the City Council consider the request for a fee reduction, and provide direction to staff.

The City Council agreed to receive testimony from Sam Gilstrap, 600 Morro Bay, L.P.

Councilmember Winholtz stated she is not willing to reduce the fee to \$2,000 at this time.

Councilmember Grantham stated in order to bring in businesses and allow some the opportunity for home ownership; he is inclined to drop the fee significantly.

MOTION: Mayor Peters moved the City Council approve to reduce the parking in-lieu fee for 600 Morro Bay Boulevard to \$4,000 per space. The motion was seconded by Councilmember Grantham.

Councilmember Winholtz stated that is outrageously low; she would reduce the amount by \$2,000 per space.

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Councilmember Smukler stated he is interested in lowering it, but not that high.

VOTE: The motion carried with Councilmember Smukler and
Councilmember Winholtz voting no. (3-2)

D-6 SCHEDULE DATE FOR INTERVIEWS OF COMMISSIONER/ADVISORY
BOARD VACANCIES; (ADMINISTRATION)

The City Council scheduled the Commission/Advisory Board interviews for February 1, 2010 at 6:00 p.m. at the Community Center in the Multi-Purpose Room.

E. DECLARATION OF FUTURE AGENDA ITEMS

Mayor Peters requested to agendize a discussion on a resolution establishing conversion from mixed use to residential; Council concurred.

Councilmember Winholtz requested to agendize a discussion on the unmet bike needs letter; Council concurred, and Councilmember Winholtz stated she would prepare the report.

Councilmember Winholtz requested to agendize a discussion on a letter of support for seismic study on nuclear power plant; Council concurred, and Councilmember Winholtz stated she would prepare the report.

Councilmember Winholtz requested extending the goal setting item to April/May 2010.

Councilmember Winholtz requested to agendize a discussion on policy guidelines on a letter sent by the Mayor regarding a City project; Council concurred.

Councilmember Borchard requested to agendize a discussion on guidelines for public area use permits; Council concurred.

Councilmember Smukler asked when the review of alternative options on bio-solids and alternative options on reclamation were scheduled for Council consideration – these items were scheduled for the January 25, 2010 City Council meeting.

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ADJOURNMENT

The meeting adjourned at 11:05 p.m.

Recorded by:

Bridgett Bauer
City Clerk