CITY OF MORRO BAY

DRAFT KEY ISSUES AND POLICIES REPORT

Prepared for:

CITY OF MORRO BAY
595 HARBOR STREET
MORRO BAY, CA 93442

Prepared by:

Michael Baker
INTERNATIONAL

1026 CHORRO STREET, SUITE 225
SAN LUIS OBISPO, CA 93401

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INTRODUCTION

The City of Morro Bay is currently in the process of a comprehensive General Plan and Local Coastal Program update. The plan, titled *Plan Morro Bay*, will cover a wide range of topics. Some of these topics are required by state law (i.e., general plan law, the California Coastal Act, the California Environmental Quality Act), while others will be included to reflect local desires and preferences. All *Plan Morro Bay* topics are important. Some of the topics, though, may be considered controversial or new and therefore benefit from early and focused discussion.

This Key Issues and Policies (KIP) report provides background, analysis, and a range of policy options for the following 16 priority topics (those designated with 〰 indicate priority California Coastal Act issues):

1. Growth/Measure F
2. Water supply
3. Planning area
4. Economic development
5. Neighborhood compatibility
6. Multigenerational community
7. 〰 Coastal access
8. 〰 Overnight visitor accommodations
9. 〰 Downtown and waterfront connections
10. 〰 Sea level rise resilience
11. 〰 Commercial fishing industry/Measure D
12. 〰 Environmentally Sensitive Habitat Areas (ESHA)/Natural resources
13. Transportation metrics (level of service [LOS]/vehicle miles traveled [VMT])

14. Historic resource management
15. Parking
16. Viewsheds and viewpoints

Each of these issues will be addressed in the appropriate section (called an "element"). of *Plan Morro Bay*. The state allows local jurisdictions such as Morro Bay substantial flexibility in organizing general plans, as long as the plans address required topics. While community members and City staff are still determining the layout and organization of *Plan Morro Bay*, it is expected that these 16 priority issues will be addressed in the following elements as shown in Table I-1. Note that this table does not depict all likely elements, and each element will address additional topics beyond the priority issues.

Table I-1
Expected Priority Issue Location in *Plan Morro Bay*

Priority Issue	Element(s)
Growth/Measure F	Land Use
Water supply	Conservation; Sustainability and Resiliency
Planning area	Throughout
Economic development	Economic Development; Land Use
Neighborhood compatibility	Community Design
Multigenerational community	Open Space
Coastal access	Circulation
Overnight visitor accommodations	Economic Development; Land Use
Downtown and waterfront connections	Community Design; Land Use
Sea level rise resilience	Sustainability and Resiliency
Commercial fishing industry/Measure D	Economic Development; Land Use
Environmentally Sensitive Habitat Areas/Natural resources	Conservation; Land Use; Open Space
Transportation metrics	Circulation
Historic resource management	Community Design; Conservation
Parking	Circulation
Viewsheds and viewpoints	Conservation; Open Space

GENERAL PLAN ADVISORY COMMITTEE DISCUSSION

Each topic includes background information drawn from the Community Baseline Assessment, the Community Vulnerability and Resilience Assessment, the Community Vision and Values Statement, General Plan Advisory Committee (GPAC) discussion, and outreach conducted to date. For purposes of discussion with the GPAC, each topic concludes with a range of recommended or potential policy options. The intent of this report is to provide a record of background analysis, GPAC discussion, and staff recommendations ahead of presentation to the Planning Commission and the City Council at a future joint study session. Policy direction from the City's elected leadership will appear in the public review draft of *Plan Morro Bay*.

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1. POPULATION GROWTH

BACKGROUND

Plan Morro Bay is an opportunity for community members and civic leaders to consider how Morro Bay's population could grow through 2040. The community's ability to increase in population and in number and quality of jobs and to achieve a desirable jobs/housing balance is dictated by numerous factors, including physical space, regulations, resource availability, and market factors.

Morro Bay's population in 2015 was 10,640. Without *Plan Morro Bay*, the San Luis Obispo Council of Governments (SLOCOG) projects that Morro Bay may have approximately 11,200–11,500 residents by 2040, an increase of several hundred people. Depending on the policies in *Plan Morro Bay*, the city's 2040 population could exceed SLOCOG's projections. Morro Bay's current ratio of jobs to households is approximately 1.07. While accurate projections of future job numbers are not readily available, it seems likely that without *Plan Morro Bay*, this ratio will not improve. The fact that there are only 1.07 jobs for every household in the community indicates a lack of local jobs for Morro Bay residents, which growth plans can help address.

Morro Bay is currently predominantly a built-out community, meaning that most of its land is already developed. Only 1.25 percent of Morro Bay is undeveloped, as the rest of the city is occupied by development or by open space land that is used for specific purposes (i.e., agriculture, parks, beaches). Thus, the city has very little available land to support additional population or job growth.

Any growth in Morro Bay also must be consistent with Measure F, a voter-approved growth management ordinance that limits the city to 12,200 residents. In order to exceed this number, Morro Bay must secure additional water resources and a majority of voters must elect to remove the limit. The City is currently planning to expand and diversify its water resources and to use water more efficiently, which may allow the community to increase the Measure F cap or remove it altogether. City projections indicate that the community has sufficient water supplies for prospective growth, but it is possible that future drought events may be more severe than the community has anticipate, which could mean that future water supplies are not as sufficient as expected.

Considering its current population, Morro Bay can accommodate 1,560 additional residents before reaching the Measure F cap.

ANALYSIS

Morro Bay has an option to physically expand by adding new land to the city limits, which would provide room for new homes and businesses (for more information, see Section 3, Planning Area). The community may also increase density and/or building intensity in parts or all of the community, by building on vacant lands, including existing brownfield sites, or by expanding or replacing buildings that have the space and regulatory option to grow.

Population growth in Morro Bay would allow for a larger tax base, which can offer increased services to residents and businesses. It would also help support economic growth and diversity. At the same time, population growth can result in increased traffic, potential water shortages, and concerns about neighborhood character, among others. If the community chooses to pursue growth, the different options available also have inherent opportunities and challenges. City leaders and community members will weigh the benefits and challenges associated with growth when deciding whether the city should grow, and if that decision is made, how growth can be accommodated.

Specific options for future growth in Morro Bay will be explored in the forthcoming Land Use Alternatives document, a foundational component of *Plan Morro Bay*. The document will present the different ways in which Morro Bay can grow and to what degree by evaluating different development patterns and options for opportunity sites within the city limits and in potential future annexation areas, as applicable. Community members and City leaders will choose a preferred scenario, which will be implemented by *Plan Morro Bay*.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to population growth for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

1.A. Housing and job growth management. Community members and elected leaders should decide if Morro Bay's population should grow at all or remain relatively constant. This decision can also include whether to grow both housing and jobs to maintain the existing jobs/housing balance, or to focus on job growth to improve the jobs/housing balance.

1.B. Appropriate development capacity. If community members and elected leaders do choose to pursue growth in Morro Bay, the City must decide how much to grow and the preferred method for growth. Morro Bay has the option to limit the amount of new growth, allowing for a smaller number of new residents and jobs that would hold the population below the Measure F threshold. Alternatively, the community can establish a target population above 12,200 residents and seek to repeal or amend Measure F to allow this increase.

1.C. Infill and/or outward expansion. Any growth in the city can be accommodated by increasing density and building intensity in selected existing areas (including through brownfield redevelopment), by annexing and developing new land, or through some combination of both. Potential sites include areas east of Morro Bay's existing city limits, the Dynegy power plant and current wastewater treatment plant sites, and key neighborhoods such as downtown.

GPAC DISCUSSION

The Morro Bay GPAC reviewed this summary of potential population growth in the community, and discussed the issues associated with population growth. GPAC members generally supported growth in Morro Bay, but felt that growth should occur at a controlled and reasonable level. The GPAC did not discuss any specific future growth level. Preserving the community's small-town feel is a priority for GPAC members. While some GPAC members wondered if the Measure F limit should be amended or removed entirely, others felt that the limit is sufficient and does not need to be revisited. Some

GPAC members expressed a view that water availability remains a limiting factor for community growth.

The GPAC did not recommend a specific type of growth. Some GPAC members supported higher-density infill development, including through incentives, and believed that such growth is less expensive. Additionally, some GPAC members supported expanding the city limits to accommodate growth, although the GPAC expressed a view that this should be done for specific purposes only.

GPAC members also discussed a number of issues related to population growth in Morro Bay. The GPAC stated that population growth is tied to economic growth, and that these issues should be addressed in a unified approach. Some members considered whether there should be a cap on visitors, similar to the city's existing Measure F cap on residents, and discussed whether the City should work to control the number of second homes in the community. Some GPAC members wanted to avoid excessive limits on growth, and were concerned that this would increase housing costs and exacerbate affordability problems. The GPAC also brought up the feasibility of common-yard and co-housing, discussed the necessity of two-car garages in Morro Bay, and considered supporting smaller homes.

STAFF RECOMMENDATIONS

1.A. Housing and job growth management.

- Allow for future growth of housing and jobs in Morro Bay through both infill and outward expansion to accommodate future development that is consistent with the community vision and values.
- Support growth that provides for green jobs and new economic activities, creates high-paying jobs (including working family jobs that allow for upward mobility), improves housing affordability, and helps retain young individuals and families.

1.B. Appropriate development capacity.

- Limit the amount of future growth accommodated by *Plan Morro Bay* to a level that can be supported by available land, water supply, and other infrastructure and service capacity within the limit allotted by Measure F.
- At buildout of *Plan Morro Bay*, the jobs/housing ratio should be similar to or greater than the current level (1.07).
- When the City's population reaches 11,700, reopen public discussions about the Measure F 12,200 person limit and undertake a process to either affirm, amend, or repeal Measure F. (2015 population was 10,640.)

1.C. Infill and/or outward expansion.

- Promote infill within the City's existing limits on vacant and underutilized parcels as the preferred strategy for most new development in Morro Bay.
- Allow for some limited outward expansion of development beyond the city's existing limits consistent with opportunity sites and development criteria to be established in *Plan Morro Bay*.

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2. WATER SUPPLY

BACKGROUND

Securing a reliable, long-term water supply is an ongoing challenge for Morro Bay. Sustained and more severe drought conditions, an anticipated impact of climate change, could continue to exacerbate challenges associated with procuring potable water.

The Morro Bay Public Works Water Division provides water service to the city and sphere of influence (SOI), including a small area located north of the city and west of Highway 1. In 2015, the water service territory included 10,224 people. The City's 2015 Urban Water Management Plan (UWMP) projects that this service population will grow to 11,078 by 2035, consistent with growth restrictions in Measure F, which establishes an upper limit for population growth within the city limits. The UWMP projects that in 2035, Morro Bay will have water supply capabilities sufficient to serve anticipated demands while maintaining an excess, even under single-dry-year and multiple-dry-year scenarios.

ANALYSIS

A majority of Morro Bay's water supply is imported from the State Water Project (SWP), which originates in the Sierra Nevada foothills and is purchased from the California Department of Water Resources. Approximately 87 percent of Morro Bay's 2015 water supply came from the SWP. The Chorro and Morro Valley groundwater basins both underlie the city and supplement the water supply purchased from the SWP. Seawater intrusion, overdraft, water quality issues, and sustained drought all constrain this source of supply.

Morro Bay has a desalination plant that was originally constructed in 1992 to treat seawater and was expanded in 2009 to treat brackish groundwater. The plant is a source of backup and emergency water supply in the event of future SWP supply reductions or service outages. A 2015 re-permit application to the California Coastal Commission and the State Water Resources Control Board could potentially allow the plant to serve as a primary source of supply, replacing the SWP water or increasing diversification and resilience of the local water supply for the sphere of influence. Recycled water is another promising component of Morro Bay's water supply. As the City develops plans for a new water reclamation facility (WRF) to replace the existing wastewater treatment plant, recycled water generation is a key element, as both the California Coastal Commission

and Morro Bay's General Plan require the new plant to produce recycled water for (at a minimum) landscaping and irrigation purposes. Agricultural irrigation is the largest potential use, at 1,000 acre-feet per year. Other uses may be increasing freshwater flows to streams in dry seasons, offsetting potable water use for local landscape irrigation, as well as discharge to groundwater basins, which would require additional treatment. The development of the new WRF was funded through grants and increased wastewater user rates.

Morro Bay's water and water quality issues are currently addressed by overlapping plans, including the Urban Water Management Plan, the Morro Bay Stormwater Management Plan, and the Morro Bay Sewer System Management Plan. A new planning approach currently under way will update these plans concurrently to produce a document titled "One Water Plan." The plan represents an integrated approach to water supply, wastewater treatment, and stormwater management planning. This effort, along with re-permitting the desalination plant and evaluating options to replace the existing wastewater treatment plant with the new WRF in a different location, is part of the City's overall approach to diversify its water supply.

At the first *Plan Morro Bay* community workshop on June 16, 2016, meeting participants identified water supply as the top priority issue when asked about the community assets that were of the greatest concern to them. This focus centered on the City's dependence on the State Water Project, which accounts for an overwhelming majority of Morro Bay's water supply. Identifying ways to further reduce water use, as well as diversifying supply to contain high proportions of local water sources, such as rainwater capture, desalination, and water reclamation, are all ideas brought up at the June 16 meeting to help Morro Bay build a more balanced water supply portfolio.

Climate change may impact the availability of actual surface water available in the state, reducing the reliability of the SWP supply. Additionally, SWP water costs are expected to increase substantially during the planning period, heightening the demand for alternative sources of supply. Morro Bay's water demand has decreased considerably over time (by nearly 40 gallons per capita per day from 1990 to 2010), largely as a result of water conservation measures. This reduction occurred even as both the city's population and the number of seasonal visitors increased. Determinations of future allowable growth, especially regarding economic development and any potential changes to Measure F, should account for changing conservation conditions and the projected water supply portfolio.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of water supply for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

2.A. Diversify water supply. To avoid unanticipated drops in available supply and variations in cost, the City may seek to become partially or entirely independent of the SWP. Diversification options include desalination, reclamation, groundwater recharge, and rainwater capture. Incorporating diversification into the City's One Water Plan can ensure a secure water supply in the face of ongoing challenges.

2.B. Continue to limit future growth to available water supply. Morro Bay's Measure F establishes a population target of 12,200 residents. This limit on future growth, when paired with existing and future conservation efforts, can minimize new demand for water resources. While the limit reduces the likelihood of a water supply emergency, this scenario must be balanced with other factors in determining Morro Bay's preferred option for growth. To the degree that the population cap is tied to available water supplies, it may need to be adjusted to correspond to supplies identified from a more diverse portfolio, and could be adjusted to address water demands of seasonal visitors and commercial uses.

2.C. Continue to impose restrictions on water use. Water use reductions in Morro Bay since the early 1990s demonstrate the community's ability to operate within a decreased water budget. The City can maintain and increase these reductions by altering requirements related to the use of water-efficient appliances and drought-friendly landscaping in Morro Bay homes and businesses. By working closely with visitor-serving industries, such as hotels and restaurants, the City can also help diversify the cost burden away from full-time residents.

GPAC DISCUSSION

The GPAC discussed the background, analysis, and options associated with water supply as a key issue in Morro Bay. GPAC members broadly felt that the City should continue to limit water use and impose restrictions, and wanted Morro Bay to diversify community water sources.

Some members were concerned that restrictions in the absence of any other policies would not be very effective, and felt that new urban design and landscape guidelines should incorporate standards for water efficiency and conservation. Other GPAC members felt that the increased cost of water would cause users to self-regulate their own water use and that City restrictions may not be necessary.

STAFF RECOMMENDATIONS

2.A. Diversify water supply.

- Diversify the City's water supply through options including, but not limited to, desalination, reclamation, groundwater recharge, and rainwater capture.
- Identify water supply diversification as a foundational component of the One Water Plan.

2.B. Continue to limit future growth to available water supply.

- Please refer to Staff Recommendation 1.B.

2.C. Continue to impose restrictions on water use.

- Establish a 2040 water reduction goal of 75 gallons per person per day (approximately 20 percent below 2015 levels).
- Continue to impose and enforce restrictions on water use during times of limited water supply, including but not limited to the following:
    - Limitations on the time and frequency of outdoor irrigation.
    - Restrictions on car washing.
    - Enforcement of the state Water Efficient Landscaping Ordinance.

- Develop new policies to maximize water conservation. Such policies shall not create a substantial economic hardship to residents or businesses, including imposing a substantial financial burden on lower-income households. Policies may include, but are not limited to:
    - Establishing a Water Efficient Landscaping Ordinance that exceeds state standards.
    - In addition to the existing toilet retrofit program, requiring other old and inefficient water fixtures to be replaced when buildings are sold or rented.
    - Adopting indoor water efficiency standards for new construction that surpass the standards in the state Building Standards Code.

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3. ESTABLISHING THE PLANNING AREA

BACKGROUND

Plan Morro Bay is an opportunity for community members and elected leaders to create a long-term development and conservation strategy for the city through 2040. The plan will cover the existing city limits, the existing sphere of influence (SOI), and any additional areas that are suitable for inclusion in the plan. *Plan Morro Bay* will provide a vision for this area (collectively called the planning area), addressing growth and development, conservation, and public safety and well-being. It is important for community members and elected leaders to decide which areas in addition to the existing city limits and SOI, if any, should be included in the planning area.

Including land in the planning area enables the City to indicate a preference for land uses and conservation strategies in this area, but unless the land is within the city limits or the SOI, the City has no jurisdiction to implement this vision. Morro Bay would have full jurisdiction over land within the city limits, allowing the City to exercise land use and permitting control over these areas and to receive property and other tax benefits applicable to land in the city limits. However, Morro Bay would be responsible for providing City services, including police and fire protection, water and wastewater service, and road maintenance, which could stress existing services and require additional funding. Land could be brought into the SOI but not annexed to the city to avoid spending money to serve these areas, although the City would not collect any property taxes from land in the SOI. Morro Bay would also not have any official land use or permit control over lands in the SOI, as this authority would remain with San Luis Obispo County. Although the County would collaborate and consult with the City on any land use proposal or related issues, the County would not be required to enact Morro Bay's preferred policies. The County would not be required to collaborate and consult with the City for land outside of the SOI, even if the land is located within the planning area

Bringing land into the city limits or SOI can help advance community objectives, including growth objectives. Morro Bay has little remaining vacant land, so most future growth (if any) would involve either increasing density and completing infill development projects in select areas or expanding city boundaries and considering development proposals in the expanded area. Incorporating new land into the city limits or SOI can make it easier

for Morro Bay to promote new development. The City can also bring land into the city limits or SOI with the express intent of conserving it, preserving existing natural resources for environmental, recreational, and scenic value.

Under California general plan law, the City of Morro Bay has jurisdiction to establish the planning area boundary for *Plan Morro Bay* on its own, without seeking approval from external agencies, as long as the City determines that lands within the planning area have a bearing on its future planning. However, any attempt to bring land into the SOI or city limits requires approval from the San Luis Obispo Local Agency Formation Commission (LAFCO), which ensures that new annexation discourages sprawl, provides effective services, and protects agricultural land and open space. Under the state Cortese-Knox-Herzberg Act, LAFCO must make written determinations about the suitability of potential annexations, including determinations about existing agriculture and open space lands. Per this act, LAFCO generally discourages annexing prime soils or agricultural lands, although such annexations may be allowed if they establish a logical direction for a community to grow and any impacts resulting from the loss of agricultural land are studied and mitigated as needed through the environmental review process. Placing land in the planning area does not establish an obligation for the City to annex the land. However, such an action would be a logical future outcome of including it in the planning area and would give the City some ability to implement its vision for the area through land use designations and conservation policies.

As identified in Figure 3.1, a number of areas could be considered for inclusion in the planning area. Some may also be suitable for future expansion of the SOI or annexation into the city limits.

- Area 1 covers 3,701 acres east of Morro Bay, spanning the area between State Route 41 and Toro Creek Road. Most of this area is occupied by the Estero Marine Terminal (formerly owned by Chevron), along with an existing mobile home park. The remaining land is grassland used for grazing and related agricultural uses. The owner is considering a range of long-term future conservation and development options for this property, and is interested in working with the community to address these options as part of the *Plan Morro Bay* process.

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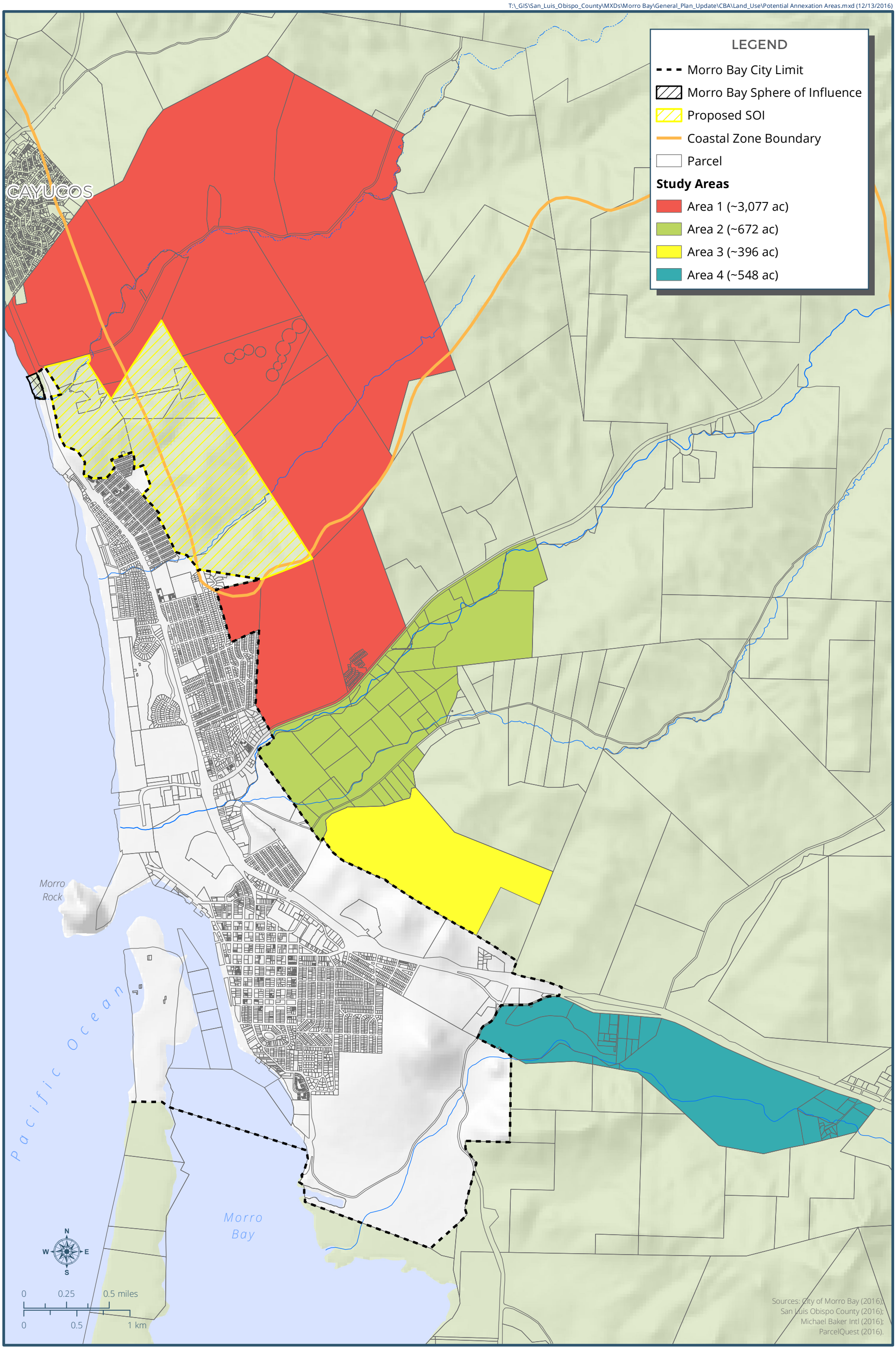

Plan MORRO BAY

FIGURE 3.1

Potential Annexation Areas

- Area 2 covers 672 acres east of the city, between State Route 41 and Little Morro Creek Road. It is predominantly agricultural and used for growing various crops, including high-value crops such as avocados.
- Area 3 is a single 396-acre parcel that has been selected by the City as the preferred location for the new water reclamation facility (WRF). It is located north of Highway 1 along Morro Bay's southeastern side and is currently used for grazing.
- Area 4 is made up of 548 acres located east of the city, bordered by Highway 1 on the north and by Cerro Cabrillo and Hollister Peak to the south. Most of this land is used for agriculture, with smaller amounts used for habitat conservation and for utility infrastructure.

ANALYSIS

Each area that could be included in the planning area at this time (and potentially in the SOI or city limits in the future) has different characteristics and could be suited for different purposes.

Area 1 offers Morro Bay a combination of development and land conservation potential. The area is mostly grazing land, which generally has fewer development limitations. It is partially outside of the coastal zone, and so it may face fewer regulatory barriers related to Coastal Development Permits. The area is mostly free of elevated wildfire and liquefaction risks, reducing the risk of hazard exposure. Including Area 1 in the planning area would also give the City and the community a stake in future activities at the Estero Marine Terminal site along with the County, although cleanup to remove any contamination may be necessary before any such activities can occur. Development in Area 1 may face challenges due to the area's hilly terrain, which can make development more difficult or expensive. The flatter portions of this area are easier to develop, but have other constraints, including the presence of prime farmland and flood hazard zones. Some of these issues could be reduced by clustering development in specific locations, including in low-lying and other out-of-sight areas, while preserving much of the visible hills as open space. If the City eventually pursues annexation of this area into the city limits, Area 1 would provide Morro Bay with property tax revenue from an existing mobile home park (in addition to any future residential development). The

mobile home park also has its own water and wastewater services, so the City would not need to extend those services to this area in the immediate future.

Area 2 is less suited to support development and would be better suited as an agricultural protection area. Although it is mostly flat and has low wildfire and landslide risks, it comprises predominantly prime farmland, and about 30 percent of the land is currently under a Williamson Act contract. Any attempt to develop these agricultural lands would face regulatory constraints and would likely receive extensive opposition from the community. Portions of Area 2 are also located in areas of elevated flood and liquefaction risk, which could require extensive and costly strategies to mitigate for any new development.

Area 3 could be used for a mix of development, natural resource conservation, and agricultural protection. It is the preferred site for the WRF and so should be located in the planning area. The City is exploring annexing the part of the site where the WRF will be located and adding the remainder of Area 3 to the SOI, although property negotiations are ongoing. It contains a small amount of prime farmland, which could be preserved in *Plan Morro Bay*, and the hilly topography makes the area suitable for viewshed and natural resource conservation. Area 3 could also offer some future development potential due to the lack of large areas of elevated wildfire, flood, or liquefaction potential or of large amounts of prime farmland. Development potential may be constrained by the topography and by the presence of prime farmland in the flatter and more easily developed areas. Any development in Area 3 may also be challenged by community desires to preserve the viewshed, although cluster development may be an effective solution. Because the properties bordering Area 3 are undeveloped, there is some risk of "leapfrog" development (developing a section of land not adjacent to already developed areas), which is typically discouraged. The distance from any developed land may also make it more expensive for the City to run services to Area 3, although this could become less of an issue if the WRF is indeed built on the property.

Area 4 is better suited for agricultural protection and natural resource conservation than development. It consists of prime soils and prime agricultural lands, and includes a large habitat conservation area. It also has extensive areas with elevated liquefaction and flood risks, and some elevated landslide and wildfire hazard zones. Developing this land would likely receive extensive community opposition, in addition to being subject to numerous environmental and regulatory barriers.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the planning area topic for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

3.A. Establish the planning area for *Plan Morro Bay*. *Plan Morro Bay* will cover the existing city limits and SOI, along with other areas identified by staff and the GPAC and confirmed by the Planning Commission and the City Council. This total plan area may include none, some, or all of the four potential areas identified above, depending on community preferences.

- At minimum, the planning area must include all locations within the existing city limits and SOI, and may include other adjacent areas the City deems relevant to its future planning activities.
- The City should consider *including* Area 3 in the planning area, as it is the currently preferred site for the WRF. Pending completion of the current planning process for the WRF and negotiations between the City and property owners, portions of Area 3 may be included in the SOI and/or annexed into the city limits. While negotiations are ongoing, the City is considering annexing part of Area 3 where the WRF itself will be built, and including the rest of Area 3 into the SOI.
- The City should consider *including* Area 1 in the planning area, so that Morro Bay community members and decision-makers may influence a potential vision for the Estero Marine Terminal. Including the area in the planning area would create no future obligation to extend the SOI or annex the area to the city in the future, but it would preserve these future options.
- The City should consider *excluding* Areas 2 and 4 from the planning area, as these sites contain existing agricultural operations and natural resources that are afforded adequate protection by the State and County.

- The City could also include any other areas not mentioned here that it deems related to its future planning activities.

3.B. Establish criteria for future SOI expansions and annexations. Any of the potential areas for inclusion in the planning area can also be made part of the SOI or annexed into the city limits. SOI expansions and annexations may be feasible for all areas, but for varying reasons. The City could establish criteria and a process within *Plan Morro Bay* describing the conditions under which expanding the SOI or annexing land into the city would be deemed acceptable. Such criteria could include demonstrating consistency with the community vision and values, market demand, economic need, environmental compatibility, and consistency with regional economic and sustainability goals, among other factors.

GPAC DISCUSSION

The Morro Bay GPAC reviewed the summary of this key issue and provided feedback on which areas to include in the planning area. The GPAC expressed the view that all four areas are important to Morro Bay's planning objectives, particularly to preserve existing open space and agricultural land, and that Area 1 and Area 3 should be included in the planning area. The GPAC also suggested that Area 1 be expanded to include all of the Estero Marine Terminal site, large sections of which currently lie outside of Area 1's boundaries.

The GPAC stated that Area 4 should be included in Morro Bay's planning area as well, which would allow the City to help preserve the health of the Chorro Creek watershed. GPAC members debated whether Area 2 should be included in the planning area or not, with some GPAC members wondering whether part of Area 2 should be included, particularly the west side of Area 2 (closest to Morro Bay's existing city limits) or the important creeks and natural areas in the area.

In addition to discussing which areas to include in the planning area of *Plan Morro Bay*, GPAC members also discussed whether the City should consult with residents of the four areas to determine the residents' preferences and any potential impacts to the residents of inclusion.

STAFF RECOMMENDATIONS

3.A. Establish the planning area for *Plan Morro Bay*.

- Establish the planning area for *Plan Morro Bay* as identified in Figure 3.1. This area comprises the existing city limits, the existing SOI, the entirety of Areas 1, 3, and 4 as described above, and the western-most portion of Area 2 as described above.

- Use next phases of the *Plan Morro Bay* community engagement process (additional CityVoice surveys or other means) to reach out to residents of unincorporated areas within the planning area to determine resident concerns, preferences, and potential impacts of including unincorporated properties in the planning area. Use this input to establish development criteria for future SOI expansions, annexations, and development or conservation projects in the unincorporated portions of the planning area.

3.B. Establish criteria for future SOI expansions and annexations.

- Establish criteria for future SOI expansions, annexations, and development or conservation projects in unincorporated portions of the planning area in *Plan Morro Bay*. Criteria should be consistent with the vision and values expressed in the plan. Criteria may include:
    - Conservation of sensitive habitat areas, viewshed protection areas, or species of special considerations.
    - Minimum jobs/housing ratios.
    - Presence of hazard zones.
    - Per-capita VMT generation, energy use, and/or GHG emission standards.
    - Adequate minimum service ratios or response times for police and fire services.
    - Conservation of known resources.
    - Dedication of adequate land for parks, schools, and/or other community facilities.

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4. ECONOMIC DEVELOPMENT

BACKGROUND

The key goals of economic development are to facilitate the location of quality goods, services, and employment close to home and to secure the necessary tax base to provide the municipal services expected by residents. The City of Morro Bay is currently engaged in numerous short-term economic development activities, including planning for revitalization of the downtown and waterfront areas, branding, and focused business recruitment and retention strategies. These actions are generally focused on improving the economic climate in the city over the next 5–10 years. *Plan Morro Bay* lays the groundwork for these actions through 2040 with long-range, general policies focused on supporting existing and new local- and visitor-serving retail uses and attracting and retaining jobs for heads of households. Since these two topics are related only in the sense that they both affect the economy, this section is organized by subtopic rather than the "background/analysis" organization that appears in the other sections.

Additional Retail Capacity

The *Plan Morro Bay* Community Baseline Assessment reports information related to market surplus and leakage. Based on the assessment, data for the Morro Bay trade area (which stretches from Cambria to Los Osos) indicates a total of 552,489 additional square feet of retail space could be supported. Table 4-1 identifies the sectors and approximate additional capacity that could be supported within the trade area (in square feet). This finding comes with numerous caveats:

- Not all of the additional square footage would be needed or located in Morro Bay. For example, the immediate local market may not support the specific need, and certain types of retailers may not fit well within the local community character (e.g., chain stores). Conversely, some uses may be well-suited to Morro Bay, as they require proximity to the coast to support successful operation (e.g., specialty seafood stores/restaurants, coastal recreation rental or sales shops).

- Some of the identified sales leakage could be the result of online sales, which may be difficult to address.

- Some of the sales leakage may be permanently lost to markets in Paso Robles, Atascadero, and San Luis Obispo.
- The findings are approximate estimates and should not be used as a guarantee of success when recruiting businesses.

Table 4-1. Morro Bay Retail Market Analysis Supply and Demand (2016)

Merchandise or Service Category	Demand (Spending Est.)	Supply (Retail Sales)	Leakage (or Surplus)	Target Sales/SF[3]	Potential Supportable Space (SF)
Apparel, Accessories[1]	$28,439,841	$7,208,698	$21,231,143	$20	101,584
Home Furnishings	$13,380,243	$3,422,432	$9,957,811	$140	71,127
Sporting Goods, Hobby, Book, Music	$10,871,608	$7,347,846	$3,523,762	$216	16,314
Convenience Stores	$3,605,422	$473,374	$3,132,048	$390	8,031
Specialty Food Stores	$7,215,384	$1,458,071	$5,757,313	$390	14,762
Restaurants, Bars	$76,227,141	$74,099,854	$2,127,287	$263	8,089
General Merchandise Stores[2]	$76,057,579	$4,219,865	$71,837,714	$216	332,582
Estimated Supportable Retail Space					552,489

Source: The Nielsen Company 2016

[1] Apparel includes clothing, shoes, jewelry, and leather goods.

[2] General Merchandise Stores include department stores, discount department stores, national chain department stores, warehouse clubs and superstores, and miscellaneous general merchandise stores.

[3] Target Sales are based on Urban Land Institute's estimate of typical sales per square foot, as presented in Dollars and Cents of Shopping Centers. This estimate is applied to the leakage to convert potential retail sales to estimates of supportable space (SF).

The Coastal Act requires the City to identify at least one land use designation where coastal-dependent uses are established as a priority. Through *Plan Morro Bay*, the City can satisfy this Coastal Act requirement by regulating the location of land uses, building types, and building intensities to support both local- and visitor-serving retail uses. The appropriate location and size of retail businesses, along with a government that is conducive to business attraction and retention, can provide additional local goods and services, employment opportunities, and sales tax revenue.

Head of Household Jobs

Current unemployment rates are very low in Morro Bay at 3.9 percent, well below the statewide average of 6.2 percent. However, 51 percent of employed residents work in either the retail trade or the accommodation and food service sectors. Positions of this

sort rarely pay a living wage and could partially explain why the 2014 Morro Bay median household income was about 17 percent below the state average of $61,489. Additionally, 62 percent of Morro Bay residents are employed outside of the city.

Providing for conditions that allow employers providing jobs to heads of households to locate in the city could increase local wages and allow more people to work in the city they live in. In addition to basic quality of life benefits, having more head of household jobs in the city could have the co-benefits of additional community investment and additional money spent on local goods and services.

Morro Bay has access to information technology and energy infrastructure because of the PG&E switchyard in the city and several telecommunication cable bundles that pass through the city. Despite these benefits, according to City staff, businesses have expressed interest in Morro Bay in the past, but have passed on locating in the city due to a lack of appropriate office space.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of economic development for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

4.A. Incorporate economic development considerations in the land use plan. The forthcoming land use alternatives process for *Plan Morro Bay* represents an opportunity for community members to consider areas they would like to change or be preserved. The process considers land use designations, density (in the case of residential uses), building intensity (in the case of nonresidential uses), and other physical limitations, such as building height. The result of the alternatives analysis is a preferred land use plan that forms the basis of *Plan Morro Bay*. Economic development considerations should be included throughout this process; specifically:

- Retail uses – Identify which types of retail the City wants to provide for and where they should be located, while conforming to the Coastal Act. Consider land use designations and regulations that include land use types which can accommodate uses that would improve retail leakage and are compatible with community character.

- Office uses – Identify locations for small professional offices that would be appealing to the types of businesses the City wants to attract. Opportunities to allow high quality office space above ground-floor retail uses exist downtown, along the Embarcadero, and in the Quintana area.

4.B. Adopt business-friendly practices. The City has recently worked with businesses to locate and thrive in Morro Bay. The City could consider documenting the approaches that have been successful as policies to direct future staff and decision-makers regarding how to interact with prospective Morro Bay businesses.

4.C. Make energy and telecommunication technology resources readily available to businesses. The energy and telecommunication resources available in Morro Bay, coupled with a desirable coastal lifestyle, make the city a potentially attractive location for information technology companies. Identifying ways to continue enhancing these resources and making them available to local businesses could be a strong attractor for businesses that offer head of household jobs.

GPAC DISCUSSION

Members of the GPAC discussed a number of specific topics related to the economic development key issue in Morro Bay. While GPAC members supported increased economic activity in the community and believed that economic growth should support people of all ages and other demographic characteristics, there were few agreed-upon recommendations for specific strategies. One item that members of the GPAC did agree upon is the need for improved telecommunication services, such as high-speed Internet, in Morro Bay.

Some members expressed the view that intelligent and effective zoning is key to economic growth, while others felt that economic growth depends on a much broader range of factors. One GPAC member asserted that a policy focused on "business-friendly

practices" is not necessarily helpful, and suggested that the City emphasize practices that have been successful elsewhere and are feasible for Morro Bay. One GPAC member felt that the City should take a regional approach to economic development, focusing on retail, tourism, and imported earnings. GPAC members believed that the City should accommodate new types of businesses and economic activity. Members stated that Morro Bay should be supportive of home-based businesses and businesses that rely on telecommuting employees, and were concerned that such businesses may not be able to afford parking that the City's parking standards mandate. At the same time, members believed that the City should ensure both sufficient transit and sufficient parking in the business district.

The GPAC discussed potential strategies to improve economic conditions in Morro Bay, including increased training for local college students, redevelopment of business districts, and revolving loan funds to support business upgrades. One GPAC member expressed support for public-private partnerships and light manufacturing activities in the community. GPAC members also suggested ensuring that all parts of the community (including North Morro Bay) have increased economic opportunities. A GPAC member also noted that high housing costs in the region and comparatively low household income creates economic hardships, and felt that economic growth in Morro Bay also depends in part on affordable housing and good wages for local residents.

STAFF RECOMMENDATIONS

4.A. Incorporate economic development considerations in the land use plan.

- Identify the types of desired economic activities in Morro Bay, which may include small-scale resident and visitor-serving retail, dining and entertainment venues, services, and professional offices. Consider economic activities that provide high-paying head-of-household jobs; workforce-level jobs that allow for upward mobility; jobs to fill service gaps in the community such as dental and medical services; and opportunities for "low-impact, high-benefit" jobs that provide a high level of economic benefits with limited infrastructure needs.

- Determine the types of buildings and spaces needed in Morro Bay to support economic growth. As part of proposed General Plan land use designations, identify the appropriate height and sizes of nonresidential buildings, along with any design considerations necessary for desired economic growth.

- Ensure that zoning and design standards along the Embarcadero, in downtown, along Main Street, and in other locations allow for new nonresidential development. Consider allowances for retail/residential and retail/office mixed-use buildings.

- Situate new nonresidential development in easily accessible areas. Ensure that these buildings can be reached by walking, biking, and public transit.

- Explore opportunities to establish Community Financing Districts.

4.B. Adopt business-friendly practices.

- City policies and practices should allow new businesses to be easily established and should enable existing businesses to easily grow, avoiding unnecessarily restrictive or financially burdensome regulations.

- Ensure that City policies and practices support increased economic benefits and improve quality of life for all residents. Economic development policies and practices should also avoid harming segments of Morro Bay's residents and businesses, particularly members of disadvantaged communities.

4.C. Make energy and telecommunication technology resources readily available to businesses.

- Maximize energy from renewable resources, and work to improve the affordability of energy and telecommunication resources.

- Promote the accessibility of these resources to encourage businesses to locate in Morro Bay.

- Explore opportunities to increase energy and telecommunication options in Morro Bay.

5. NEIGHBORHOOD COMPATIBILITY

BACKGROUND

Neighborhood preservation has been a constant theme across GPAC meetings and public input during the *Plan Morro Bay* process. Community members have praised qualities such as "charming" and "eclectic," have expressed support for Morro Bay's "small-town character," and have been critical of new homes that were too large or were too conventional in appearance.

Morro Bay's character is based on small one- or two-story buildings that often have unique design features or colors and offer a variety of small and locally owned businesses that appeal to both Morro Bay residents and visitors. Buildings in the city are often on the smaller side, reflecting the small-town charm of the community (i.e., the US Census reports that the median number of rooms in a Morro Bay home is 4.5, compared to 5.1 for California and 5.5 for the nation). The community characteristics also reflect an emphasis on coastal amenities, respect for the town's heritage, and celebration of views of the natural environment such as Morro Rock or the hills east of the city.

Characteristics that are not compatible with Morro Bay, as expressed by residents, include large or tall buildings, structures with conventional designs and paint schemes that resemble suburban areas, large chain businesses, limited open space or access to natural features, and no acknowledgement of local culture and history, among others. Residents have been particularly critical of efforts to substantially expand existing homes or to tear down small homes and replace them with larger ones, which is often referred to as "mansionization." Many community members have commented that chain businesses, which often rely on more conventional architecture and have similar appearances in all locations, are incompatible with Morro Bay's community character.

The City prepared draft residential design guidelines in 2015 that include recommendations on some of these items, including building size and design features. However, community members identified that the draft guidelines were too vague and did not address specific issues such as home size or view protection. As City staff, community members, and elected leaders draft *Plan Morro Bay*, the community will be challenged to create a framework that preserves desirable characteristics and avoids unwelcome ones while still allowing the city to grow and improve.

ANALYSIS

There is a strong desire in Morro Bay to ensure that future development activity, including new buildings and building retrofits, is consistent with existing community characteristics. While the existing draft residential guidelines represent a good start, some community members are concerned they do not go far enough or lack sufficient regulatory weight. These standards also do not address all building types present in the community. City leaders and community members must identify areas where the existing draft guidelines can be improved, so that they direct new development in a manner compatible with the neighborhood and the wider community. It is important to decide whether the guidelines should remain voluntary or whether some or all standards should be mandatory and/or codified in the Zoning Ordinance.

When deciding on mandatory standards, the community must recognize that all requirements are to some degree a constraint on new development. Mandatory standards may have unintended consequences, including limiting diversity of housing and other building types. This in turn can prevent the community from attracting people who prefer large homes or from attracting businesses that require large amounts of floor space. These consequences are not necessarily harmful to the community, and they may be considered beneficial outcomes from the perspectives of local residents and businesses.

While Morro Bay has an overall community aesthetic, it is important to also recognize the distinctions presented by different neighborhoods. Each neighborhood in the community has different characteristics, and any design guidelines should reflect these variations as applicable. Residents have varying views of neighborhood boundaries, although no official neighborhood boundaries or descriptions are currently in place. Any attempt to create neighborhood-specific guidelines should define neighborhood borders and ensure that the guidelines are consistent with the existing and desired characteristics within these borders.

All design guidelines, including community-wide design standards, standards for specific areas (such as the downtown/waterfront area and other neighborhoods), guidelines for different building types, and standards for historic or potentially historic buildings, must be integrated into a single, comprehensive set of design standards. A unified set of design guidelines will be easier for community members (including developers and

property owners), City staff, and elected and appointed officials to understand and apply. Having all design standards in a single document also reduces the risk of inconsistency or confusion and will make it easier to update the standards at any time in the future as needed.

Morro Bay's neighborhood characteristics reflect more than physical appearances. Community members frequently spoke of friendly and trusting people, a sense of safety and security, and support for multigenerational residents as important components of the city. Even the most effective and well-crafted urban design regulations, on their own, will not maintain or improve Morro Bay's existing character. Design standards for homes and nonresidential buildings must work together with economic development, community services, open space, transportation, public safety, and numerous other policies to preserve Morro Bay's characteristics.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of neighborhood compatibility for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

5.A. Create design guidelines with clear intent that balance restrictions with flexibility. If there is a desire to establish policy intent for residential design guidelines as part of *Plan Morro Bay*, it is important to avoid making them too proscriptive. Guidelines that are too narrow or restrictive may have the opposite of the desired effect and may lead to buildings that all resemble each other. Instead, guidelines should clearly express the design intent and point out examples of features that are desirable or undesirable, encouraging features that are consistent with community characteristics and discouraging those that are not. This approach allows flexibility when designing new buildings, perpetuating Morro Bay's eclectic feel while discouraging new construction that is clearly inconsistent with local

preferences. It does not preclude the City from creating mandatory design standards if desired. These guidelines should address all design-related issues in the community, including standards for historic or potentially historic buildings and standards for the downtown/waterfront area.

5.B. Define allowable sizes of new or expanded buildings. Smaller buildings are generally more compatible with Morro Bay's existing neighborhood characteristics. Large buildings may seem out of place and often can block the views that are so celebrated in the community and from surrounding areas. The process of "mansionization" is particularly controversial in Morro Bay, and is something that many community members would like to see halted. Morro Bay's draft 2015 design guidelines do not establish firm limits for building sizes or mass, although they do provide recommendations for reducing a building's bulk. The City has the option of amending the design guidelines to create more specific recommendations or establishing mandatory standards on size and refining the guidelines for bulk.

5.C. Limit construction of new chain stores. The presence of chain stores can be detrimental to the community characteristics supported by Morro Bay residents. These facilities can take away from the eclectic feel of the community and make Morro Bay feel like less of a unique location. The City has a range of options that include prohibiting any new chain stores, restricting them to specific neighborhoods (e.g., highway-oriented commercial development near Highway 1), or requiring compliance with design guidelines and standards that ensure new chain stores do not employ "formulaic" architecture. While such actions may support the community's characteristics, they may also restrict economic growth if parallel actions are not taken to encourage the growth of local businesses. Similarly, chain businesses may offer goods and services that are difficult for local businesses to provide, and restricting chain businesses may exacerbate existing retail leakage trends.

5.D. Establish neighborhood boundaries. Community members and elected leaders could create design guidelines and development standards that vary by neighborhood and reflect the unique conditions present in different parts of Morro Bay. In these cases, the City would need to establish the boundaries between different neighborhoods and to do so in a way that recognizes differences of opinion as to where the boundaries are. Community engagement

events are an effective way to collect community members' different views about boundaries, allowing the City to draw boundaries in a way that reflects a majority or compromise position. Once the City establishes these boundaries, community members and elected leaders can prepare neighborhood-specific standards that may be appropriate.

GPAC DISCUSSION

The Morro Bay GPAC discussed neighborhood compatibility in the community, and associated specific issues and policy options. There were no central recommendations from the GPAC on the topic of neighborhood compatibility, although GPAC members discussed a number of different influences and expressed a range of opinions.

One major item of discussion was what sort of framework Morro Bay's design guidelines should take. While some GPAC members supported the idea of unified design guidelines for the entire community (recognizing that unified does not mean uniformity of design), other members felt that unified guidelines were not feasible and that there should be separate sets of guidelines for different building types or different locations in the city. The GPAC did largely agree that the guidelines should allow for sufficient flexibility, and that the guidelines need to be implemented through zoning standards.

A second major discussion topic was how design guidelines should address commercial buildings. There was no consensus on what types of commercial buildings should be allowed, although at least one GPAC member felt that large chain commercial buildings should not be entirely banned. GPAC members did not suggest particular size or height limits for commercial buildings, although City staff informed the GPAC that more restrictive limits could curtail commercial development by rendering many nonresidential buildings economically unviable. One GPAC member felt that this topic may be better suited for the Economic Development key issue.

On the issue of neighborhood boundaries, many GPAC members felt that a zoning map of Morro Bay would help the GPAC to suggest boundary locations. Some GPAC members believed that it is more important to define neighborhood boundaries for residential areas, as the boundaries for commercial areas are already well defined. Some GPAC members also expressed a view that defining neighborhood boundaries should be a starting point for developing the design guidelines.

STAFF RECOMMENDATIONS

5.A. Create design guidelines with clear intent that balance restrictions with flexibility.

- Develop design guidelines for various uses and locations in Morro Bay. Such guidelines should include the following considerations:
  - Allow sufficient flexibility, maintaining the unique characteristics of each neighborhood and allowing for eclectic design features.
  - Allow the guidelines to address individual districts or neighborhoods in the City and individual use types with different treatments.
  - Limit or prohibit new buildings that are clearly inconsistent with Morro Bay.
  - Determine appropriate voluntary guidelines or mandatory standards for building size and massing.
- Create a mechanism and procedure to implement the design guidelines in the zoning ordinance and other appropriate locations.

5.B. Define allowable sizes of new or expanded buildings.

- As part of the General Plan land use designations, identify appropriate building intensities and heights for different types of buildings by use type, ensuring they are consistent with community characteristics. The following are some specific types of standards to include:
  - Floor area ratios (FARs) for all lot sizes, which may vary by use and location.
  - FARs for second floors in relation to first floors. The second floor (for commercial or residential uses) shall be less floor area than the first floor and shall be stepped back from the first floor.
    - The second floor FAR should be approximately 50–80 percent of the first floor FAR. Second floor FARs could be different at different locations in the City and for different land use types.
  - Allow increased height in downtown to accommodate new development, including mixed-use development.

5.C. Limit construction of new chain stores.

- Determine whether to limit or prohibit new chain store buildings in Morro Bay. Factors for this decision should include, but not be limited to, the following:
  - Availability of desired goods and services, and the ability of chain retailers to increase or decrease availability.
  - Community economic priorities and objectives.
  - Quality of life considerations, including social and environmental goals.
- If chain stores continue to be allowed, develop design standards to ensure new chain stores do not employ "formulaic" architecture.

5.D. Establish neighborhood boundaries.

- Establish neighborhood boundaries in *Plan Morro Bay* that may be used for future land use planning and design efforts. Boundaries should be determined at least in part through community outreach, reflecting existing zoning patterns, and to the extent possible reflecting community opinions on where divisions between neighborhoods are. Neighborhood boundaries may also serve as a basis for organizing future citywide design guidelines.

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6. MULTIGENERATIONAL COMMUNITY

BACKGROUND

Background data and community input collected to date to support *Plan Morro Bay* indicate a desire and need to continue to provide multigenerational resident services, housing, facilities, and access to natural environment, parks, and recreation spaces. *Plan Morro Bay*, which will span nearly 20 years and affect the City of Morro Bay for multiple generations, plans for the community's existing and future populations.

In 2014, residents over the age of 65 represented 23 percent of Morro Bay's population, compared to the statewide proportion of 13 percent of the population at least 65 years old. As the existing population (over half of which is currently over age 50) continues to grow, the City must analyze and adapt its housing and recreation resources to support a growing number of senior residents. Additionally, Morro Bay's housing supply and recreation facilities must continue to provide for all of the city's residents—young children, families, teens, and adults—to support new and existing community members.

Morro Bay's current service level of 28 acres of parkland per 1,000 residents far exceeds the state requirement of 3 acres per 1,000 people. This ratio does not include the additional 3,000 acres in the city of state-owned parks and beaches, indicating a strong availability of open space in Morro Bay. While these recreation spaces range from neighborhood playgrounds to nature preserves, assets within and access to these parks may create barriers to use by different resident groups, such as the elderly and those with physical disabilities. Current programming includes recreational league sports for both children and adults and community facilities with social programs for children and the elderly. Morro Bay's senior center is run by a partnering organization, Morro Bay Senior Citizens, Inc.

ANALYSIS

Among considerations for serving an aging population, maintaining or enhancing access to parks, public spaces, and recreational programming is paramount. Supporting a multigenerational community in Morro Bay can combat the risk of social isolation and sedentary lifestyles that are common threats to deteriorating mental and physical health

in old age, and support families and children of all abilities and income levels. Through the development and enhancement of public spaces and programs for residents of all ages, Morro Bay can continue to honor its heritage, strengthen the sense of community, and ensure that the natural environment is accessible for all. For example, playgrounds for seniors have recently gained popularity in communities across the United States, incorporating exercise equipment that is low impact and encourages gentle movement.

Morro Bay must also analyze its existing housing stock to assess whether it is prepared for anticipated changes in community demographics, including shifts in age and family composition. Families with small children, elderly couples or single adults, and others have differing housing needs, including housing size, design, location, and cost, among other considerations. It is important for *Plan Morro Bay* to support land use policies addressing these subjects. Specific housing policies related to multigenerational housing and implementation are best addressed in Morro Bay's General Plan Housing Element, which is next scheduled to be updated by 2019.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of a multigenerational community for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

6.A. Provide for multigenerational gathering spaces. The City should promote active living for all residents by developing multigenerational parks and open spaces. As the population continues to age, public spaces in Morro Bay should encourage multigenerational interaction and play while meeting the physiological needs of the community. Multigenerational parks incorporate space for both active and passive recreation for all community members, including benches, walking paths, and play equipment for the young and old.

6.B. **Improve accessibility of public spaces.** The City can help ensure that residents, to the greatest extent possible, live within a 10-minute walk from a park, garden, beach, or natural area, taking into consideration that people for various reasons may walk at different speeds. In addition to developing public spaces with activities for residents of all ages, it is essential to provide easy, multigenerational access to and through these places. Improvement of lateral and coastal access to the shoreline, as identified in Section 7, Coastal Access, would additionally benefit those with limited access to parks. For residents without independent access to a car, including children and the elderly, public spaces should be accessible by other modes of transportation, such as walking, biking, or taking a bus. Future park development should carefully consider proximity to schools, senior centers, and previously underserved residential areas. Additionally, navigation through public spaces should include accommodations for those with physical and mental handicaps. Clear wayfinding, such as signs with large fonts, maps, and directions, can help those at risk for disorientation to feel safe, while lighting, handrails, and Americans with Disabilities Act (ADA) compliance can create spaces that allow all residents to gather. Wide sidewalks with plenty of comfortable seating, clearly marked crosswalks, and sufficiently long crossing countdowns at signalized intersections can improve walkability of public spaces for elderly persons.

6.C. **Allow for adaptive civic programming.** Morro Bay's aging population will lead to an increased demand for senior services. The City should focus on expanding and increasing accessibility of programming with Morro Bay Senior Citizens, Inc. In addition, the maintenance and expansion of recreational programs for families in Morro Bay will allow the city to continue to serve as a safe and engaging place for children and teens. Building partnerships with local schools and the Teen Center will allow youth-targeted activities to remain effective.

6.D. **Shape land use to support a multigenerational community.** Land use designations in the community should support a range of housing options that support Morro Bay's diverse and aging community. This effort includes allowing the development of accessible, affordable multifamily units for seniors and the preservation of homes for growing families. The General Plan Housing Element should recognize these priorities and encourage a discussion on housing affordability for the growing population of seniors in Morro Bay.

GPAC DISCUSSION

The GPAC agreed that Morro Bay must support a multigenerational community and discussed a number of specific topics associated with this issue. While the GPAC wanted Morro Bay to be increasingly accommodating to older residents, members also felt that Morro Bay should attract more young people, allowing the community to better grow and thrive.

GPAC members believed that housing is one of the most important topics, ensuring that there are homes of sufficient size, location, and amenities for people and families of different ages. Some GPAC members were interested in the feasibility of using smaller homes for both senior citizens and young families. Housing for multigenerational residents should be flexible and located in close proximity to necessary facilities.

The GPAC also discussed the importance of providing services to support multigenerational residents. Medical services were the most frequently discussed by the GPAC members, but the GPAC also emphasized the necessity of other services, such as parks and recreational facilities and recreational programs. Some GPAC members suggested partnering with various advocacy groups, such as AARP, to support multigenerational planning in Morro Bay.

STAFF RECOMMENDATIONS

6.A. Provide for multigenerational living spaces.

- Provide for multigenerational living spaces, including residences that are suitable for older persons as well as young single persons or couples. Ensure that land use and design standards allow for such spaces.
- Locate multigenerational living spaces within easy access of community facilities and key services.

6.B. Improve accessibility of public spaces.

- Make public spaces easily accessible to all residents. Consider access to parks and open spaces, gardens, community centers, recreational facilities, and the coast.

- Locate these facilities within an approximate 10-minute walk of as many residences as possible, particularly designated elderly or multigenerational residences.
- Redesign streetscapes and intersections, especially along key corridors, to be more supportive of elderly persons.
- Continue to ensure that public spaces and streetscapes are accessible to persons with disabilities.

6.C. Allow for adaptive civic programming.

- Allow for adaptive civic programming, including senior-focused programs.
- Ensure that there is a wide range of civic programming that appears to diverse interests.
- Locate programs in different parts of the community to the extent that appropriate facilities are available.

6.D. Shape land use to support a multigenerational community.

- Through proposed General Plan land use designations and zoning districts, provide for a diversity of house sizes and densities to support multigenerational communities.
- Provide opportunities for new medical facilities in Morro Bay.

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7. COASTAL ACCESS

BACKGROUND

A key tenet of the Coastal Act is to protect and expand coastal access points to facilitate maximum shoreline access. Expansive coastal access in Morro Bay promotes recreation, tourism, and ecosystem health.

A Local Coastal Program typically considers two types of coastal access. Lateral access defines the ability to walk parallel to the coastline, along the shore. In Morro Bay, lateral access is found along from the city's northern border, around Morro Rock, to the start of the Embarcadero. There is also some lateral access at various locations along the length of the Embarcadero. While commercial uses stand between the sidewalk along the Embarcadero and the coast in many locations, bayside decks with access roughly between every two commercial buildings allow segments of lateral access along the bay. The Coastal Act and Morro Bay's Waterfront Master Plan require 10 feet of lateral access for new development proposals. Lateral access is supported by vertical access points, which create perpendicular access to the coast. Morro Bay has extensive vertical access points throughout the entirety of the coastal zone, most notably along the Embarcadero where buildings are spaced to allow public access to the shoreline. In the northern portion of the coastal zone, vertical access extends from Beachcomber Street, with both identified trails and informal paths through coastal brush.

The California Coastal Trail (CCT) is an ongoing effort to connect a unified, 1,200-mile trail along the Pacific Ocean, extending from Oregon to the border with Mexico. Approximately 600 miles of the CCT have been completed, promoting the Coastal Commission's coastal access objectives. The beach from the northern border of Morro Bay to the end of the Morro Strand State Beach, and Highway 1 starting at Morro Bay Boulevard, are segments of the CCT. Additional lateral coastal access along Morro Rock Beach is not identified as part of the CCT, nor are the numerous vertical coastal access points along the Embarcadero. The City does not have an existing plan detailing further implementation of the California Coastal Trail.

ANALYSIS

Overall, Morro Bay provides good access to the coastline. Both vertical and lateral access in the community have portions of subpar quality. Along the Embarcadero, exceptional vertical access allows shoreline access to docks and decks every two buildings or so. However, the lateral access along this portion of the shoreline is disjointed and limited to small segments. The northern shoreline presents unfettered lateral access along the beach and is part of the CCT. However, the quality of vertical access to the beach varies in the areas north and south of the Embarcadero, with some paths dedicated and accessible with good signage, and others are informal footpaths restricted by fences or vegetation.

Morro Bay has made strides to address remaining barriers to coastal access in recent years. In 2015, the development of a multi-use trail and bridge project addressed a lateral access issue where Morro Creek crosscut the beach, offering safe crossing for pedestrians, bicyclists, and emergency vehicles. Similar projects to create additional coastal access, as well as continued protection of existing vertical and lateral access points, will allow Morro Bay to continue to strengthen its connection to the shore.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of coastal access for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

7.A. Improve lateral connections along the Embarcadero. As part of the Downtown Waterfront Strategic Plan, the City will establish guidelines that reduce the potential for additional development to limit lateral access on the bay side of businesses along the Embarcadero. In addition to preserving existing lateral connections, bayside docks and decks may offer opportunities to establish

additional connections, creating a more cohesive path along the shoreline. The City recently won a California Coastal Commission grant to develop more robust implementation strategies for the Local Coastal Program, including a plan to address lateral access along the Embarcadero.

7.B. Preserve and enhance vertical access points. In the face of new development, protecting existing vertical access points is essential, both for preserving and enhancing community character and to comply with the Coastal Act. In addition to maintaining Morro Bay's existing high level of vertical access, the City should analyze opportunities to improve the accessibility of these entrances to the coast. Categorization of existing vertical access points, from high quality to informal, may help Morro Bay prioritize the most important access points or locations where access or amenities are missing. Adequate parking, as well as multimodal transit options such as buses and pedestrian and biking facilities, can maximize public access.

7.C. Locally implement the California Coastal Trail. Completion of the local segment of the CCT will draw visitors to Morro Bay and enhance coastal access for local residents. *Plan Morro Bay* should identify a locally preferred route along which to complete the CCT in Morro Bay, which will both improve lateral access along the Embarcadero and connect ingress and egress points to the city along Morro Bay Boulevard and Highway 1. Doing so will allow for coordinated trail alignments which protect natural resources in a manner consistent with the Coastal Act. While developing a plan to further enhance lateral coastal access, careful consideration of sensitive species and habitats should be balanced with the need for improved coastal access.

GPAC DISCUSSION

Members of the GPAC discussed many different issues related to coastal access. The GPAC wanted to ensure widespread coastal access, and was supportive of designating the CCT in the community. GPAC members discussed whether the CCT should be a separate trail alongside existing trails or whether coastal trails should be unified under the CCT. GPAC members emphasized the importance of universal access and multimodal facilities for coastal trails, and some members believed that lateral coastal access in Morro Bay needs to be improved.

One specific issue the GPAC discussed is how parking relates to coastal access. Some GPAC members suggested increasing and improving parking for coastal access points, while others preferred to provide parking elsewhere and ensure that there is sufficient public transit and active transportation systems between parking lots and the coastal access points (i.e., a "park and walk/bike/ride" system). GPAC members also discussed the Dynegy power plant site, and while the GPAC did not propose specific uses for the site as part of the coastal access discussion, they did emphasize the importance of providing coastal access through the site that connects to future land use activities on the site.

STAFF RECOMMENDATIONS

7.A. Improve lateral connections along the Embarcadero.

- In coordination with local property owners, identify locations to improve existing lateral connections and establish new ones to create a unified coastal path. Implement these improved connections through the City's Capital Improvement Plan process, leasing and development agreements, and other mechanisms.
- Ensure that lateral coastal access is universally accessible.
- Ensure lateral coastal access design has a consistent look and uses the same or similar materials.
- Require improved lateral access as a condition of new coastal development, including future coastal development at the Dynegy and wastewater treatment plant sites.

7.B. Preserve and enhance vertical access points.

- Map existing vertical access points and determine the best locations for new and improved vertical access points, and implement required construction activities through available and appropriate mechanisms.
- Improve pedestrian and bike infrastructure connecting to vertical access points.
- Provide universally accessible coastal vertical access points.

- Ensure that vertical access points may be easily used as evacuation routes.

7.C. Locally implement the California Coastal Trail.

- Identify gaps in the California Coastal Trail in Morro Bay.
- Identify a preferred alignment of the California Coastal Trail considering both existing coastal access trails and proposed improvements to lateral access along the Embarcadero.

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8. LOWER-COST OVERNIGHT VISITOR ACCOMMODATIONS

BACKGROUND

California Coastal Act Section 30213 requires coastal communities to protect and encourage lower-cost facilities and overnight accommodations for visitors, and outlines limitations to the requirement.

Currently, low-cost accommodations are defined as those that are at or below the state median in April 2012 (most recently available) of $118.07 per night. In total, there are 42 overnight accommodation options in Morro Bay. This number includes hotels, motels, inns, bed and breakfasts (B&Bs), campgrounds, and RV parks, but does not include short-term rentals. Based on an analysis of the prices for these accommodations, 63 percent are at or below the threshold dollar amount and would be considered low-cost (Tables 8-1 and 8-2).

ANALYSIS

Relative to other California jurisdictions, Morro Bay currently offers a large inventory of lower-cost visitor-serving accommodations. However, the Coastal Commission continues to make preservation and enhancement of the stock of lower-cost accommodations a priority. Specific lower-cost accommodations in Morro Bay may be considered at risk to direct replacement of rooms. In addition, the proportion of lower-cost accommodations and the city's reputation as an affordable coastal destination may also be at risk due to general market displacement if many new higher-cost units are developed in new projects. Because of these factors, the City can expect the Coastal Commission to require an approach to preserve Morro Bay's stock of lower-cost accommodations.

Table 8.1 Visitor-Serving Accommodations Inventory – Hotels, Motels, Inns, and Bed & Breakfast Inns (2016)

Name	Type (motel, hotel, inn, B&B)	Location/Address (all in Morro Bay)	Owner	Public/ Private	Lowest Cost per Night	Percentage of State Median Price	Capacity	Notes
Anderson Inn	Inn	897 Embarcadero Street	Anderson Inn	Private	$249.00	211%	8	1
Ascot Inn at the Rock	Inn	260 Morro Bay Blvd.	Ascot Suites	Private	$139.00	118%	32	1
Bay View Inn	Motel	225 Harbor Street	Bay View Inn	Private	$69.00	58%	22	1
Bayfront Inn at the Waterfront	Inn	1150 Embarcadero	Bayfront Inn	Private	$129.99	110%	16	1
Beach Bungalow Inn & Suites	Inn	1050 Morro Avenue	Beach Bungalow	Private	$160.55	136%	12	1
Best Western El Rancho	Hotel	2460 Main Street	Best Western	Private	$107.99	91%	27	1
Best Western San Marcos	Hotel	250 Pacific Street	Best Western	Private	$125.99	107%	32	1
Best Western Tradewinds	Hotel	225 Beach Street	Best Western	Private	$112.49	95%	24	1
Blue Sail Inn	Inn	851 Market Avenue	Blue Sail Inn	Private	$194.99	165%	48	1
Coastal Breeze Inn	Hotel	1098 Main Street	Coastal Breeze Inn	Private	$90.00	76%	22	1
Comfort Inn	Inn	590 Morro Avenue	Choice Hotels	Private	$140.00	119%	32	1
Days Inn	Hotel	1095 Main Street	Days Inn	Private	$109.00	92%	45	1
Econo Lodge	Hotel	1100 Main Street	Econo Lodge	Private	$110.00	93%	18	1
Embarcadero Inn	Inn	456 Embarcadero	Embarcadero Inn	Private	$139.00	118%	32	1
Estero Inn	Inn	501 Embarcadero	Estero Inn	Private	$249.00	211%	8	1
Fireside Inn	Motel	730 Morro Avenue	Fireside Inn	Private	$74.00	63%	24	1
Front Street Inn	Inn	1140 Front Street	Front Street inn	Private	$199.00	169%	2	1
Grays Inn	Inn	561 Embarcadero	Grays Inn	Private	$239.00	202%	3	1

Name	Type (motel, hotel, inn, B&B)	Location/Address (all in Morro Bay)	Owner	Public/ Private	Lowest Cost per Night	Percentage of State Median Price	Capacity	Notes
Harbor Front Suites	Inn	591 Embarcadero	Harbor Front Suites	Private	$350.00	296%	3	1
Holland Inn and Suites	Hotel	2630 Main Street	Holland Inn	Private	$80.10	68%	23	1
La Roche Suites	Inn	575 Embarcadero	La Roche Suites	Private	$350.00	296%	3	1
La Serena Inn	Inn	990 Morro Avenue	La Serena Inn	Private	$153.99	130%	38	1
Marina Street Inn B&B	B&B	305 Marina Street	Marina Street Inn	Private	$140.00	119%	4	2
Masterpiece Hotel	Hotel	1206 Main Street	Masterpiece Hotel	Private	$116.99	99%	27	1
Morro Crest Inn	Inn	670 Main Street	Morro Crest	Private	$58.00	49%	17	1
Morro Shores Inn & Suites	Hotel	290 Atascadero Road	Morro Shores Inn	Private	$49.66	42%	30	1
Motel 6	Motel	298 Atascadero Road	Motel 6	Private	$69.99	59%	70	1
Pacific Cottage Motel	Motel	2830 Alder Avenue	Pacific Cottage Motel	Private	$80.00	68%	14	2
Pacific Shores Inn	Inn	890 Morro Avenue	Pacific Shores	Private	$59.00	50%	22	1
Pleasant Inn Motel	Motel	235 Harbor Street	Pleasant Inn Motel	Private	$119.00	101%	10	1
Rockview Inn and Suites	Inn	1080 Market Avenue	Rockview Inn and Suites	Private	$85.00	72%	31	1
Sandpiper Inn	Inn	540 Main Street	Sandpiper Inn	Private	$66.00	56%	21	1
Sea Air Inn	Inn	845 Morro Avenue	Sea Air Inn	Private	$74.00	63%	25	1
Seaside Inn	Inn	220 Beach Street	Seaside Inn	Private	$109.00	92%	33	1
Sundown Inn	Inn	640 Main Street	Sundown Inn	Private	$99.00	84%	17	1
The Breakers Motel	Motel	780 Market Avenue	Breakers Motel	Private	$113.05	96%	26	1
The Inn at Morro Bay	Hotel	60 State Park Road	The Inn at Morro Bay	Private	$118.00	100%	98	1

Notes:
1. Price was surveyed for the same date, Thursday, June 23, 2016, and acquired using each accommodation's website. Each price reflects the least expensive option available.
2. The prices for these accommodations were acquired by making phone calls, as they had no online reservation options.

Table 8.2 Visitor-Serving Accommodations Inventory – Campgrounds and Recreational Vehicle Parks (2016)

Name	Type (campground, RV park)	Location/Address (all in Morro Bay)	Owner	Public/ Private	Lowest Cost per Night[1]	Percentage of State Median Price	Capacity
Bay Pines Travel Trailer Park	RV Park	1501 Quintana Road	Bay Pines	Private	$40.00	34%	112
Cypress Morro Bay RV & Mobile Home Park	RV Park	1121 Main Street	Cypress	Private	$46.00	39%	36
Morro Bay State Park Campground	RV and/or Tent Camping	60 State Park Road	CA State Parks	Public	$35.00	30%	122
Morro Dunes RV Park	RV and/or Tent Camping	1700 Embarcadero	Morro Dunes	Private	$29.97	25%	170
Morro Strand State Park campground	RV and/or Tent Camping	Highway 1 & Yerba Buena	CA State Parks	Public	$35.00	30%	76

[1] *Price was surveyed for the same date, Thursday, June 23, 2016, and acquired using each accommodation's website. Each price reflects the least expensive option available.*

An emerging trend in coastal communities and other popular locations in California is the propagation of private, short-term vacation rentals (e.g., Airbnb, VRBO). Owners of private homes and apartments advertise short-term rentals, primarily on the Internet using commonly used websites. Local agencies are catching up to this phenomenon, enacting rules and ordinances that either regulate or prohibit such commercial activities in predominantly residential areas. These rental units are required to obtain a short-term vacation rental permit to legally operate in Morro Bay. Permitted units must collect transient occupancy tax (TOT) revenues, and comply with specific requirements to prevent excess noise or other unruly behavior. These units also represent an important component of the city's stock of overnight accommodations and pay business license fees. Most nightly rates for short-term private rentals in Morro Bay exceed the low-cost threshold of $118.07 per night.

On June 14, 2016, the City adopted an Urgency Ordinance that capped the number of short-term vacation rentals at 250 for a 45-day period. On July 12, 2016, the City Council voted to extend the cap for 22 months and 15 days, effective July 28, 2016. The cap is currently set to expire in the middle of June 2018. At present, Morro Bay has reached the cap of 250 registered short-term vacation rentals and has an estimated number of unpermitted short-term vacation rentals as high as 100 units. New short-term vacation rental applicants are placed on the City's waiting list.

The Coastal Commission has recently expressed a desire to preserve private short-term rentals as a way to maintain lower-cost units and increase public access to the coast. Although most rentals in Morro Bay exceed the lower-cost threshold, since they typically accommodate many more people than a single hotel room, they may still be considered a lower-cost accommodation (e.g., a $100 room that hosts two guests may be considered as affordable as a $300 dollar rental that hosts six guests).

On November 3, 2016, the Coastal Commission discussed the issue of lower cost accommodations and a number of policy topics associated with it. Staff recommended using a specific method to determine lower cost hotel rates when evaluating hotel projects, using a 10-step process referred to as the Robinson method that looks at the average room rate for economy hotels in the area. To help increase the supply of lower cost accommodations, staff proposed requiring higher cost hotels to dedicate some on-site or off-site accommodations as lower cost, unless there is a sufficient supply of lower cost accommodations in the area.

At this meeting, the Commission discussed in-lieu fees for lower cost accommodations. Staff noted that the current fees used in many communities were not adequate, and that fees should be revised to reflect costs for land acquisition, permitting, engineering and site prep, habitat restoration, infrastructure, and services, among others. The staff report proposes more efficient use of the in-lieu fees, including partnerships with state parks, non-profits, and various programs that provide overnight trips for unserved people. The commission also discussed short-term rentals, noting the complexity of the issue and the need to develop policy options more fully in the future, but staff recommended against banning these rentals outright.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of overnight accommodations for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

8.A. **Identify and codify an appropriate threshold for lower-cost accommodations.** The lower-cost threshold of $118.07 per night identified above is based on potentially dated guidance from the Coastal Commission. The City could work with the Coastal Commission to identify a clear threshold so that future project applicants have certainty on the issues. When defining a rate for lower-cost accommodations, the City should also consider categorizing rates for moderate- and higher-cost accommodations relative to the market rate. The thresholds should then be incorporated in the Local Implementation Plan (part of the Municipal Code) along with an escalation clause tied to the Consumer Price Index or a similar resource.

8.B. **Amend existing short-term rental regulations in the coastal zone to improve community oversight.** The City could work with the Coastal Commission to identify thresholds for lower-cost private short-term rental units that include a

consideration of total occupancy. The Coastal Commission wishes to preserve short-term rentals as a way to protect lower-cost accommodations and ensure coastal access. The City can make changes to its existing short-term vacation rental policies to achieve community goals for these units, while increasing enforcement actions against unauthorized rentals. Alternatively, the City may take action to prohibit new short-term rentals but ensure that low-cost coastal accommodations and coastal access are preserved. The City may be able to meet Coastal Commission goals while still restricting short-term rentals or prohibiting new short-term rentals in the coastal zone by using existing accommodations (including camping and RV sites) to demonstrate consistency with Coastal Commission objectives.

8.C. Protect existing inventory of lower-cost accommodations. The City could require any development project that directly displaces existing lower- and moderate-cost accommodations in the coastal zone to provide an equivalent number of rooms or accommodations at an equivalent nightly rate in the coastal zone. If providing physical accommodations is determined to be infeasible, alternative mitigation could include a per-unit in-lieu fee which could be used to maintain or construct affordable accommodations, such as a hostel, or to maintain and enhance campgrounds.

If the City determines that including private-short term rentals in its inventory of overnight accommodations is appropriate, it should protect them, while also achieving housing affordability and local community character objectives.

8.D. Develop new affordable accommodations. The Coastal Commission has established a range of recommendations for providing new lower-cost accommodations, including the following that may be applicable to Morro Bay:

- Encourage new hotel/motel development projects to provide a range of room types, sizes, and room prices that serve a variety of income ranges.
- Where a new hotel or motel project (that is not directly displacing lower-cost lodgings) would consist entirely of high-cost overnight accommodations, require the project to provide mitigation as a condition of approval of a Coastal Development Permit. Such mitigation can include a mitigation payment to fund the establishment of lower-cost overnight visitor accommodations. The

City could also set the funds aside to maintain existing properties or to maintain and enhance campgrounds.

8.E. **Provide public access to day-use facilities.** The City could require new moderate- or higher-cost hotel and motel projects to incorporate non-overnight facilities and amenities within or as a component of the project that are generally available for passive public use. Such amenities may include public plazas and spaces, restaurants, retail units, gardens, viewing areas, or other day-use features that may be used by the general public. A hotel or motel operator would be permitted to charge a facility use fee that can be demonstrated to offset the cost of affording access to spaces or services.

GPAC DISCUSSION

Members of the GPAC discussed the topic of overnight accommodations and many specific items associated with this issue. GPAC members agreed that the City should define a threshold for low-cost accommodations, and that action needs to be taken on the issue of short-term rentals. Beyond these items, members of the GPAC did not agree on a single set of recommendations, but did raise a number of options.

GPAC members debated how Morro Bay should approach the issue of short-term rentals. Members were concerned that these rentals may be increasing housing costs and contributing to housing affordability problems. Some felt that the City should allow these rentals under a stronger regulatory framework, while others wondered if Morro Bay should ban them outright. If the City allows short-term rentals with regulations, GPAC members expressed a view that the regulations should be stringent, with emphasis on protecting health and safety. Some members noted that regulations could vary by neighborhood to support specific neighborhood objectives. One member discussed the possibility of requiring short-term rental hosts to live on the property, effectively prohibiting units that are entirely dedicated to short-term rentals. However, another member noted that short-term rentals are often popular with younger adults, and that regulations that are too strict may conflict with the City's stated goal of achieving a multigenerational community.

Another major issue discussed by GPAC members was the need to continue to provide low-cost accommodations in Morro Bay. GPAC members noted that some low-cost

accommodations are vulnerable to sea level rise and related hazards, but did not discuss specific solutions. Some members noted that low-cost accommodations may not always be of preferred quality, and suggested that owners of these accommodations improve their facilities. However, others noted that such upgrades may increase the cost of accommodations and make them less affordable. Some GPAC members suggested that an in-lieu fee could be channeled into a revolving loan fund to help property owners make retrofits if they agree not to raise their rates, although other members expressed a view that such fees are not always effective.

STAFF RECOMMENDATIONS

8.A. Identify and codify an appropriate threshold for lower-cost accommodations.

- In coordination with the Coastal Commission and key stakeholders, establish a low-cost threshold no higher than the guidance provided by the California Coastal Commission and an appropriate escalation clause.
- Incorporate this threshold, the escalation clause, and the source information and methodology for arriving at the threshold into the Local Implementation Plan.

8.B. Amend existing short-term rental regulations in the coastal zone to improve community oversight.

- Continue to allow short-term rentals, with appropriate regulations to prevent nuisances and minimize impacts to local housing costs. Consider the following range of regulations:
    - Establish a maximum number of adults allowed in a short-term rental.
    - Continue to require registration or permitting through the City.
    - Continue to require short-term rentals to pay TOT.
    - Incorporate short-term rentals into the Tourism Business Improvement District (TBID).
    - Vary short-term rental regulations by areas of the city.
    - Require a short-term rental that is sold to a new owner or rented to a new permanent tenant to re-register.

  - Prohibit short-term rentals in secondary units, multifamily residences, or designated below-market-rate units.
  - Limit the number of days per year that a whole unit may be rented out.
- Do not require short-term rental hosts to live on the rental property.
- Monitor and regularly report on implementation of short-term rental regulations.

8.C. Protect existing inventory of lower-cost accommodations.

- Develop policies to protect lower-cost accommodations, ensuring that such accommodations are safe and meet required standards without becoming unaffordable for customers.
- Propose an in-lieu fee to help protect lower-cost accommodations.

8.D. Develop new affordable accommodations.

- Prepare a land use plan that supports demand for new lower-cost accommodations. Designate a sufficient amount of land suitable for new greenfield or infill development, using a land use classification/zoning district suitable for new lower-cost accommodations.
- Encourage new affordable accommodations that provide valued community services such as event venues and meeting spaces.

8.E. Provide public access to day-use facilities.

- Require new moderate- or higher-cost accommodations to provide public access to day-use facilities for a reasonable fee.

9. DOWNTOWN AND WATERFRONT CONNECTIONS

BACKGROUND

Morro Bay's downtown and the waterfront Embarcadero districts are the commercial and cultural core of the community. They are the location of many of Morro Bay's local businesses and are close to a number of residential neighborhoods. Residents and visitors alike come to spend time in the downtown and waterfront districts, which are among the major visitor attractions in the city and the wider region.

Morro Bay's residents have expressed a strong preference to protect the positive qualities of the downtown and waterfront districts, while at the same time enhancing their appeal to residents and visitors, and making improvements to the areas where opportunities are available. This includes the land uses and amenities present in the downtown and waterfront areas, the transportation networks and parking supply that allow travel within the areas and to surrounding neighborhoods, and the infrastructure that helps the downtown and waterfront to operate smoothly.

The City is currently working to address many of these items by preparing a Downtown Waterfront Strategic Plan—a ten-year plan that provides a vision for the districts and specific action items to carry out this vision. *Plan Morro Bay*, a longer-term document, creates a framework for the Strategic Plan to be implemented and ensures it is consistent with the vision for the entire community.

ANALYSIS

Active downtown and waterfront districts that offer a wide variety of activities throughout the day and evening will support local economic growth. The districts should cater to both residents and visitors, and offer attractions for people of varying ages and income levels. Placing active land uses within and between the downtown and waterfront areas is important to maintain vibrant districts with high-traffic retail businesses on the ground floor, especially on major streets. Morro Bay's downtown and waterfront districts already have many of these characteristics, and the community should work to improve these

qualities. At the same time, it is important to maintain the unique character and ambiance that make the districts enjoyable. All new development in the downtown and waterfront districts should be consistent with Morro Bay's design guidelines and other development standards, which in turn should match existing district and community characteristics. Issues of building design and compatibility are discussed in more detail in Section 5, Neighborhood Compatibility.

Morro Bay's downtown and waterfront districts are charming and quaint, but many properties have experienced some neglect in recent decades. Many community members have noted a need for improved maintenance in both the public and private realms. Improving the appearance of the downtown and waterfront areas is important for recruiting new businesses and bringing more customers into the districts to support existing businesses. Attractive and well-maintained businesses and public spaces demonstrate pride of ownership and draw more visitors.

The districts have relatively few residents compared to neighborhoods throughout the rest of the community. Local residents and elected officials could increase housing in the downtown and waterfront districts, ideally located above retail uses. Housing opportunities would bring more people into the districts, making them more active places, and would also help to increase activity later in the evening. This increased activity supports local businesses, enhancing the community economy. It also helps diversify the supply of housing in the community, attracting people who may not otherwise want to live in Morro Bay, and may help to improve housing affordability. However, any new housing should be added with care to maintain area characteristics and avoid contributing to traffic, parking, or congestion problems.

Morro Bay's downtown and waterfront have historically been regarded as distinct districts. The areas are physically separated by elevation and limited access ways, and each district has a unique land use focus and visitor attractions. There are currently a number of vacant and underutilized parcels along key corridors such as Morro Bay Boulevard, Harbor Street, and Pacific Street that further contribute to the disconnect between the downtown and waterfront districts. Improving these connections and reducing barriers between the downtown and waterfront districts will help to unite them, make it easier for people in one location to travel to the other, and potentially create an attractive destination for employers, residents, and visitors.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of downtown and waterfront connections for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

9.A. Prepare and implement the Downtown Waterfront Strategic Plan. City staff are currently developing a Downtown Waterfront Strategic Plan, which will provide a vision and action plan for a connected and unified downtown and waterfront area. The plan will address area issues and community concerns by including a unified branding strategy for the downtown and the waterfront, design guidelines to ensure consistency with neighborhood and community characteristics, and recommended priority projects, such as installing cohesive streetscape furnishings and gateway features, making mobility improvements along key corridors, and redeveloping vacant parcels. Once the plan is written and adopted, it will be critical for City staff, community members, and elected leaders to implement it. The implementation tools and other mechanisms available will depend on the specific strategies in the plan and may include the General Plan, Local Coastal Program, Zoning Ordinance, annual City budgets, capital improvement plans, parking management plans, and other resources. At the same time, it will be important for City staff, community members, and elected leaders to continue to revise the plan on a regular basis and to collaborate during implementation to make sure the strategies are being carried out in a way that meets the community's vision.

9.B. Prepare and implement a master plan for Morro Rock. During community engagement activities, many community members expressed that they would like to see public improvements and programming at Morro Rock. Following determination of future uses for the Dynegy site, which will in some ways determine the range of future amenities and appropriate activities, the City should consider preparing and implementing a master plan for the area surrounding Morro Rock to outline recommended public improvements that would enhance the area, while also preserving the rock as an important environmental and cultural resource.

9.C. Ensure consistency with neighborhood and community characteristics. The downtown and waterfront districts are prime sites for new development in the community, offering potential for both residential and commercial growth. While new growth can be a valuable way to improve the downtown and waterfront districts, any land use plan for the districts should be consistent with established characteristics. Consistency includes making sure that new and renovated buildings are compatible on issues of height, size, mass, and design, among other features.

9.D. Create a multimodal downtown and waterfront. The downtown and waterfront districts are a playground for a variety of users. The community has expressed a strong need to balance and even advance the needs of non-auto travel modes to relieve pedestrian congestion on narrow sidewalks and contribute to a safer and more serene experience for all users.

9.E. Encourage redevelopment or community use of vacant lots. The City should connect with property owners to explore development or rehabilitation strategies for key vacant parcels in the downtown and along the waterfront, and assist property owners to secure financing for development. For parcels that are unlikely to be developed in the near future, the City should work with property owners to temporarily convert vacant parcels into community gardens, parks, or venues for hosting community events such as the farmers market. Lastly, the City could consider drafting regulations that would deter the creation of any additional vacant lots.

GPAC DISCUSSION

GPAC members reviewed the policy options and discussed various topics associated with improving the downtown and waterfront. GPAC members agreed that the part of the downtown district between Market Avenue and Main Street is the area most in need of improvement. Some suggested that there be more entertainment or retail businesses to attract people to the area, while others proposed a program to improve building and facility maintenance. However, one GPAC member observed that downtown may not be used often by tourists (stating that tourists are more likely to visit the Embarcadero), and that more visitors in the downtown district may not be welcomed by some residents.

Parking and circulation was another popular topic. Many members felt a need to encourage more people to park in the downtown district, and proposed a parking garage (ideally located close to the Embarcadero). Some members wondered if vehicle access to Morro Rock should be closed, noting that this would require collaboration with the California Department of Parks and Recreation. One member raised the possibility of a connected set of one-way streets in the downtown and Embarcadero districts, establishing a single one-way loop through the districts.

Regarding other topics, one GPAC member pointed out that there were numerous different documents addressing the needs of the downtown and Embarcadero districts, and that it was important to have consistency across multiple planning efforts. Some members were unclear as to the intent of a Morro Rock master plan and wondered more specifically what such a plan would address. GPAC members also wondered whether there should be specific downtown and Embarcadero design guidelines.

STAFF RECOMMENDATIONS

9.A. Prepare and implement the Downtown Waterfront Strategic Plan.

- Address a variety of issues and topics of concern through the Downtown Waterfront Strategic Plan, including but not limited to:
    - Ease of resident and visitor access.
    - Building and streetscape design standards.
    - Redevelopment of vacant and underutilized parcels.

9.B. Prepare and implement a master plan for Morro Rock.

- Work with the California Department of Parks and Recreation to implement the Morro Strand and Atascadero State Beach General Plan, which includes Morro Rock. The plan includes policies on resource management, land use, and hazard mitigation.
- Support efforts by the California Department of Parks and Recreation to update the Morro Strand and Atascadero State Beach General Plan, including incorporating sea level rise projections and an updated coastal hazard vulnerability assessment.

9.C. Ensure consistency with neighborhood and community characteristics.

- Ensure that any design guidelines for the community or the downtown and waterfront districts maintain consistency with community characteristics.
- Allow for design flexibility in the downtown and waterfront districts while protecting existing design characteristics.

9.D. Create a multimodal downtown and waterfront.

- Emphasize access for public transit and active transportation.
- Improve pedestrian connections between the downtown and waterfront districts, and increase the pedestrian appeal of the downtown district.

9.E. Encourage redevelopment or community use of vacant lots.

- Identify suitable uses for vacant and underutilized parcels, consistent with neighborhood and community objectives.
- Allow for temporary uses on parcels that are unlikely to be developed in the near future, including community gardens, parks or recreation spaces, and other community venues.

10. SEA LEVEL RISE RESILIENCE

BACKGROUND

Sea Level Rise

There is broad agreement in the scientific community that the earth is predicted to warm and that sea levels will rise as a result of the thermal expansion of water and increased contributions from melting glaciers. Rising sea levels have the potential to test of the resilience of various coastal resources in Morro Bay.

Coastal resources in the city are diverse and include natural resources such as Morro Rock, Morro Bay Estuary, and sandy beaches backed by dunes and bluffs. Built environment resources include coastal development behind the dunes, harbor infrastructure, a commercial fishing industry, the visitor-serving commercial waterfront, and numerous recreational opportunities along the coastline and bay. Sea level rise has the potential to increase exposure of these resources to coastal hazards such as inundation, flooding, and erosion associated with extreme waves and water levels.

Adaptation to climate change involves a range of adjustments that occur in response to already experienced or expected climate-induced impacts. Given sea level rise projections, both natural and man-made resources will have no choice but to adapt to a changing coastal environment. A thoughtful and effective approach to adaptation, beginning with the planning process, can reduce adverse impacts from sea level rise and result in a more resilient coastal community. Alternatively, a reactive approach to adaptation would involve costly emergency actions and post-disaster cleanups that often lack the foresight to create a sustainable and resilient coastal community.

Coastal Protective Devices

Shoreline protection in Morro Bay consists of “soft” or natural shoreline protection systems (i.e., dunes) and “hard” structures (i.e., rock revetments, seawalls, jetties). These features protect coastal assets from damage during extreme wave events. The function of these protection systems may be compromised by increased water levels associated with sea level rise. Rising water levels may result in an increased frequency and severity

of wave impacts on these features. Wave forces may erode the existing dune system and impact the stability of hard structures. Failure of these features may result in physical damage or flooding of the coastal assets they currently protect.

Some physical damages to critical assets (e.g., Highway 1) may result in the need for emergency actions to fortify the shore protection structure and repair the asset. Ad hoc emergency actions can lack consideration of long-term community goals and vision, as well as secondary impacts associated with the repair. In addition, some emergency repairs may be met with opposition from regulatory agencies. Similarly, physical repair or alteration of hard shoreline protection structures may be challenging from a regulatory perspective in the future. Agencies are increasingly rejecting protection approaches for noncritical structures in favor of soft solutions or managed retreat options. Early consideration of key shore protection/asset vulnerabilities will allow for thoughtful decision-making and management of these resources with the goal of avoiding the need for future emergency repairs.

Erosion

The vulnerability of sandy beaches to sea level rise impacts is high, with anticipated erosion impacts associated with any sea level rise scenario. Beach erosion will result in the loss of recreational opportunities and of the protection that beaches offer to coastal assets from storm events. In a natural setting, beaches adjust to a rising sea level if adequate sand exists in the system. However, the adaptive capacity of beaches is low in areas where they are backed by coastal structures or development, or where insufficient sand exists in the system. The Morro Strand is an example of an area where beach widths would ultimately be squeezed by coastal erosion. Beaches in the city are historically stable but have recently shown an erosional trend in the Morro Strand area.

The US Army Corps of Engineers (USACE) annually dredges Morro Bay navigation channels to maintain safe passage for boats into the bay. Materials dredged from these channels are placed in the nearshore or surf zone north and south of the Morro Bay entrance channel. The northern placement site is used less frequently (approximately every six years).

ANALYSIS

Sea Level Rise

A number of coastal resources in the city may be impacted by coastal hazards as the sea level rises. Based on the results of the recently completed vulnerability analysis, the most vulnerable coastal resources in the city during this time frame are beaches, state parks, coastal parcels, and transportation infrastructure.

As identified in the California Coastal Commission Sea Level Rise Policy Guidance, the City has options regarding how to respond to these impacts. Sea level rise adaptation strategies described in the Coastal Commission guidance are grouped into four general categories: do nothing, protect, accommodate, and relocate. These approaches are discussed in more detail below.

- Do nothing – Doing nothing can be thought of as an adaptive response if the particular resource or site can adapt naturally to sea level rise. However, if this approach is applied to resources with limited adaptive capacity, properties are at risk of damage or loss once exposed to coastal hazards enhanced by sea level rise.

- Protection – Shoreline protection can take various forms and can be both hard and soft. A seawall or revetment is a hard protection device, whereas artificially enhancing a dune or a beach is a soft protection measure.

- Accommodation – Sea level rise accommodation would mean planning for future development with increased water levels in mind. Thus, a new or redeveloped building would be able to cope with increased water levels during its design life.

- Relocation – Relocation involves physically moving an asset out of the coastal hazard zone. This strategy was recently exemplified by the decision to replace the existing wastewater treatment plant (WWTP) with the new water reclamation facility (WRF), located at an inland site outside of the flood hazard zone.

There are trade-offs associated with each of the adaptation strategies, particularly in terms of who benefits. For example, with traditional shoreline protection strategies, the private property owner is afforded the greatest benefit through protection of existing structures; however, it is an accepted consequence that hard shoreline protection can result in loss of beach area and possible impacts to coastal access and erosion.

Almost all adaptation strategies also have associated secondary impacts. Some of these are minor issues, such as short-term impacts associated with construction. Others can be confounding and involve competing interests from different stakeholder groups. For example, dredging from Morro Bay helps maintain a navigable channel for the commercial fishing industry and is a source of sand for local beaches. However, dredging activities could harm subtidal habitat in the bay. Another example is potential impacts to visual resources associated with accommodation strategies that elevate buildings or shoreline protection structures through increased height limits to protect against elevated levels of flooding.

These potentially competing factors must be considered when selecting appropriate adaptive responses.

Coastal Protective Devices

Key shoreline protection features in the city are owned and operated by other agencies, as shown in Table 10-1. Many of these structures protect critical assets in the city where a "hold the line" approach is warranted. For example, the Morro Bay jetties are owned and operated by the USACE and are maintained regularly as a consequence of wave damage. Sea level rise will impact the effectiveness of these structures and may result in the need to raise the jetty crest elevation. Other shoreline protection structures in the city may be relic structures where removal may be an option. For example, the Chevron bulkhead wall was built to protect an underground pipeline and landside improvements associated with a historic marine oil terminal. This terminal has been decommissioned for some time; thus, the bulkhead may not be needed in the future should it become damaged or if it is impacting a resource.

Table 10-1. Shoreline Protection Features in Morro Bay

Shoreline Protection Feature	Ownership	Asset at Risk
Dunes	State Parks, City	Habitat, State Parks, private development, roadways
Chevron Bulkhead Wall	Private	Backlands, Highway 1
Highway 1 Revetment	Caltrans	Highway 1
Morro Rock Revetment	City	City parking lot, public access to shoreline
Morro Bay Harbor System	USACE	Navigation
Coleman Drive Revetment	City	Coleman Drive
Embarcadero Revetment and Bulkhead Wall	Private	Private
State Parks Marina Revetment	State Parks	Parking lot

Erosion

Beach nourishment has been found to be an adequate measure to mitigate or keep pace with sea level rise. The annual USACE dredging project may present an opportunity to beneficially reuse sediment to respond to sea level rise. A beach monitoring program would help monitor beach changes and allow the City to make informed decisions regarding the management of beaches.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of sea level rise and coastal resources for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

10.A. Determine what assets will require shoreline protection. Shoreline protection structures such as the revetment fronting the Morro Rock parking lot and the breakwater protecting Morro Harbor are needed to maintain the functionality of Morro Bay for recreational, commercial, and ecological purposes. These existing structures will need to be adapted in the future to accommodate sea level rise. Accommodation could include raising and possibly bolstering the structure. In the case of the Morro Rock revetment, an analysis may be warranted to investigate a soft protection solution, such as a continuation of the northern dune system.

10.B Determine what assets will require relocation. Some assets may need be relocated as the result of sea level rise and its influence on coastal hazards, coastal protective devices, and erosion rates. For City-owned assets, this issue should be considered as facilities are scheduled for significant maintenance or refurbishment.

10.C. Coordinate with other agencies whose assets will become vulnerable to sea level rise. Many of the vulnerable assets in the city are owned and operated by other agencies. US Army Corps of Engineers, Caltrans, and State Park facilities are all potentially vulnerable to sea level rise within the planning horizon. How these agencies respond to sea level rise will impact the future of these assets and will indirectly impact other assets in the city. Agencies' responses may also limit the range of adaptive approaches available to the City. Thus, coordination with these agencies is critical to understanding how they intend to respond to these changes.

10.D. Consider sea level rise in conjunction with new development or reuse projects. The City should require new development projects located within the coastal hazard zone to plan for worst-case sea level rise projections over each proposed project's economic life span or design life. An appropriate sea level rise strategy should be applied to each project, depending on the severity of exposure to the coastal hazard and the project's sensitivity to that hazard.

10.E. Examine existing shoreline protection structures. Shoreline protection structures should be examined for vulnerability to sea level rise. If a structure is determined to be vulnerable, tipping points (e.g., a certain water level reached or level of damage) should be identified and adaptation options considered. Given the regulatory challenges with structural modifications, the adaptation analysis

should first consider the structure's function and the asset it protects. Direct and secondary impacts associated with the adaptation should be considered as well as the life-cycle cost to maintain the structure.

10.F. Manage prioritized existing revetments. Hard protection should be used only if no feasible less damaging alternative exists. Under current law, shoreline protection for existing structures in danger from erosion may be allowed if coastal resource impacts are avoided or minimized and are fully mitigated where unavoidable. On intensely developed, urbanized shorelines, if the removal of armoring would place existing development at risk and not otherwise result in significant protection or enhancement of coastal resources, it may be appropriate to allow properly designed shoreline armoring to remain for the foreseeable future, subject to conditions that provide for potential future removal in coordination with surrounding development.

10.G. Monitor beaches. Monitoring beach widths is a useful tool to track change and can inform beach management decisions. A program could be established to track local beach response to sea level rise. As part of this program, storm events could be documented through photographs and field notes. This documentation would assist in the validation of the numerical modeling results and to track the frequency of these events.

10.H. Beneficially reuse sediment from Morro Bay. Beneficial reuse of dredged sediment from Morro Bay would increase the resilience of beaches. The City could analyze the USACE program to understand if more sediment can be placed north of Morro Bay in the vicinity of Morro Strand and could use beach monitoring data to inform decision-making on the placement of sediment.

GPAC DISCUSSION

Members of the GPAC reviewed the topics associated with sea level rise resilience and discussed a variety of related issues. The GPAC noted that some of the community's largest and most important assets are also among those most vulnerable to sea level rise, and that the policy approach should reflect this. As some of these assets are managed by other organizations, the GPAC emphasized the importance of coordination with other agencies, including the California Department of Parks and Recreation.

One of these important assets is the estuary and surrounding areas. GPAC members anticipated that saltwater intrusion into the estuary could occur at a faster rate than expected, noting that such impacts likely could not be mitigated and that the community would have to adapt to a new set of environmental conditions. A GPAC member inquired whether the City should look at sea level rise impacts to South Bay Boulevard, a key connector road. GPAC members also discussed the City's existing wastewater treatment plant, and wondered if the City should conduct any sea level rise contingency planning if the plans for the Water Reclamation Facility are blocked or delayed.

GPAC members discussed the existing revetments in the harbor and along the Embarcadero, noting that they need to be rebuilt and that sea level rise projections should be considered when designing and constructing new revetments. One GPAC member asked about how the sediments from dredging could be reused. GPAC members also discussed the need for community education to better increase awareness of sea level rise to members of the community, supported increased beach monitoring, and discussed how to best communicate with private property owners who may be affected by sea level rise.

STAFF RECOMMENDATIONS

10.A. Determine what assets will require shoreline protection.

- Prioritize protective efforts for the largest and most important assets.
- Ensure that nonprioritized assets also receive sufficient protection.
- Monitor effectiveness of coastal protections, and retrofit or replace protections as needed.

10.B. Determine what assets will require relocation.

- Identify assets that cannot be adequately protected from coastal flooding, and will be subject to permanent or recurring temporary inundation within a 50-year time horizon.
- If an asset cannot be sufficiently protected from coastal flooding, establish a timeline for relocation. Ensure that the timeline includes the following activities:

  - Securing land for the relocated asset, either an infill site or a suitable undeveloped location.
  - Permitting and environmental review activities.
  - Deconstruction and reconstruction.

- Consider appropriate uses for sites previously occupied by relocated assets, including parks, open space/natural areas, and other predominantly passive land uses.

10.C. Coordinate with other agencies whose assets will become vulnerable to sea level rise.

- Identify other agencies that own assets in Morro Bay at risk of sea level rise, including but not limited to the US Army Corp of Engineers, the California Department of Parks and Recreation, and utilities and telecommunications companies.

- Work with these other agencies to determine the most vulnerable and most critical assets, and prioritize protection of these assets.

- To the extent feasible, design and construct City capital improvements to provide protection to non-City-owned key assets.

- Identify and pursue funding sources to protect non-City-owned assets, and work with external agencies to secure this funding.

10.D. Consider sea level rise in conjunction with new development or reuse projects.

- Establish a Sea Level Rise overlay zone for areas at risk of coastal flooding. The overlay zone shall include all areas at risk of temporary or permanent inundation, based on sea level rise projections for the next 50 years.

- Require new development or retrofits of at least 500 indoor square feet located within the overlay zone to incorporate design strategies to protect against temporary or permanent inundation from sea level rise, given projections for the next 50 years.

- Raise awareness of sea level rise risks, and of feasible and cost-effective strategies to reduce risks.
- Encourage landowners to apply for funding to increase resiliency to sea level rise, including through the FEMA Pre-Disaster Mitigation program.
- Adjust the boundaries of the Sea Level Rise overlay zone at least once every 10 years, using the most recently available scientific data, to ensure that the overlay zone covers the appropriate area at risk of temporary or permanent inundation for the next 50 years.

10.E. Examine existing shoreline protection structures.

- Review existing shoreline protection infrastructure, and determine where infrastructure is insufficient to provide adequate protection.
- Retrofit or replace inadequate shoreline protection infrastructure, taking into account the cost of retrofitting or replacing infrastructure compared to the risk of providing inadequate protection, including the risk of injury or loss of life, property damage, reduced services, environmental damage, or other consequences.
- Regularly monitor and report on status of existing shoreline protection infrastructure.

10.F. Manage prioritized existing revetments.

- When existing hard protection installations (including groins, seawalls, revetments, or riprap) no longer provide sufficient protection, replace these installations with soft infrastructure (such as dunes or beach replenishment) if it is capable of providing the required amount of protection.
- Replace existing functional hard protection installations with soft protection, as funding opportunities are available and the level of protection from the soft installation is adequate.
- Prohibit all new hard protection installations, unless such installations represent the only viable means of protecting critical assets that cannot be relocated. Any such installations shall be designed and managed to minimize impacts to other parts of the coast.

10.G. Monitor beaches.

- Develop a program to recruit, train, and use volunteers to monitor community beach widths on a regular basis. Use ground-level photographs, field notes, aerial photography, and other methods as feasible and appropriate.
- Pursue funding sources, including from government agencies and nongovernmental organizations, to support beach monitoring efforts.
- Report regularly on beach monitoring results, and develop policy responses to issues as needed.

10.H. Beneficially reuse sediment from Morro Bay.

- Determine how best to reuse dredged sediments, as determined by community needs and priorities.

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11. COMMERCIAL FISHING INDUSTRY AND MEASURE D

BACKGROUND

Morro Bay's heritage is deeply connected to the commercial fishing industry, and preserving this legacy through the maintenance of a working waterfront is a key part of the City's vision. Starting in the mid-1980s, commercial fishing landings and revenue in Morro Bay experienced a sharp decline, hitting an all-time low in 2007. Since then, landings and revenue both increased each year through 2013. Efforts to support and revitalize Morro Bay's commercial fishing industry have included regular analysis and reports published by the City of Morro Bay, the Morro Bay Commercial Fishermen's Organization (MBCFO), the Nature Conservancy, and other partners.

The Coastal Act places a high priority on coastal-dependent uses, which includes prioritizing the protection and maximization of commercial fishing infrastructure and facilities. Measure D, passed in 1981, designates certain areas for commercial fishing infrastructure and facilities north of the Embarcadero. For over 20 years, Measure D has promoted and protected the commercial fishing industry, as well as noncommercial recreational fishing activities in appropriate waterfront areas.

ANALYSIS

Continued support of the commercial fishing industry's economic viability and infrastructure is essential to accomplish the City's vision for a working waterfront and fishing village appeal. Measure D preserves coastal land north of the Embarcadero, from Beach Street to Target Rock, for uses that are "primarily for the purposes of serving or facilitating licensed commercial fishing activities or non-commercial recreational fishing activities, or is clearly incidental thereto." These regulations have been paramount to the preservation of commercial fishing operations in Morro Bay. However, the development of supporting uses (e.g., seafood restaurants) under the parameters of "clearly incidental" has caused some debate about appropriate limitations on supporting uses in the Commercial/Recreation Fishing Zone. Some community members believe that these supporting uses are essential to allow business owners to adapt to changing

economic conditions by adding new ventures to sustain visitors. However, others believe that allowing visitor-supporting uses, such as hotels or cafés, will limit commercial fishing operations, which have nowhere else to go in the city.

Climate change is also anticipated to impact the commercial fishing industry. Sea level rise and more intense storm surges threaten coastal infrastructure, causing potential disruptions to commercial fishing operations. In addition to the vulnerability of shoreline infrastructure, such as offloading facilities and piers, rising ocean temperatures and acidification may disrupt the habitat and vitality of key fish species. As of 2014, the most economically important fish species in Morro Bay were sablefish, Dungeness crab, market squid, Pacific hagfish, shortspine thornyhead, and Chinook salmon. Decreases in these species' populations may require an adaptation of the commercial fishing industry to determine new species to focus on and how to respond to existing market demands.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the commercial fishing industry topic for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

11.A. Clarify the meaning of "clearly incidental" uses under Measure D. The City should develop additional guidance to clarify the meaning of "clearly incidental" uses that are acceptable under Measure D to preserve the commercial fishing character intended by the measure.

11.B. Reduce potential conflicts between commercial fishing and coastal recreational uses. As the popularity of recreational boating activities, including kayaking and standup paddle boarding, continues to rise, the City should ensure that these activities do not interfere with the necessary operations of the commercial fishing industry and that in return, no potentially dangerous space conflicts arise which would interrupt these recreational activities. Both uses should be protected and

enhanced where feasible, and should not be reduced unless in response to decreased demand.

11.C. Assist the commercial fishing industry to adapt to climate and economic change. The City should continue to work with the commercial fishing industry, the Morro Bay Commercial Fishermen's Organization (MBCFO), the Nature Conservancy, and other key partners to monitor anticipated and actual changes in catch proportions. Using best available estimates of future conditions, and by developing a monitoring and reporting system, the City will identify trends and work with partners to help determine the most sustainable economic route for future years. Incorporating these changes into the annual Morro Bay Commercial Fisheries Economic Impact Report can help community members connect priorities for environmental protection and economic development for the fishing industry and the community.

GPAC DISCUSSION

GPAC members discussed Measure D, its importance to the community, and to what extent (if any) it should be revised. GPAC members identified that commercial fishing in Morro Bay is an important activity and that there is value in protecting it from being squeezed out by other land uses. GPAC members also agreed that the language in Measure D needs to be clarified, as the ordinance as currently written is very difficult for decision makers to apply to a project application.

Some GPAC members felt that Measure D should be rewritten and put back on the ballot, noting that the measure may be overly flexible and that any rewrite should attempt to reduce this excessive flexibility. Other GPAC members noted that it is difficult to craft measure language that is flexible enough for all fishing-related projects and eventualities, yet is strict enough to prevent unwanted development. As an alternative to a ballot measure, some members suggested using zoning language that could be adjusted with greater ease as needed. Other members wondered if it would be better to have a decision-making body that advises on the compatibility of projects on an as-needed basis, rather than using a single set of rules. Regardless of the approach, GPAC members agreed on the need for community buy-in for any changes.

GPAC members also discussed other potential ways to help support Morro Bay's fishing industry. Some wondered if other land uses should be allowed alongside commercial fishing supported uses, with one member wondering if a new boatyard should allow both fishing boats and recreational craft. Others expressed concern that additional uses, such as recreational boating, may be incompatible with fishing activities and may create conflicts. One member suggested relocating the boatyard to the north end of the Embarcadero, past the power plant, and proposed allowing fishing vessels to use the bridge connecting the Embarcadero to Atascadero Road (if feasible).

STAFF RECOMMENDATIONS

11.A. Clarify the meaning of "clearly incidental" uses under Measure D.

- Conduct extensive outreach to commercial fishing stakeholders, local businesses, and members of the public.
- Draft language to clarify the ambiguity around "clearly incidental" uses based on outreach results.

11.B. Reduce potential conflicts between commercial fishing and coastal recreational uses.

- Consult with stakeholders from recreational and fishing vessel stakeholders to identify and reduce conflicts.

11.C. Assist the commercial fishing industry to adapt to climate and economic change.

- Identify and assess risks to commercial fishing from climate and economic conditions, including effects of ocean acidification and rising water temperatures on fish populations, damage to facilities from sea level rise and other climate-related hazards, and increased development protection and other financial pressures.
- Incorporate the risk assessment into City planning documents, including the General Plan and the Local Hazard Mitigation Plan.

- As identified in the Community Vulnerability and Resiliency Assessment, improve resiliency for the commercial fishing industry, including for supportive infrastructure.
- Monitor and report on the effectiveness of commercial fishing resiliency policies, and revise policies as appropriate.

11.D. Prioritize needed commercial fishing industry infrastructure and facilities.

1) Marine storage facility (boatyard)
2) Cold storage
3) Additional commercial dock slips
4) Additional fuel stations

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12. ENVIRONMENTALLY SENSITIVE HABITAT AREAS (ESHA)

BACKGROUND

Morro Bay has a wide diversity of tree (hardwood and coniferous, oak woodlands), shrub (chaparrals, coastal scrubs), and herbaceous (grasslands) terrestrial habitat types, as well as aquatic habitat types. Key natural features include Morro Bay itself, its associated coastline, and the Morro Bay Estuary. Morro Bay was designated a state estuary in 1994 and an estuary of national significance in 1995.

The Coastal Act sets high standards for the protection of Environmentally Sensitive Habitat Areas (ESHA), including various types of wetlands, riparian areas, coastal prairies, woodlands and forests, and other natural resources in the coastal zone. The term *environmentally sensitive area* is defined in Coastal Act Section 30107.5 as any area in which plant or animal life or their habitats are either rare or especially valuable because of their special nature or role in an ecosystem and which could be easily disturbed or degraded by human activities and developments.

The existing City of Morro Bay Coastal Land Use Plan establishes the following criteria to determine which areas warrant specific protection under the Coastal Act as an ESHA:

1) Unique, rare or fragile communities which should be preserved to ensure their survival in the future;

2) Rare and endangered species habitats that are also protected by state and federal laws;

3) Specialized wildlife habitats which are vital to species survival;

4) Outstanding representative natural communities which have an unusual variety or diversity of plant and animal species;

5) Areas with outstanding educational values that should be protected for scientific research and education uses now and in the future.

Those resources within the city that meet one or more of the criteria above have been designated as an ESHA (see CBA Chapter 9). These ESHAs have been identified in three primary habitat types: coastal wetlands, coastal streams/riparian habitats, and rare or unusual native plant communities.

Morro Bay and Morro Bay Estuary. The bay consists of a shallow lagoon with two freshwater creeks (Chorro Creek and Los Osos Creek) draining into it. Tidal waters also fill the bay by flowing through the bay entrance and southward.

Streams. Morro, Chorro, and Los Osos creeks and various small tributaries serve as important coastal resources in the city. These creeks and tributaries provide habitat for fish and other aquatic organisms, as well as food and shelter for migratory birds and terrestrial organisms.

Morro Rock, Fairbanks Point, and Black Hill Natural Area. The ecological preserve located on Morro Rock serves as a nesting site for peregrine falcons. The rock is one of the last remaining sites for the falcons and is one of the few nesting sites along the California coast north of the Channel Islands. A grove of eucalyptus trees located at Fairbanks Point, in Morro Bay State Park, serves as a major nesting site for herons. Additionally, the Black Hill natural area, located upland from Morro Bay State Park, contains various rare and/or endangered species that are essential habitats in the city.

The existing ESHA designation as it appears on the Land Use Map (and in the City's official mapping files) is based on the 1982 Local Coastal Plan map and contains only minor updates. In the 1982 plan, the City commits to updating the ESHA map over time to include ESHA findings that occur as part of project review. As these updates have not occurred, it is believed that the current ESHA boundary is inaccurate and underreports Environmentally Sensitive Habitat Areas.

An additional shortcoming of the existing ESHA boundary and regulatory framework is that it does not contemplate sea level rise. As the sea level rises and as the climate changes through mid-century, the areas that contain environmentally sensitive habitat may also change.

ANALYSIS

Morro Bay residents enjoy and want to preserve the diverse natural environments within the city. The priority findings from the natural resources baseline assessment identified the following:

- The California Natural Diversity Database, the California Native Plant Society, and the US Fish and Wildlife Service database document 48 special-status plant species and 20 special-status animal species with recorded occurrences in the city. While all special-status plants and animals are protected under the California Environmental Quality Act (CEQA), state and federally listed species have greater legal protection and often require special permitting to ensure impacts to these species are not significant.

- The city contains designated critical habitat areas for western snowy plover (*Charadrius alexandrines nivosus*), steelhead (*Oncorhynchus (=Salmo) mykiss*), Morro shoulderband (=Banded dune) snail (*Helminthoglypta walkeriana*), tidewater goby (*Eucyclogobius newberryi*), and California red-legged frog (*Rana draytonii*).

- The city includes several habitat areas of importance, including oak woodlands, riparian woodlands, chaparral, grassland, and aquatic habitats that are home to the majority of the special-status plant and animal species occurring in the city. Some of these communities are considered sensitive by the California Department of Fish and Wildlife (CDFW) and are protected as such.

- Morro Bay and the Morro Bay Estuary contain a variety of biotic communities that support migratory birds, fish, and oysters essential to maintaining oceanic and terrestrial ecosystems as well as local sport and commercial fisheries. The bay and the estuary are important to the health of the city's commercial fishing and sport fishing industries, mariculture and marine research activities, and harbor and navigational ways.

- Numerous waterways and wetland areas in the city provide habitat for special-status species and are considered waters of the United States or waters of the State. These fall under the jurisdiction of the US Army Corps of Engineers (USACE), the CDFW, and/or the Regional Water Quality Control Board (RWQCB). Features

that fall under the jurisdiction of the above-listed agencies include various creeks, freshwater and saline emergent wetlands, and estuarine and marine deep waters and wetlands.

- The majority of the city falls within a single Essential Connectivity Area (ECA), documented by the California Essential Habitat Connectivity Project. Additionally, many other natural areas in the county, such as riparian corridors, could function as important local wildlife movement corridors.

Because Morro Bay itself is a key feature of the city, it is critical that the bay be protected and that the City take an active and leading role in ensuring that development and other activities in the City's control are designed, administered, and acted upon to protect the bay, estuary, watershed, and the critical habitats that support this ecosystem.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of Environmentally Sensitive Habitat Areas for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

12.A. Comprehensive ESHA map update. The City should produce a comprehensive ESHA geographic information system (GIS) layer. This task will be achieved through a combination of fieldwork, review of previous ESHA studies completed in the planning area in support of conservation efforts, and consultation with the Coastal Commission and will be supported through public outreach. In addition to a standard existing ESHA conditions GIS layer, the City should also develop a forward-thinking ESHA layer that considers the effects of climate change on the estuary and other habitat and migration corridors. Although this component will be advisory rather than regulatory, it will provide the City with decision-making capabilities based on the best available understanding of likely future conditions.

12.B Foster and develop public-private partnerships to protect natural resources. The City should continue to partner with local organizations including but not limited to the Morro Bay National Estuary Program and the Morro Bay Open Space Alliance to assist with the protection and enhancement of Morro Bay and its estuary and other natural areas and look for additional public and private partners for the protection of other natural resources within the city.

12.C. Protect sensitive habitats from urban encroachment and runoff. Urban encroachment and runoff can have long-term impacts on sensitive resources. The City should review and update development and construction policies to ensure current and future development does not encroach into protected and sensitive resources. Policies should also address the maintenance of public infrastructure to minimize the possibility of leaks or ruptures that could damage sensitive habitats.

12.D. Habitat conservation planning. The City will encourage development of a regional Habitat Conservation Plan to coordinate the conservation of the ecosystems upon which species listed under the federal Endangered Species Act (ESA) depend and to contribute to their recovery.

12.E. Habitat preservation priorities. The City will review existing Environmentally Sensitive Habitat Areas and identify priorities for important habitat areas to be preserved in or near the city, including as compensatory mitigation for development projects that would result in impacts on sensitive habitats or species.

12.F. Preservation and recreation. Policies should encourage the development of passive recreational opportunities in protected habitat areas. These policies should incorporate information about the resource's importance and the need for their preservation while avoiding negative impacts.

GPAC DISCUSSION

Members of the GPAC discussed ESHAs in Morro Bay and the specific topics associated with them. GPAC members agreed on the importance of ESHAs, the need to provide comprehensive information about ESHAs, and the need to continue to protect them. GPAC members felt it was important to consider ESHAs in a broader regional context,

and not to limit habitat conservation issues to only ESHAs within Morro Bay's city limits. Some were concerned that efforts to prioritize habitat preservation may lead to weaker protections for some ESHAs, and emphasized that all ESHAs should be protected regardless of any priorities for compensatory mitigation areas.

The GPAC discussed hunting on state lands, noting that it is a divisive issue. While members noted that the City may not have legal jurisdiction on this issue, some proposed adopting a resolution of disapproval so that the City's views are clearly known. Other members suggested that such a resolution would increase divisiveness and not result in meaningful change.

One member observed that the biggest threat to ESHAs appears to be pedestrian impacts, and felt that there should be policies to more effectively communicate the purpose of ESHAs to the public. The GPAC noted the need to improve wildlife corridors, particularly across Highway 1, where some members regularly observe animals killed by cars. One member wondered if a visual analysis of ESHAs would be helpful for prioritization. Another wanted *Plan Morro Bay* to emphasize the importance of minimizing the negative effects of dredging. The GPAC also wondered whether there should be stand-alone policies related to eelgrass protection, and felt that *Plan Morro Bay* should also favor policies that support increased sustainability, such as efforts to limit stormwater runoff and improve water conservation.

STAFF RECOMMENDATIONS

12.A. Comprehensive ESHA map update.

- Prepare a comprehensive ESHA map update for the Morro Bay planning area, identifying connections to other ESHA identified by San Luis Obispo County extending from the planning area.
- Require that the ESHA map update include the anticipated future effects of climate change and development pressure. Ensure that outreach and consultation with key stakeholders and members of the Morro Bay public are an important component of the ESHA map update process.

12.B. Foster and develop public-private partnerships to protect natural resources.

- Work with local organizations including but not limited to the Morro Bay National Estuary Program and the Morro Bay Open Space Alliance to establish and maintain public-private partnerships to provide additional funding and other resources for natural resource protection.

12.C. Protect sensitive habitats from urban encroachment and runoff.

- Enforce land use and development requirements including the City's adopted Stormwater Management Plan, landscaping standards, and other standards for new development or reuse activities to minimize disturbance to sensitive habitats.
- Strengthen City regulations to provide increased protection for sensitive habitats if current regulations are inadequate.
- Conduct regular maintenance of public infrastructure to reduce the risk of leaks, contamination, runoff, or other events that may harm sensitive habitat areas.

12.D. Habitat preservation priorities.

- Review the revised ESHAs in and around the planning area, and prioritize which locations should receive strengthened protections. Avoid weakening environmental protections for existing ESHAs.

12.E. Preservation and recreation.

- Install a prioritized list of ESHAs where infrastructure that supports passive recreational opportunities, such as trails, should be installed. This infrastructure shall not harm sensitive species or protected habitat.
- Post signs explaining appropriate behavior at environmentally sensitive areas.
- Consider banning dogs from ESHAs where the presence of dogs (including dog waste) may be harmful, and require dogs to be on leashes within other ESHAs.
- Station volunteers at ESHAs to educate visitors and protect against damage to the habitat as needed, particularly during weekends and holidays.

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13. TRANSPORTATION METRICS

BACKGROUND

A variety of methods are used to define and evaluate transportation system conditions. Historically the most common transportation metric has been vehicle level of service (LOS), which quantifies vehicle operations and assigns a letter grade from LOS A (representing free-flowing conditions) to LOS F (representing severe congestion and gridlock). The City of Morro Bay has not established a formal LOS threshold for acceptable traffic conditions, but generally uses the state target of LOS C or better. While a majority of Morro Bay's key roadways and intersections meet this threshold, a handful of locations do not, including the intersection of State Route 41 and Main Street, the Embarcadero north of Pacific Street, and Morro Bay Boulevard west of Quintana Road.

Recent legislation and developments in the transportation engineering and planning fields have resulted in new metrics. Senate Bill (SB) 743 mandates a change in the way transportation impacts are measured under the California Environmental Quality Act (CEQA), away from LOS to a measurement of vehicle efficiency. The Governor's Office of Planning and Research (OPR) has developed preliminary recommendations that the preferred measure of vehicle efficiency to be used under SB 743 is vehicle miles traveled (VMT) and that the recommended reduction in VMT necessary to achieve the State's greenhouse gas reduction goals is approximately 15 percent from baseline conditions.

In 2016, Morro Bay's daily VMT within San Luis Obispo County totaled 151,205, which translates to approximately 14.2 daily VMT per resident. In 2005, total daily VMT for Morro Bay was 140,915, or approximately 13.6 daily VMT per resident. The California Air Resources Board, through SB 375, has tasked the San Luis Obispo Council of Governments (SLOCOG) with reducing per capita VMT 8 percent by 2020 and 2035, relative to 2005 levels.

While VMT may be a necessary component of environmental impact analysis under CEQA, the City may adopt alternative metrics to describe transportation system performance, including but not limited to LOS. If this occurs, projects subject to CEQA would evaluate environmental impacts using VMT and consistency with the General Plan using another locally adopted metric.

ANALYSIS

Vehicular level of service has the following characteristics:

- Mitigations to maintain vehicular LOS often result in costly roadway capacity expansion, which can induce travel and worsen conditions for bicyclists and pedestrians.
- Vehicular LOS can be biased against infill development, since these projects add traffic to established areas. Greenfield developments often result in better LOS, even though they generate more and longer vehicle trips when compared to similar infill sites.
- Vehicular LOS can be difficult to calculate and offers a false sense of precision that doesn't reflect typical daily traffic variations and the uncertainties present in all travel forecasts.
- Vehicular LOS uses a relatively easy to understand grade system that is correlated to measures, such as average delay per vehicle, that make intuitive sense to drivers.

The 2010 Highway Capacity Manual includes procedures for defining multimodal LOS (MMLOS) for pedestrians, bicycles, and transit in addition to vehicles. MMLOS defines the quality of service provided by transportation facilities and reports a MMLOS grade from A to F. MMLOS has the following characteristics:

- MMLOS allows modifications to transportation infrastructure to be evaluated in the context of tradeoffs among different modes. For example, converting a four-lane road to a two-lane road with parking and bike lanes may show a reduction in vehicular LOS but an improvement in bicycle and pedestrian LOS.
- Like vehicular LOS, MMLOS requires detailed data on existing conditions for each mode of travel.
- MMLOS policies must balance the relative importance of each mode for a given facility since improvements to one mode may degrade service for another.

- MMLOS analysis is relatively new, and the procedures are expected to change in coming years.

Vehicle miles traveled has the following characteristics:

- VMT captures a greater portion of typical trips when compared to LOS measures, which are usually limited to locations near a project site.
- VMT estimates can reflect project features, such as proximity to transit and mix of uses, that reduce overall demand for travel by encouraging fewer and shorter vehicle trips.
- Mitigations to address VMT deficiencies typically are more supportive of the State's greenhouse gas reduction targets when compared to mitigations addressing LOS.
- VMT can be relatively simple to calculate, particularly for metropolitan areas with travel demand models. There are also quick-response spreadsheet-based tools available for estimating VMT. Morro Bay does not have a City travel demand model, so VMT would be estimated using the SLOCOG Travel Demand Model or a quick-response tool.
- A variety of VMT variants, such as VMT per capita or per employee, offer a clearer nexus for defining potential impacts of specific projects.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of transportation metrics for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

13.A. **Establish vehicular LOS standards.** The City can establish local vehicular LOS standards defining acceptable service levels for vehicular travel, rather than generally relying on state threshold levels. The standards could apply only to projects meeting some screening criteria, such as projects generating more than 50 peak-hour trips, to ensure transportation system performance is maintained when larger projects develop. Projects requiring CEQA analysis would be required to conduct vehicular LOS analysis in addition to the VMT analysis mandated by SB 743.

13.B. **Establish multimodal LOS standards.** The City can establish multimodal LOS standards defining acceptable service levels for each mode of travel in specific areas of the city or along specific facility types. The standards could apply only to projects meeting some screening criteria, such as projects generating more than 50 peak-hour trips, to ensure transportation system performance is maintained when larger projects develop. Projects requiring CEQA analysis would be required to conduct MMLOS analysis in addition to the VMT analysis mandated by SB 743.

13.C. **Establish VMT thresholds.** The City can adopt VMT thresholds consistent with recent legislative requirements. This effort would include screening criteria defining the types of projects requiring VMT analysis, a baseline against which forecast changes to VMT would be measured, and appropriate VMT metrics for specific project types. SB 743 recommends thresholds based on VMT per capita for residential projects, VMT per employee for office projects, and net VMT changes for retail projects. Individual components of mixed-use projects can be evaluated independently.

GPAC DISCUSSION

Members of the GPAC discussed the issue of transportation metrics and the specific topics associated with it. While GPAC members expressed a desire to avoid mandating use of outdated standards, they also wanted to ensure that any new metrics would be fair, comprehensive, and achieve desired objectives. Members stated that the overall goal of the city, regardless of metrics, should be to reduce both the length and number of vehicle trips. GPAC members wanted to support the San Luis Obispo Council of Government's VMT reduction target, as established by the California Air Resources

Board, noting that failure to meet this target could result in a loss of transportation funding.

GPAC members discussed what VMT specifically includes and how it compares to LOS, including how each metric evaluates trips that occur partially outside of Morro Bay (e.g., a Morro Bay resident commuting to San Luis Obispo for work). Members wished to make sure that any metric would not unfairly penalize the community for long commute times, which many residents cannot avoid. Members wondered how the metric would apply to new development, including how failing to achieve the metric would affect approval of the project. The GPAC also emphasized the need for metrics to address topics of vehicle collisions (including collisions with pedestrians and bicyclists), stated that the chosen metrics should be integrated with the goals and monitoring efforts of Morro Bay's Climate Action Plan, and believed that the City should encourage innovative strategies to reduce the length and number of vehicle trips.

STAFF RECOMMENDATIONS

13.A. Establish vehicular LOS standards.

- Ensure that vehicular LOS standards reflect specific conditions present in Morro Bay. They should be crafted to illustrate locations where substantial congestion may occur.
- Ensure that vehicular LOS standards that do not have an overtly negative effect on projections underlying the Climate Action Plan that promote increased public transit use, biking, or pedestrian activity.
- Monitor the effectiveness of vehicular LOS standards, and revise the standards as appropriate.

13.B. Establish multimodal LOS standards.

- Consider multimodal LOS standards, either as a replacement for vehicular LOS standards, or as a supplemental standard.

13.C. Establish VMT thresholds.

- Develop VMT thresholds for Morro Bay, including establishing a VMT baseline to measure changes against.
- Establish screening criteria defining the types of projects requiring VMT analysis, and create appropriate VMT metrics for different project types anticipated to occur in Morro Bay.
- Evaluate the ongoing effectiveness of VMT thresholds, and adjust thresholds as needed to support Morro Bay's transportation objectives.

14. HISTORIC RESOURCE MANAGEMENT

BACKGROUND

Morro Bay has human roots dating back to 10,000 BCE, but the development of the town as it exists today largely began in the mid-1800s, when Franklin Riley homesteaded the land in 1864. Riley and his partners laid out a town, developed the land, and constructed a wharf, establishing the township of Morro Bay in 1870. Riley built the Embarcadero and planned the town next to the bay to accommodate sea trade and travel. While the town thrived, difficulties in getting boats into the harbor hampered trade and fishing activities until the construction of the breakwaters in 1936 and 1942. Rapid postwar growth, including an increase in fishing and tourism activities and the construction of the Morro Bay power plant in the 1950s, helped to grow the town and provide jobs and tax revenue. Morro Bay was incorporated as a general law city in 1964. The community continued to experience rapid population growth until 1980, with more gradual growth since then. By 2015, Morro Bay had a population of 10,640 and had 5,400 jobs.

ANALYSIS

According to the State Office of Historic Preservation, there are no resources listed as California Points of Interest, and no resources in Morro Bay are listed on the National Register of Historic Places or the California Register of Historical Resources. However, the city's development dates to the 1800s, and the city likely contains built-environment resources over 45 years of age that may be considered significant or require further evaluation. Policy 4.02 of the existing Local Coastal Plan calls for the development and maintenance of a cultural resources inventory, which has not yet been completed. Without an understanding and record of existing cultural and historical resources, Morro Bay cannot effectively preserve and share its history.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of historic resource management for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

14.A. Develop a historic context statement. A historic context statement is used to identify significant historical themes within a community that are often represented in the built environment, such as houses and infrastructure. The statement develops goals and priorities for the identification, evaluation, registration, and treatment of historical resources.

14.B. Establish a local register. The historic context statement can identify eligibility criteria to be used in the designation of local historic sites and historic districts to a local register of historic places. These local register criteria often mimic those of the California Register of Historical Resources and the National Register of Historic Places, but identify and focus on locally important historical themes, such as Morro Bay's fishing village heritage. Important themes and eligibility criteria are often identified with the help of history professionals, as well as with the assistance of local groups such as the Historical Society of Morro Bay. Listing resources on a local register affords certain identification and protection pursuant to state guidelines. The local register can be used as a planning tool as well as an economic tool to entice tourists.

14.C. Conduct a cultural resources inventory. As called for in Policy 4.02 of the current Local Coastal Program, the City could develop and maintain a cultural resources inventory. This inventory should be framed within the historical context of Morro Bay and identify past human activity represented in built resources and archaeological resources. The City should ensure that the inventory is publicly

available and accessible to property owners, including a corresponding list of historical resource incentive programs available for each parcel.

14.D. Participate in the Mills Act Program. Morro Bay is currently not a participant in the Mills Act Program, which provides economic incentives to preserve and revitalize historical resources in historic neighborhoods and downtown areas. The Mills Act is a tax incentive program used by private property owners in California to restore and preserve historic buildings. After joining, the City could work with the Historical Society of Morro Bay to determine eligibility criteria and application procedures for local property owners.

14.E. Become a Certified Local Government (CLG). The City could become a CLG by developing a historic preservation ordinance, establishing a historic preservation commission, and maintaining a system to regularly update a cultural resources inventory. The CLG program is a collaboration between local, state, and federal governments in the Federal Preservation Program to help communities preserve their historic character. Through the certification process, communities commit to preserve, protect, and provide public information regarding the unique cultural heritage found in their built environment. Becoming a CLG offers opportunities for funding and technical assistance regarding cultural resource preservation.

14.F. Prepare design guidelines for historic buildings. The City could prepare design guidelines that illustrate and highlight important design features of historic buildings in Morro Bay to ensure new development does not contrast with nearby historic resources and impact the city's historic character. The development of design guidelines also requires design review procedures to effectively identify historic buildings, features, and preservation. Any design guidelines for historic buildings should be part of an overall set of design standards for the entire community, ensuring consistency across all guidelines. The Secretary of the Interior's Standards for the Treatment of Historic Properties is often used to evaluate the impacts of alterations or new development on historical resources.

14.G. Prepare and adopt an adaptive reuse ordinance. Adaptive reuse ordinances are used as an engine for economic revitalization that promotes historic preservation. Revitalizing buildings through reuse or repurposing can help stabilize neighborhoods by preserving historic character, reducing environmental hazards associated with new construction, and enhancing economic growth by

introducing new housing and employment opportunities. Ordinance components include but are not limited to expedited application review times, different zoning and code requirements than those applied to new construction, and tax incentives.

GPAC DISCUSSION

The GPAC members were universally supportive of the decision to include historic resource management as a key issue in *Plan Morro Bay*, and discussed a number of specific topics related to this item. GPAC members endorsed the idea of establishing a local framework for historic resource preservation, including a local register, context statement, and inventory. The members were also enthusiastic about participating in the Mills Act and becoming a Certified Local Government. Some GPAC members suggested establishing a "Historic Resource Preservation Commission" or similar body to prepare the register, become a Certified Local Government, and handle implementation of other policy options related to historic resources.

While the GPAC was supportive regarding design guidelines for historic buildings, it emphasized the importance of design guidelines that are specific to Morro Bay's history and culture, rather than a more generic "fishing village" or "California coastal town" aesthetic. Some GPAC members expressed concern that these guidelines could be expensive for property owners to comply with, and stressed the use of effective voluntary measures that would not be punitive or lead to significant costs. GPAC members also wanted to see high visibility efforts that promote Morro Bay's historic resources, such as interpretive panels in the downtown and Embarcadero districts, historic walking tours, and historic information on an easy-to-access website.

Although not specifically related to the policy options, GPAC members identified various sites in the city that may have historical importance, including the Morro Bay power plant and the campground at Morro Bay State Park. GPAC members also discussed and generally supported including a "Historic Resource" element in *Plan Morro Bay*, which is an optional action the City could take.

STAFF RECOMMENDATIONS

After consultation with community members, the below recommendations were reordered. However, it should be noted that many of these steps will occur concurrently. These are the initial steps necessary to develop a framework for identification and protection of historical resources. Completing these steps will require allocation of City resources in excess of current practice.

14.A. Become a Certified Local Government (CLG).

- Work with the CLG coordinator at the California Office of Historic Preservation to become a Certified Local Government, after the City has met the minimum state and federal requirements.
- Actively solicit funding opportunities and other resources from the state and federal government through the CLG program to assist with historic resource preservation efforts.
- A CLG must:
    - Establish a qualified Historic Preservation Commission
    - Establish a local Historic Preservation Ordinance
    - Maintain a system for the survey and inventory of local historic resources
    - Facilitate public participation in the local preservation
    - Follow all additional requirements outlined in California's Office of Historic Preservation *Certified Local Government Program Application and Procedures*

14.B. Develop a historic context statement.

- Establish a historic context statement, drafted by a historian meeting the *Secretary of Interior's Professional Qualification Standards* for history, architectural history, or archaeology. The context should be developed with feedback from community members and a Historic Preservation Commission, and identify important theme's in the community's history.

14.C. Conduct a cultural resources inventory.

- Retain a technical consultant to conduct a comprehensive cultural resources inventory that is specific to Morro Bay and accurately reflects the conditions present in the community.
- Evaluate identified resources for inclusion in the local register.
- Make the results of the cultural resources inventory readily available to community members.

14.D. Establish a local register.

- Create a local register of historic places, emphasizing resources of specific importance to Morro Bay's culture and heritage.
- Make the register publicly accessible, and use it to inform tourism promotion and economic development activities.

15. PARKING

BACKGROUND

Parking serves an important role in supporting local businesses and facilitating coastal access in Morro Bay. Business owners view convenient parking as a key asset that draws customers. Convenient and low cost parking supports Coastal Act goals to provide maximum public access to the coast. However, an excess of available parking reduces density and building intensity, discourages walking, and encourages driving. On-street parking devotes substantial public facility space to the storage of private automobiles—in effect, subsidizing the use of private cars.

Parking can negatively impact urban form, complete streets, and development feasibility. Requirements for large amounts of parking make redevelopment of small infill sites difficult. Curbside parking activities pose a safety hazard to cyclists and can result in wider streets with longer pedestrian crossing distances. Drivers circling blocks looking for parking spaces increase congestion. Parking lots can also increase impermeable surfaces, worsening urban runoff.

ANALYSIS

The City prepared a Parking Management Plan in 2007, which focused on parking conditions in the downtown and along the Embarcadero. Nearly 2,500 parking spaces are located in this area, with more than 70 percent managed by the City. Occupancy surveys were conducted from noon to 6:00 p.m. on a Tuesday preceding Memorial Day and on the Saturday of the Memorial Day weekend.

The occupancy surveys showed that parking on the Embarcadero was fully utilized and several downtown blocks were nearly fully utilized during the peak hour of the holiday weekend. The high parking occupancy rates were short in duration and supply was available within four blocks of all surveyed areas at all times, including during the holiday weekend.

The study developed an action plan to address the temporary supply issues present during busy weekends and to more effectively manage the city's parking supply. These steps can make it easier for residents and visitors to find parking, create a safer environment for pedestrians and bicyclists, improve transit services, and offer other benefits. The action plan includes the following recommendations:

- Enhance the signage program to better direct drivers to appropriate parking areas.
- Improve public information related to parking for different users.
- Encourage shared parking between different land uses.
- Encourage employee parking policies to support parking availability for visitors.
- Expand and enhance trolley service.
- Regulate delivery truck parking.
- Replace parallel parking with angled parking in selected areas.
- Enhance pedestrian facilities with a focus on connections to parking and attractions.
- Modify time limits to more effectively utilize the parking supply.
- Encourage public-private partnerships to effectively provide parking.
- Monitor and adjust the Parking In-Lieu Fee program.
- Allow the provision of pervious parking surfaces to minimize stormwater runoff.

The City is implementing the action plan as opportunities arise. For example, in July 2016, the Planning Commission explored implementing angled parking, reviewed the location for designated loading zones, and discussed the potential for paid parking.

Coastal Zone Access and Parking

Public parking affords coastal access at numerous locations in Morro Bay. The City offers more than 2,200 free public parking spaces in the coastal zone. The primary public access points are described below.

- North Point Natural Area, located at the north end of Toro Lane, has 10 marked vehicle parking spaces on the bluff connecting to stairways and trails to the beach.
- Beachcomber Street incorporates approximately a half mile of curbside parking (roughly 100 spaces) on the bluffs above Morro Strand Campground. These spaces are frequented by surfers and other beachgoers. Two informal off-street parking areas are located along the roadway south of Alva Paul Creek.
- Morro Strand Campground provides five marked parking spaces for day use in addition to the campsites.
- An off-street parking lot at the end of Azure Street has approximately 30 parking spaces and restrooms for beachgoers. This parking lot connects to the Cloisters trail network.
- The Cloisters Community Park has 28 off-street parking spaces serving the park and multi-use trails facilitating beach access.
- Informal dirt parking lots and curbside parking are located along the Embarcadero north of Morro Creek. A bicycle and pedestrian bridge crosses Morro Creek to connect with the Harborwalk path.
- A dirt parking lot is provided at the end of the Embarcadero just south of Morro Creek. Bikes and surreys can also park in this lot.
- Numerous parking areas are located along Coleman Drive between the Embarcadero and Morro Rock. These areas afford access to the Harborwalk, basketball courts, small-craft launch sites at Coleman Beach, Morro Rock, and other amenities in the area. Most of the parking areas consist of dirt lots. The lot closest to the harbor mouth is closed to vehicles during periods of high surf.

- Main Street north of the Museum of Natural History has an informal dirt parking area accommodating approximately 12 vehicles. This lot is regularly used as a launching point for small boats.
- A paved parking lot is located at the Morro Bay State Park Marina serving the general public and vessel owners. Access to estuary walking trails is available from the lot.

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of parking for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

15.A. Modify minimum and establish maximum parking requirements. Minimum parking requirements increase the supply of off-street parking, thereby increasing the cost of development and reducing the potential development density. Reducing minimum parking requirements to reflect the overall parking availability in Morro Bay instead of implementing individual land use maximum parking requirements would reduce the burden associated with unnecessary parking. Allowing credits for adjacent on-street parking would support this policy, as would implementation of parking maximums to prevent excessive parking supply.

15.B. If warranted, implement paid parking. Extensive research supports the effectiveness of paid parking in managing parking demand and encouraging efficient use of this public resource. Paid parking programs typically are most successful when coupled with a parking benefit district where revenues are reinvested in the paid parking area to improve streetscape conditions. Data indicates that most critical parking demands in Morro Bay are limited to a relatively short segment of the Embarcadero for a relatively short period of time,

suggesting that paid parking would have very limited applicability until parking demand increases.

15.C. Expand in-lieu fee program. Morro Bay has a program where development in the in-lieu parking district (roughly comprising the downtown core to the Embarcadero) has the option of paying a fee of $15,000 in lieu of providing required on-site parking. This policy typically improves parking efficiencies by allowing demand-responsive creation of new parking supplies and by consolidating parking to reduce the necessity for drivers to "hunt" for spaces. Enlarging the in-lieu parking district to include additional opportunity sites would support infill in the city's core.

15.D. Encourage shared parking. Different land uses generate parking demand at different times. Areas with a mix of uses can often benefit from shared parking, where a single parking space serves different uses at different times. For example, office buildings experience peak parking demand on weekdays, while areas on the Embarcadero experience peak demand on weekends. Allowing new land uses to share parking spaces is a more efficient use of this public resource. Updating Morro Bay's Municipal Code to reduce parking requirements for mixed-use projects or projects with shared parking would encourage these types of developments and more effectively utilize the parking supply.

15.E. Monitor coastal access parking demand. Currently, adequate parking is available for coastal access. Potential changes to parking supply and demand management made to accomplish the City's long-term economic development goals could reduce the number of free parking spaces available in the coastal zone that support coastal access. Monitoring parking demand would ensure that adequate coastal access parking is available in the future in accordance with the Coastal Act.

GPAC DISCUSSION

Members of the GPAC extensively discussed this key issue. Morro Bay residents and businesses have also voiced a wide variety of opinions on parking within the community. Broadly speaking, the GPAC supported increased parking regulation and limits in Morro Bay, although to varying degrees. Some members wanted to extensively limit parking

and vehicular access (for example, banning cars on the Embarcadero), while others proposed more moderate restrictions. Many supported charging for parking in the downtown and Embarcadero districts, although some expressed concern that this would harm local businesses. Among GPAC members who favored paid parking, some supported paid parking at all times, while others wanted paid parking only during peak times.

GPAC members were supportive of creating parking maximums, particularly in the downtown and Embarcadero districts where there would be limited land available for new on-site parking. In these areas, some GPAC members felt that it would be appropriate for new development not to provide on-site parking. The GPAC supported continuing the in-lieu fee for parking and endorsed the idea of creating a centrally located parking structure for the downtown and Embarcadero districts, potentially financed in part by revenue from in-lieu fees. The GPAC also expressed support for shared parking, provided it was coordinated across an entire neighborhood rather than only among a small number of lots.

GPAC members discussed the issue of parking around North Point Beach, and were concerned that parking at this location and other coastal access sites may not be adequate to minimize potential conflicts between coastal visitors and local residents. Some members expressed a view that there was insufficient parking for coastal access in this area. Others felt that the number of parking spaces was appropriate, but felt that these spaces should be redistributed to improve access.

STAFF RECOMMENDATIONS

15.A. Modify minimum and establish maximum parking requirements.

- Create parking maximums for the downtown and Embarcadero districts, and abolish parking minimums in these areas.
- Identify appropriate districts and zoning designations where parking minimums may be higher than necessary, and revise parking minimums downward to be consistent with current best practices and research. Allow properties to use adjacent on-street parking where appropriate as a substitute for on-site parking.

- Allow for properties outside of the downtown and Embarcadero districts to not include on-site parking if there is sufficient parking available through an alternative mechanism (e.g., shared parking).
- Work with property owners in areas with decreased or abolished parking minimums to encourage development or landscaping on unneeded parking spaces.
- Explore removing most parking spaces in part or all of the Embarcadero while still ensuring truck loading spaces and parking for persons with disabilities.

15.B. If warranted, implement paid parking.

- Convert on-street parking in the downtown and Embarcadero districts to paid parking with appropriate time limits, setting the parking cost to achieve an appropriate occupancy rate. Include the option to pay through multiple measures, including cash, card, or smartphone app.
- Evaluate paid parking performance, and adjust prices as needed to maintain target occupancy rates.
- Expand the paid parking program into additional locations as necessary and appropriate.
- Establish a Parking Benefit District within the paid parking area, directing revenues from the paid parking program into improvements benefitting the area. Ensure that residents and businesses in the area are able to provide feedback on proposed improvements.
- Explore constructing a paid parking structure in a location easily accessible to the downtown and Embarcadero.

15.C. Expand in-lieu fee program.

- Reinstate the in-lieu fee program, using an appropriate per-space cost.
- Use revenues generated by the fee as appropriate within the surrounding area, including improvements to public spaces and construction of a paid parking garage.

15.D. Encourage shared parking.

- Allow for shared parking throughout Morro Bay, implemented at a neighborhood scale to improve effectiveness and parking space availability. Emphasize the use of shared parking in the downtown and Embarcadero districts. Develop specific regulations and approval processes for shared parking.

15.E. Monitor coastal access parking demand.

- Regularly evaluate and report on the availability of parking at coastal access points, with the goal of ensuring a sufficient supply of parking while minimizing conflicts.

- If parking supply is inadequate or if conflicts arise, evaluate and implement appropriate solutions. This may include increasing the number of available parking spaces, providing greater access for active and public transit, or implementing and enforcing paid parking and/or parking time limits.

16. VIEWSHEDS AND VIEWPOINTS

BACKGROUND

Morro Bay is known for its scenic views of the Pacific Ocean and the estuary, the surrounding hills, and Morro Rock. These views are visible from many places throughout the city, including along the coast, in the Morro Heights neighborhood, in north Morro Bay near Ironwood Avenue, and from Black Hill. Highway 1 in Morro Bay is a state-designated scenic highway and is also designated as a scenic corridor by San Luis Obispo County in the Estero Area Plan. State Route 41 between Highway 1 and US Highway 101, including the portion in Morro Bay, is eligible for scenic highway designation by the state, but this designation process has not yet occurred. Regardless of whether Morro Bay's views and scenic corridors are officially designated, they are popular with residents and visitors alike, and contribute to Morro Bay's high quality of life, community characteristics, and economic well-being. Protecting these views is therefore a critical issue for Morro Bay. It is important for the community to continue to ensure that these views retain their scenic qualities and are readily accessible to all. Figures 16.1 and 16.2 are maps of these views.

ANALYSIS

Defining key viewsheds can be an important step to ensuring their protection. Determining a viewshed includes identifying the target (the subject being viewed), the area of the community from which the subject can be seen, and the key viewing areas. Where possible, key viewing areas should be locations that are easily accessible by the public, including parks, beaches, and other public facilities. By defining the viewshed, it is easier for the City to establish policies that apply within the viewshed boundaries and help protect it, such as design guidelines for new structures. Defining the viewshed also allows the City to erect signs that mark locations of scenic views and direct people to these locations, which can prove particularly beneficial to visitors who might otherwise be unaware of the viewsheds.

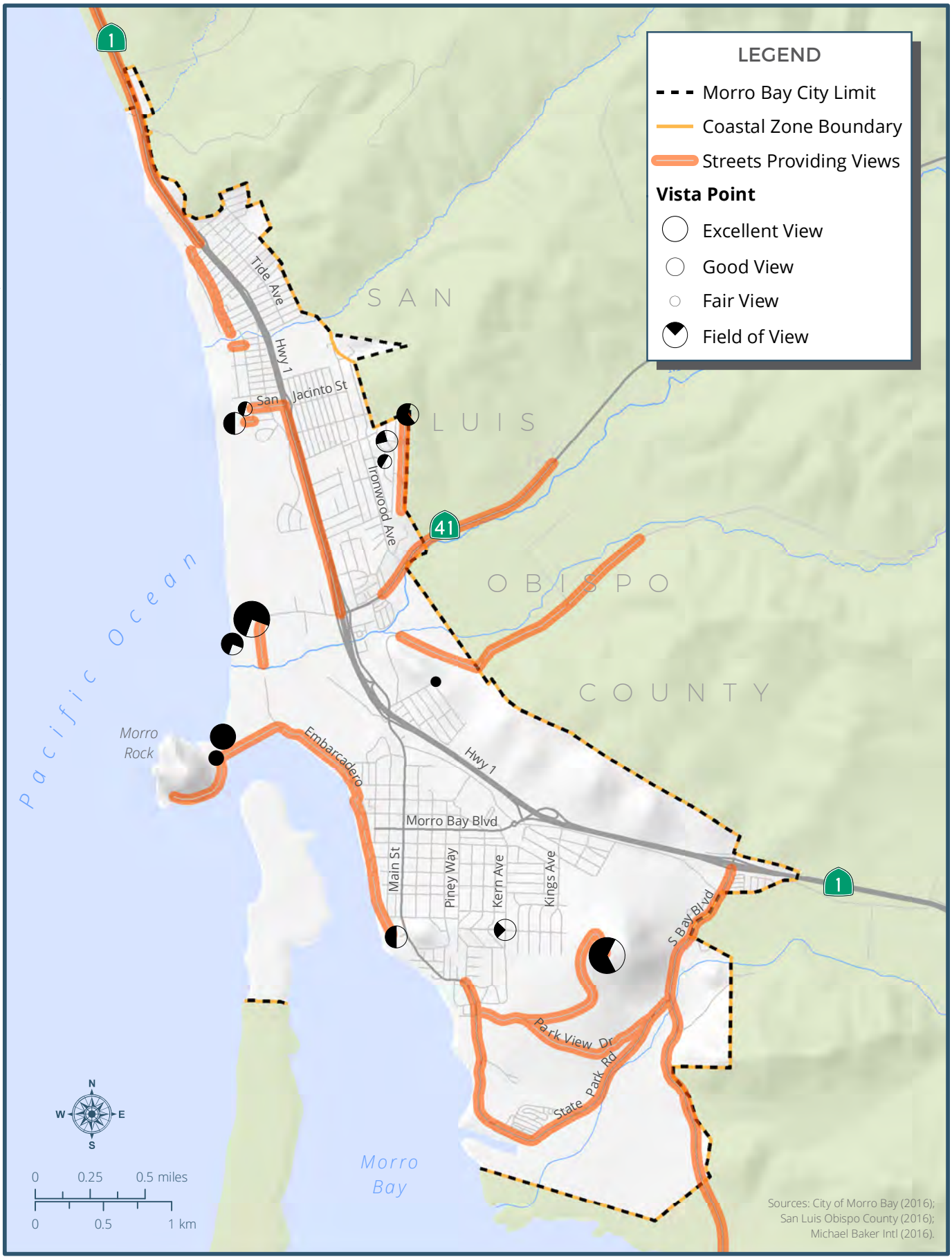
One critical issue for viewshed preservation is ensuring that new construction does not block scenic views. A viewshed's characteristics vary depending on the viewing location. A development proposal that has little or no impact on the view from one location may substantially affect the view from another location, making viewshed protection more

challenging. The subjective nature of all aesthetic issues adds another complication. However, in general, protecting a viewshed means that new buildings in the viewshed should not be substantially taller or larger than surrounding structures, nor should new buildings have design features which make them stand out in such a way that they distract from the view. The practice of significantly expanding existing homes or replacing them with much larger units, known as "mansionization," contributes to this problem (for more information, see Section 5, Neighborhood Compatibility). Design guidelines for viewshed protection can ensure that new or renovated buildings do not block views for neighbors or for the general public. Guidelines for the design of new and substantially renovated buildings are discussed in greater detail in Section 5.

Utility lines and other infrastructure facilities, such as cell towers, can also degrade viewsheds. These facilities provide vital services to Morro Bay, and redesigning structures to increase their aesthetic appeal may not always be possible due to engineering needs. However in many instances, cities and service providers can reduce the visual impacts of these facilities. Utility lines can be located underground, although this can be expensive and is not always a feasible solution. Cell towers can be located outside of key viewsheds to the extent possible and can be designed to look less obtrusive; for example, by resembling trees.

Public lighting is occasionally overlooked as a component of viewshed protection, but it is important to ensure that views are protected at night as well as during the daytime. Harsh lighting, light fixtures that send light upward or to the side rather than down, and lights on properties that illuminate an area outside of the property boundaries all contribute to light pollution, which can degrade the nighttime viewshed. Communities can address this issue by establishing lighting guidelines for new and substantially renovated buildings and by replacing any publicly owned light-polluting bulbs and fixtures that contribute to light pollution with versions that do not.

In addition to the issues discussed above, there may be other matters that could negatively affect current and future views in the planning area. Identifying these items could be challenging, given the subjective nature of this topic, although the City should still make the effort to do so. The City should also determine which views are affected by these additional issues, so as to focus improvement efforts on the most impacted viewsheds. A broader-ranging strategy to improve the quality of existing and future viewsheds can protect these views and help ensure that residents and visitors can continue to enjoy their scenic qualities.



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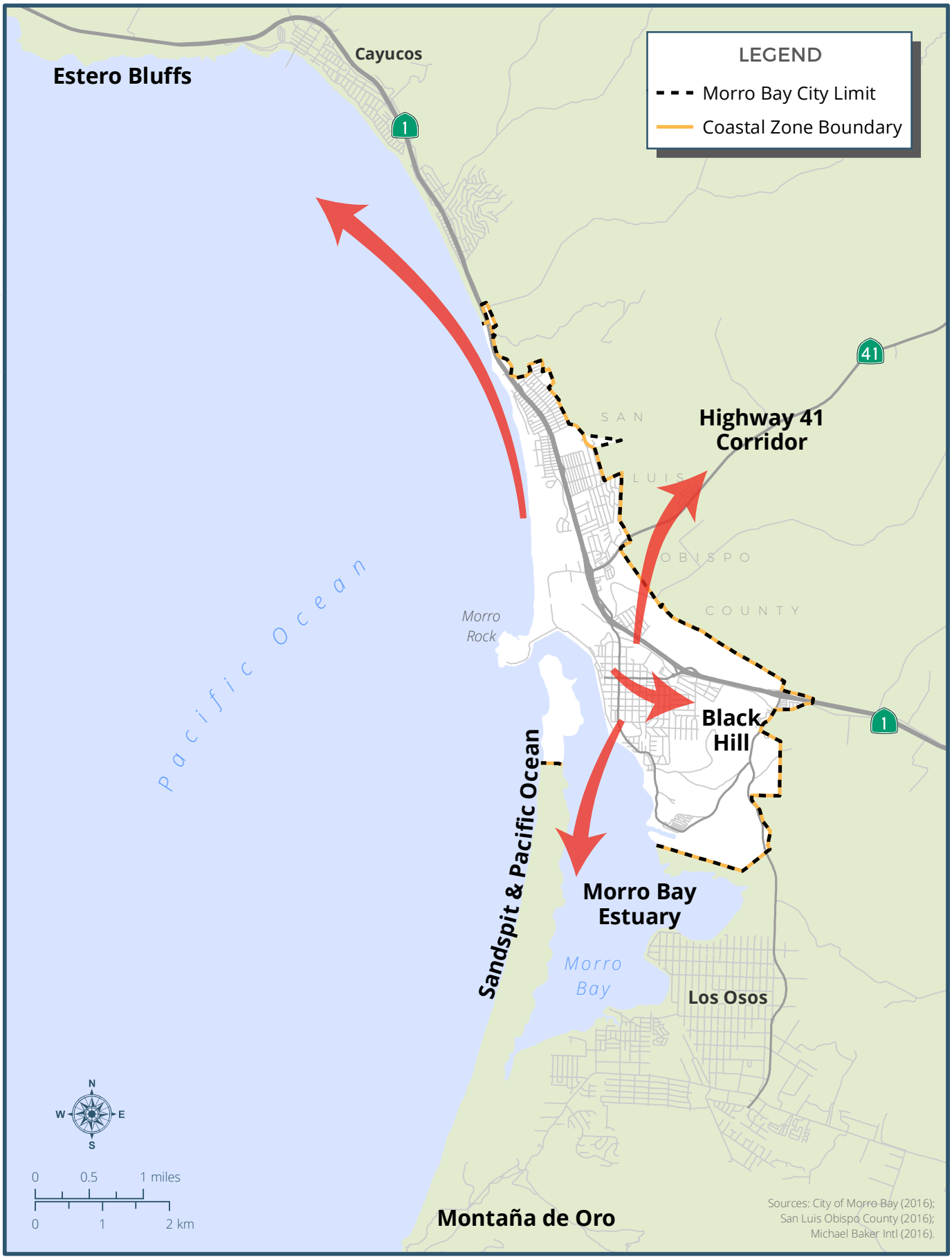
Plan MORRO BAY

FIGURE 16.1

Viewpoints



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Plan MORRO BAY

FIGURE 16.2

Scenic Views

POLICY OPTIONS

Based on the analysis contained in previous project documents and this policy topic paper, the GPAC should consider and discuss the following items related to this topic, and if possible, provide preliminary recommendations to the project team.

Following GPAC discussion, staff will recommend policy options related to the topic of viewsheds for further consideration by the Planning Commission and the City Council. Preliminary direction from the Commission and the Council on these items will be consolidated with that provided on other key policy topics to inform the direction and contents of the draft General Plan/Local Coastal Program update.

16.A. Designate official viewsheds. Caltrans has already officially designated Highway 1 in Morro Bay as a scenic highway, and State Route 41 is eligible for this designation. The City can establish viewsheds in the community under a local program which can provide official protection for key viewsheds of community importance. Potential viewsheds include but are not limited to the view of the estuary and Morro Rock from Black Hill, the view of the coast and the hills east of the city from Morro Strand State Beach, and views of the coast from the top of Nutmeg Avenue. Designating official viewsheds can create boundaries where specialized policies apply to protect these views. These viewsheds can also be used in aesthetic and visual resources analyses conducted for future projects under the California Environmental Quality Act (CEQA).

16.B. Create viewshed protection design guidelines. The height, size, and design of new and substantially renovated buildings in a viewshed can have a substantive effect on the viewshed's quality. The City can establish design guidelines that apply to buildings within officially designated viewsheds, helping to prevent buildings that exceed neighborhood norms and may degrade the viewshed. These guidelines can include additional height restrictions for buildings and landscaping, mass standards limiting the building's bulk, and requirements to avoid materials that create glare. Guidelines can also address utility lines and structures which can block views, directing these facilities to be underground or designed in such a way to minimize their visual impacts. While design guidelines can help ensure viewshed protection, community members and elected leaders must take care that the guidelines do not conflict with other goals, such as preserving Morro Bay's

eclectic and small-town characteristics, constructing energy-efficient buildings, and providing public facilities that meet community needs.

16.C. Revise lighting standards to protect views. Lights that protect viewsheds include those which do not shine beyond specific areas, use harsh shades or color temperatures, or direct light upward or in other unwanted directions. As part of any design guidelines, the City could specify the preferred types of lights that help protect nighttime views and dissuade the use of lights that can be detrimental to viewsheds. It is important that any lighting design standards do not conflict with other community goals, including protections for Morro Bay's unique characteristics and heritage, energy efficiency objectives, and the use of lighting to ensure public safety and deter crime.

16.D. Identify degraded viewsheds and other issues affecting viewshed quality. Morro Bay's scenic views, whether or not officially designated, are a key part of the community. While a determination of viewshed quality can be highly subjective, it is important to recognize that a wide-ranging set of issues may affect viewshed quality and may exceed the issues discussed in this section. Any City viewshed protection efforts should be sufficiently flexible to identify and resolve to the extent possible any additional issues that may be harming local scenic conditions.

GPAC DISCUSSION

The GPAC discussed a number of different topics related to viewsheds and viewpoints in Morro Bay. GPAC members agreed that views in Morro Bay are an important community resource and should be preserved. GPAC members supported the use of officially designated view corridors, as well as design guidelines that reduce view impacts from a building's height and bulk, and many members wanted to see viewshed protection standards incorporated into the City's zoning code. A few members mentioned specific viewsheds that they would like to see protected, including the hills behind north Morro Bay and the slopes of Cerrito Peak. GPAC members acknowledged the importance of views that may lie outside of viewsheds and are visible to a limited number of people ("small views"), but recognized that policies specifically intended to protect small views may not be feasible. However, the GPAC supported viewshed protection standards that are broadly sufficient to protect both official and smaller views.

GPAC members were generally supportive of efforts to underground utilities, but noted that the significant expense and effort involved may make it infeasible in all locations. Some members wanted to see undergrounding incorporated into standards for new development and infrastructure projects, which would allow for gradual undergrounding of utilities over many decades. GPAC members also discussed dark sky standards, agreeing that a dark sky is an important natural resource for the community. As part of this, some members wanted to reduce light pollution from existing development, and suggested that the City work with property owners to minimize excess outdoor lighting.

STAFF RECOMMENDATIONS

16.A. Designate official viewsheds.

- In coordination with community members, identify official viewsheds that highlight Morro Bay's scenic resources and are a critical part of the community's character.
- Consider specific benefits or impacts to these viewsheds when evaluating new policies and development applications.
- Identify these official viewsheds through posted signs and on visitor maps.

16.B. Create viewshed protection design guidelines.

- Integrate viewshed protection standards into Morro Bay's design guidelines. These standards should address the following criteria:
    - Limits to a building's height and mass to reduce impacts on official and undesignated viewsheds.
    - Appropriate height and type of mature trees and other landscaping.
    - Use of building materials that minimize reflections and glare.
- Explore opportunities for undergrounding of utilities, particularly as part of new development activities or retrofits to existing public infrastructure. Consider financing mechanisms that incentivize undergrounding of utilities within existing development.

16.C. Revise lighting standards to protect views.

- When replacing outdoor lights or installing new ones, including streetlights and lights in public outdoor spaces, minimize light pollution through appropriate bulb types and fixture designs.
- Provide resources on bulb type and fixture designs to residents and businesses to reduce light pollution.
- Consider establishing light pollution-minimizing standards for new development activities.
- Encourage property owners to modify existing fixtures that generate light pollution.

16.D. Identify degraded viewsheds and other issues affecting viewshed quality.

- Establish standards for degraded viewsheds, but allow for qualitative measurements and other standards that allow for sufficient flexibility and subjectivity.
- Determine which official and undesignated viewsheds in Morro Bay are degraded, working closely with community members to identify affected views.
- Work to restore degraded viewsheds using existing mechanisms, and establish new methods if existing methods are not sufficient to solve the problem.