



CITY OF MORRO BAY CITY COUNCIL AGENDA

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Regular Meeting - Tuesday, October 9, 2018 Veterans Memorial Hall - 6:00 P.M. 209 Surf St., Morro Bay, CA

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE
RECOGNITION
CLOSED SESSION REPORT
MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS
CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS
PRESENTATIONS

- Morro Bay Open Space Alliance Update on Cerrito Peak
- Fire Prevention Week Proclamation
- Breast Cancer Awareness Proclamation
- Domestic Violence Awareness Month Proclamation

PUBLIC COMMENT PERIOD

Members of the audience wishing to address the Council on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the Council at this time.

To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Mayor, please come forward to the podium and state your name and city of residence for the record. Comments are to be limited to three minutes.
- All remarks shall be addressed to Council, as a whole, and not to any individual member thereof.
- The Council respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commission and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the City Council to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in City Council meetings is welcome and your courtesy will be appreciated.

A. CONSENT AGENDA

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion. The public will also be provided an opportunity to comment on consent agenda items.

A-1 APPROVAL OF MINUTES FOR THE SEPTEMBER 11, 2018 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 DOMESTIC VIOLENCE AWARENESS MONTH PROCLAMATION; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-3 ADOPTION OF ORDINANCE NO. 616 AUTHORIZING IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM; (CITY MANAGER)

RECOMMENDATION: City Council waive reading of Ordinance No. 616 in its entirety and adopt Ordinance No. 616 entitled, "An Ordinance of the City Council of the City of Morro Bay, California, Authorizing the Implementation of a Community Choice Aggregation Program"

A-4 PERMANENT APPROVAL OF RESIDENTIAL DESIGN GUIDELINES; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: City Council review and adopt Resolution No. 81-18 reauthorizing the use of the Residential Design Guidelines permanently.

A-5 FIRE PREVENTION WEEK PROCLAMATION; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

A-6 BREAST CANCER AWARENESS MONTH PROCLAMATION; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

B. PUBLIC HEARINGS

B-1 ADOPTION OF RESOLUTION NO. 82-18 APPROVING CONCEPT PLAN CONDITIONAL USE PERMIT NO. UP0-509 FOR HARBORWALK PLAZA, 833 EMBARCADERO AND; EXTENSION OF SHORT-TERM LEASE AGREEMENT BETWEEN CITY OF MORRO BAY AND TLC FAMILY ENTERPRISES FOR LEASE SITE 87-88/87W-88W, LOCATED AT 833 EMBARCADERO; (COMMUNITY DEVELOPMENT/HARBOR)

RECOMMENDATION: Council adopt Resolution No. 82-18, making the necessary findings for approval of Conditional Use Permit (CUP) No. UP0-509 as Concept Plan approval, and approve extension of the short-term lease agreement with TLC Family Enterprises (TLC) for Lease Site 87-88/87W-88W, located at 833 Embarcadero.

C. BUSINESS ITEMS

C-1 ADOPT RESOLUTION NO. 84-18 ESTABLISHING THE CITY OF MORRO BAY'S ACCOUNTING AND FINANCIAL REPORTING POLICIES RELATED TO FINANCIAL MANAGEMENT; UNCLAIMED PROPERTY; FRAUD, WASTE AND ABUSE; DISPOSAL OF SURPLUS PROPERTY AND EQUIPMENT; PURCHASE ORDERS; THE WATER RECLAMATION FACILITY RATE SURCHARGE ADJUSTMENT POLICY, AND THE PRORATION FOR UTILITY BILLS AND NOTIFICATION TO CUSTOMERS POLICY; (FINANCE)

RECOMMENDATION: City Council adopt Resolution No. 84-18.

- C-2 2018 CITY GOALS AND OBJECTIVES STATUS UPDATE AND ADOPT RESOLUTION NO. 83-18 ESTABLISHING A COMMUNITY OUTREACH PROCESS FOR REVIEWING CITY GOALS AND OBJECTIVES AND RESCINDING RESOLUTION NO. 72-15; (CITY MANAGER)

RECOMMENDATION: City Council receive the status update from the City Manager regarding the 2018 City Council Goals and Objectives, and adopt Resolution No. 83-18.

- C-3 INTRODUCTION AND FIRST READING OF ORDINANCE NO. 617 AMENDING SECTION 3.08.130 OF THE MORRO BAY MUNICIPAL CODE RELATING TO AUTHORITY TO SELL SURPLUS SUPPLIES AND EQUIPMENT; AND APPROVAL OF SALE OF SURPLUS WATER DEPARTMENT VEHICLE; (FINANCE)

RECOMMENDATION: City Council review Ordinance No. 617, accept public comment, and make a motion introducing through first reading Ordinance No. 617, by number and title only, amending Section 3.08.130 of the Morro Municipal Code (MBMC) relating to authority to sell surplus supplies and equipment. Staff also recommends the Council approve the sale of the Vehicle, as described.

- D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

- E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, October 23, 2018 at 6:00 p.m.** at the Veteran's Memorial Hall located at 209 Surf Street, Morro Bay, California.

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 772-6205 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL LOCATED AT 595 HARBOR STREET; MORRO BAY LIBRARY LOCATED AT 625 HARBOR STREET; AND MILL'S COPY CENTER LOCATED AT 495 MORRO BAY BOULEVARD DURING NORMAL BUSINESS HOURS.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 24 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

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PRESENT:	Jamie Irons	Mayor
	Robert Davis	Council Member
	John Headding	Council Member
	Matt Makowetski	Council Member
	Marlys McPherson	Council Member
STAFF:	Scott Collins	City Manager
	Joseph Pannone	City Attorney
	Dana Swanson	City Clerk
	Jennifer Callaway	Finance Director
	Rob Livick	Public Works Director
	Scot Graham	Community Development Director
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director
	Eric Casares	WRF Program Manager (Carollo Engineering)
	Lori Kudzma	Deputy City Clerk

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 6:00 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION

https://youtu.be/AMR1HS39T_E?t=3m24s

Fire Chief Knuckles recognized new Firefighter/Paramedic Sam Watson and Fire Engineer/Paramedic Michael Kelly, who recently completed his Paramedic training.

Mayor Irons sought consensus from Council to limit the general Public Comment period to 30 minutes. There was full Council support.

https://youtu.be/AMR1HS39T_E?t=5m20s

MAYOR AND COUNCIL MEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

https://youtu.be/AMR1HS39T_E?t=7m8s

CITY MANAGER REPORTS, ANNOUNCEMENTS & PRESENTATIONS - None

CLOSED SESSION REPORT – Mayor Irons reported that with regard to the Closed Session items, the Council did not take any reportable action pursuant to the Brown Act.

PRESENTATIONS

- Rideshare Week Presentation – Sarah Woolsey, SLO Cog Rideshare
https://youtu.be/AMR1HS39T_E?t=9m26s
- Presentation of Proclamation Declaring Peace and Nonviolence Month
https://youtu.be/AMR1HS39T_E?t=13m43s

PUBLIC COMMENT

https://youtu.be/AMR1HS39T_E?t=20m41s

There was Council consensus to limit Public Comment to two minutes each for a total of 30 minutes.

Lorie Noble, Morro Bay, spoke in opposition to Item A-5, stating elected officials should not speak for residents on Proposition 6.

Sandi Tannler, Morro Bay resident and Board Member of the Central Coast Taxpayers' Association, opposed Item A-5 and spoke in support of Proposition 6.

Bob Swain, Morro Bay, spoke in support of the sewer project and importance of coming together as a city.

Valerie Levulett, Morro Bay, spoke in support of the water reclamation facility project, importance of water security and increased opportunity for low interest loans and grant funding.

Erica Crawford, Morro Bay Chamber of Commerce, announced upcoming events and provided an event recap on the 2018 Avo/Marg Festival held last weekend.

Aaron Hanke, representative for No on Measure G, stated the passage of Measure G would result in a shutdown of oil and gas in our area and loss of local jobs. He urged others to vote no on Measure G.

Dawn Addis, Morro Bay resident and City Council candidate, urged Council support for Item A-5, opposing Proposition 6; continued effort toward Community Choice Energy; and asked the Council to endorse Measure G banning fracking in San Luis Obispo County.

Charles Varni, Oceano, spoke in favor of Measure G and asked the Council to take a position on fracking.

Maya Alman, Senior at Cal Poly, asked the Council to take a position in support of Measure G.

Dominique Dashwood, Senior at Cal Poly, requested the Council adopt a resolution in support of Measure G.

Pat Magone, Morro Bay, spoke in support of Measure G.

Jeff Heller, Morro Bay resident and candidate for City Council, expressed appreciation for residents involved with Citizens for Affordable Living and asked the Council issue a proclamation thanking the organization for bringing forward different opinions.

Steve Francis, Morro Bay, spoke in support of the Water Reclamation Facility as proposed.

John Weiss, Morro Bay resident and candidate for Mayor, expressed appreciation for the community and stated, if elected, he will work to support affordable solutions for all.

Carol Swain, Morro Bay, encouraged the Council to lead the community forward.

Richard Sadowski, Morro Bay, spoke in opposition to the Water Reclamation Facility project.

Marla Jo Sadowski, Morro Bay, referencing the April 25, 2018 Special Meeting, stated her belief the community was threatened by the Regional Water Quality Control Board with the help of the City.

Judi Brown, Morro Bay, announced the first NextDoor.com community potluck to be held September 16th from 1:00 – 4:00 p.m. at Del Mar Park.

Teddy Lovett, Morro Bay, spoke in support of the Water Reclamation Facility project and continued efforts for Community Choice Energy.

Betty Winholtz, Morro Bay resident and member of Morro Bay Beautiful, encouraged others to consider becoming a member and also support fundraising efforts by purchasing license plate holders, which are available at Hinson Tires, Junque Love and the Morro Bay Aquarium.

Donna Stoll, Morro Bay, stated her support for the Water Reclamation Facility project and Measure G.

Cynthia Hawley announced Linda Donnelly was submitting protests collected by Citizens for Affordable Living before the first rate increase notice was distributed, some without a date. She stated her position that State law preempts the City's requirement for dated protests and the City must accept and qualify all protests submitted.

David Nelson, Morro Bay, spoke in opposition to the Water Reclamation Facility project.

The Public Comment period was closed.

In response to requests submitted during Public Comment regarding Measure G, Mayor Irons noted the City has resolution on record opposing fracking.

- A. CONSENT AGENDA
https://youtu.be/AMR1HS39T_E?t=59m17s

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

- A-1 APPROVAL OF MINUTES FOR THE AUGUST 14, 2018 CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE AUGUST 14, 2018, CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 APPROVAL OF MINUTES FOR THE AUGUST 28, 2018, CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-4 PROCLAMATION DESIGNATING SEPTEMBER 21ST OF EACH YEAR TO BE THE DAY OF PEACE AND THE MONTH OF SEPTEMBER AS PEACE & NONVIOLENCE MONTH; (CITY CLERK)

RECOMMENDATION: Approve as submitted.

- A-5 ADOPTION OF RESOLUTION NO. 69-18 OPPOSING CALIFORNIA STATE PROPOSTION 6; (CITY MANAGER)

RECOMMENDATION: Council adopt Resolution No. 69-18 opposing Proposition 6 on the November 2018 General Election.

A-6 APPROVAL OF TBID ADVISORY BOARD MEMBER'S REQUEST FOR AN EXCUSED ABSENCE; (CITY CLERK)

RECOMMENDATION: consider the request submitted by Tourism Business Improvement District (TBID) Advisory Board Member, Steven Allen, to excuse his absence from the September 20, 2018 Regular TBID Advisory Board meeting and allow him to continue serving through the scheduled term ending January 31, 2021.

A-7 ADOPTION OF RESOLUTION NO. 70-18 APPROVING A SUCCESSOR MEMORANDUM OF UNDERSTANDING WITH THE MORRO BAY PEACE OFFICERS' ASSOCIATION AND RELATED COMPENSATION FOR THE PERIOD JULY 1, 2018 – JUNE 30, 2020; (ADMINISTRATION/FINANCE)

RECOMMENDATION: Council adopt Resolution No. 70-18.

MOTION: Council Member Headding moved the Council approve all items on the Consent Agenda. The motion was seconded by Council Member McPherson and carried unanimously, 5-0.

B. PUBLIC HEARINGS

B-1 PUBLIC HEARING FOR THE ADOPTION OF RESOLUTION NO. 71-18 ESTABLISHING NEW WATER AND SEWER (WASTEWATER) RATES (USER FEES); (CITY MANAGER/CITY ATTORNEY)
https://youtu.be/AMR1HS39T_E?t=1h39s

City Manager Collins, City Attorney Pannone and Clerk Swanson provided the staff report and responded to Council inquiries.

Mayor Irons opened the public hearing.

At the Mayor's request, the City Clerk announced the City mailed notice to all owners of parcels and customers subject to the water and sewer surcharge rates on July 13, 23 and 27, 2018 and the City has affidavits of mailing on file. (NOTE: The Clerk's reference to the 27th should have been the 26th). The Clerk also advised the Council 2,151 written protests and five written requests to withdraw their protests were received prior to the meeting and that none of those protests had been validated. Even if all protests were validated, there were insufficient protests with respect to the water and sewer surcharge rates for them to count as a majority protest from those persons owning a parcel or utility customers that would be subject to the surcharge.

The public comment period was opened.

Glenn Silloway, Morro Bay, supported the rate increase and stated the projected rate of \$191 for water and sewer is almost identical to what is being proposed through a 218 process for Cayucos.

Scott Cahill, Morro Bay, spoke in support of the WRF project.

Jeff Bacon, Morro Bay, voiced support for the WRF project.

Aaron Ochs, Save Morro Bay, expressed concern Council Member McPherson distributed flyers in support of the Prop 218 in his neighborhood and suggested she recuse herself from the item.

Ahmed Kassen, Morro Bay, supported the Water Reclamation Facility and hoped additional grant funding would be used to lower rates.

Cynthia Hawley suggested Council Member McPherson should recuse herself from this item and stressed the City does not have the right to add criteria that limits and excludes protests.

Carolyn Brinkman, Morro Bay, asked why the Proposition 218 notice and Resolution No. 44-18 were not on the City website.

David Nelson, Morro Bay, disagreed with Mr. Silloway's statement regarding Cayucos rates, as he understands they pay every other month.

Dan Sedley, Morro Bay, spoke in support of clean water and affordable rates. He believed the Proposition 218 process had been violated and looks forward to leadership that supports an affordable project.

Marla Jo Sadowski, Morro Bay, agreed with Ms. Brinkman's concerns about the lack of available information and stated concerns about the existing collection system.

Joan Solu, Morro Bay, urged the Council to uphold resident's wishes and, if passed, the importance of transparency as staff, consultants and contractors are held accountable for a project that is on time and on budget.

Terry Simons, Morro Bay, urged the Council to proceed in a cautious manner and process the protests submitted as if they were intended to be proper protests.

Barbara Spagnola, Morro Bay, spoke in support of the WRF project and, as a member of citizens advisory committees, was committed to scrutinizing each line item and assist those who have difficulties with these rates.

Joe Wallick, Morro Bay, expressed concerned about the validity of the Prop 218 process to approve a rate increase.

Homer Alexander, Morro Bay, stated annual debt service, not the project, drives cost and if the protest or new Council stops the project, the City will likely lose the low-interest loans and the cost to rate payer will be significantly more than proposed.

Meredith Bates, Morro Bay, requested items related to environmental justice, such as local hiring and procurement, need to be included in the WRF plan.

Linda Donnelly, Morro Bay, stated Proposition 218 does not require a person to date their protest and asked the Council to count the 1,000 protests submitted.

Steve Stevens, Morro Bay, suggested Proposition 218 guidelines do not allow the City to have a date requirement and asked if the WIFIA loan package indicated we own the property on which the WRF would be constructed.

Mayor Irons closed public comment.

The Council and staff responded to concerns raised during public comment.

https://youtu.be/AMR1HS39T_E?t=2h4m33s

Mayor Irons announced, at this time any eligible person could still file a written protest, if that hadn't already been done. No additional protests were filed.

Mayor Irons formally closed the public hearing.

The Council took a brief recess at 8:25 p.m. The meeting reconvened at 8:37 p.m. with all members present.

<https://youtu.be/-gapX14CQmE?t=5s>

The Clerk announced twelve timely submitted protests had been received since the last tally, bringing the total to 2,158, not including those delivered by Ms. Donnelly. Mr. Pannone advised the Council regarding its options related to the 1,000 incomplete protests that had been submitted by Ms. Donnelly earlier in the evening.

Following discussion, there was Council concurrence not to accept those 1,000 additional incomplete protests submitted based on Ms. Hawley's statement the votes were cast before the 218 process began, were cast on an undefined issue and did not include a date. Further, the Council determined there had been ample opportunity during the protest period to resubmit a complete protest, if desired.

There was discussion about the desire to validate all the protests received based on the belief there are many invalid protests in the rough count of 2,158.

MOTION: Council Member Davis moved the Council adopt both water and sewer (wastewater) surcharges through the adoption of Resolution No. 71-18 for the proposed Water Reclamation Facility. The motion was seconded by Council Member Headding and carried unanimously, 5-0.

The Council continued its discussion regarding the desire to validate all protests submitted and whether that process should be done in public. Council Member Davis expressed concern about the significant staff time required and it would not have any impact on the action taken by the Council to move forward with the rate increase.

MOTION: Council Member McPherson moved we do validate the ballots that we've received. The motion was seconded by Council Member Makowetski for discussion.

Staff sought clarification on whether only the 2,158 protests would be validated or also the 1,000 submitted tonight and determined earlier not to be counted based on public comments made when they were submitted. Council Member Davis restated his concerns about using staff resources on an issue that has already been settled.

The motion failed 2-3 with Council Members Davis, Headding and Makowetski voting no.

C. BUSINESS ITEMS

C-1 COMMUNITY CHOICE ENERGY STATUS REPORT AND PROVIDE DIRECTION ON KEY COMMUNITY CHOICE ENERGY ISSUES; (CITY MANAGER)

<https://youtu.be/-gapX14CQmE?t=29m45s>

City Manager Collins; Chris Reed, City of San Luis Obispo Sustainability Manager; and Shawn Marshall, Executive Director of LEAN Energy, presented the report and responded to Council inquiries.

The public comment period for Item C-1 was opened.

Eric Veium, San Luis Obispo resident and Chair of the SLO Climate Coalition Task Force, was excited about the possibility of a partnership that would be transformative for our County. He also stated support for the possibility of floating offshore wind energy.

The public comment period for Item C-1 was closed.

The Council discussed contents of the proposed JPA Agreement and requested the following changes:

- On page 206 of the agenda packet. Item C-c. “Carrying out programs to ~~reduce energy consumption~~ increase energy efficiency.” The same change would be made in Section 2.4 on page 208.

MOTION: Council Member Headding moved the meeting go past 11:00 to complete this item only. The motion was seconded by Council McPherson and carried unanimously, 5-0.

There was Council consensus to move forward and take the proposed changes to the JPA agreement to the San Luis Obispo City Council for consideration.

The Council thanked the City of San Luis Obispo for resources provided.

C-2 CITY COUNCIL INPUT AND DISCUSSION ON UPDATE OF THE HARBOR DEPARTMENT LEASE MANAGEMENT POLICY DOCUMENT; (HARBOR)
<https://youtu.be/-gapX14CQmE?t=2h25m39s>

MOTION: Mayor Irons moved to bring Item C-2, which is update the Harbor Department Lease Management Policy, back at a later date to be determined. The motion was seconded by Council Member Davis and carried unanimously, 5-0.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtu.be/-gapX14CQmE?t=2h26m27s>
None

E. ADJOURNMENT

The meeting adjourned at 11:05 p.m. The next Regular Meeting will be held on Tuesday, September 25, 2018, at 6:00 p.m. at the Veteran’s Memorial Hall located at 209 Surf Street, Morro Bay, California.

Recorded by:

Dana Swanson
City Clerk

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**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY DECLARING
OCTOBER 2018 AS “DOMESTIC VIOLENCE AWARENESS MONTH”**

**CITY COUNCIL
City of Morro Bay, California**

WHEREAS, Domestic Violence Awareness Month calls attention to the fact that sexual violence is widespread and impacts every person in Morro Bay; and

WHEREAS, domestic violence continues to be a major national public health problem, affecting one in three women, with an estimated ten million children witnessing domestic violence in their homes each year; and

WHEREAS, among families, domestic violence is the third leading cause of homelessness; and

WHEREAS, children exposed to domestic violence often experience long-term consequences including difficulty at school, substance abuse, and serious adult health problems; and

WHEREAS, the marginalization of certain groups in society, including undocumented individuals, transgender individuals, and those living with disabilities, increases their vulnerability to intimate partner violence; and

WHEREAS, RISE continues to provide a safe environment to those affected by domestic violence with crisis intervention, counseling, education, legal services, and emergency safe housing, with the help of dedicated volunteers and professionals; and

WHEREAS, RISE has provided services to more than one thousand clients in the last year, including more than five thousand collective nights provided for shelter clients, and more than two thousand hours of counseling; and

WHEREAS, the City of Morro Bay strongly supports the efforts of RISE, how every segment of our society can work together to better address intimate partner violence, and how to help survivors connect with services.

NOW, THEREFORE, BE IT RESOLVED, that the Morro Bay City Council does hereby proclaim October 2018 as “Domestic Violence Awareness Month” in the City of Morro Bay.

IN WITNESS WHEREOF I have
hereunto set my hand and caused the
seal of the City of Morro Bay to be
affixed this 9th day of October 2018

Jamie L. Irons, Mayor
City of Morro Bay, California

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AGENDA NO: A-3

MEETING DATE: October 9, 2018

Staff Report

TO: Honorable Mayor and City Council

DATE: October 2, 2018

FROM: Scott Collins, City Manager

SUBJECT: Adoption of Ordinance No. 616 Authorizing Implementation of a Community Choice Aggregation Program

RECOMMENDATION

Staff recommends the City Council waive reading of Ordinance No. 616 in its entirety and adopt Ordinance No. 616 entitled, "An Ordinance of the City Council of the City of Morro Bay, California, Authorizing the Implementation of a Community Choice Aggregation Program"

ALTERNATIVES

1. The City Council could direct staff to join an existing Community Choice Energy (CCE) program. Monterey Bay Community Power, which operates in Monterey, Santa Cruz, and San Benito counties. Joining an existing program would limit initial exposure to financial risk. However, the local economic development, program implementation, and local control components of the program would be constrained.
2. The City Council could request additional information. Staff has been working on an accelerated timeline to ensure program operation can begin in 2020. If the City Council feels significant additional information is required to proceed, then it can direct staff to gather that information and return at a later date. That would delay program initiation until 2021.
3. The City Council could elect not to proceed with any CCE program at this time. Not developing a CCE program would eliminate financial risk exposure and would free staff time to pursue other initiatives. However, not having a CCE program would substantially constrain the City's ability to achieve greenhouse gas emissions and economic development objectives.

FISCAL IMPACT

The approach taken to date by Morro Bay and the City of San Luis Obispo (SLO) is to establish a program with nearly no net cost to the cities and a limited exposure to risk by creating deferred compensation contracts that are transferable to the JPA. Staff has so far been successful in this approach, however fiscal risks exist as described later in this report including one-time risk (upfront debt requirements of approximately \$1,100,000 for working capital and requirements to pay up to \$250,000 in deferred costs to The Energy Authority (TEA) in the event the program does not launch) and ongoing risk (e.g., energy market and regulatory uncertainty), with the City of Morro Bay assuming up to 20% of that risk (SLO City Council is agreeable, as of their September 18, 2018 meeting, to assume 80% of the risk).

BACKGROUND/DISCUSSION

Background on Community Choice Energy

This report provides an overview and high-level explanation of CCE, also known as Community

Prepared By: SC

Dept Review: _____

City Manager Review: _____

City Attorney Review: JWP

Choice Aggregation, as well as a summary of City Council direction and work completed to date. The recommendation is for the City Council to approve an implementing ordinance and resolution to establish a CCE program, or to cease work on the effort.

Recent City Council Action

The City Council, at its April 24, 2018 meeting, directed staff to work with the City of SLO to develop an RFP to conduct the formal study and develop an implementation plan for a regional CCE program. Council further directed staff to provide regular updates to City Council with a deadline of September 2018 to provide recommendations on creating a JPA agreement with SLO for the formation of a regional CCE program.

Shortly thereafter, SLO released an RFP for a technical and energy services vendor to refresh feasibility assessment assumptions, draft the CPUC required Implementation Plan, provide credit solutions to financing initial power purchases, and provide power procurement-related operational services (e.g., purchasing power on the cities' behalf, interacting with the California Independent System Operator (CAISO), assisting with regulatory findings, etc.). The SLO City Council authorized its City Manager to enter into an agreement with the selected vendor.

SLO Council discussed this item in great detail during a study session on September 4, 2018, followed by a Morro Bay Council discussion on September 11, 2018. At the September 11 meeting, Council reviewed initial results from the draft Technical study assessing the feasibility of the a CCE program to provide GHG benefits and rate competitiveness, while being a fiscally healthy organization. Council provided feedback to staff, and suggested changes to the draft JPA agreement (discussed below) as well as a proposal for sharing risk with SLO. Discussion of SLO Council actions taken on September 18, 2018 are discussed below.

At the September 25, 2018 meeting, the City Council introduced, by first reading, Ordinance No. 616 authorizing the implementation of a CCE program, in addition to adopting Resolution No. 80-18 authorizing the Joint Powers Authority (JPA) agreement and designating Councilmembers Davis and McPherson as the City's representative on the JPA Policy Board.

CCE Technical Study

The Technical Study, awarded to TEA, evaluates the feasibility of implementing a CCE program in three groupings of the cities of SLO, Morro Bay, Paso Robles, and Grover Beach. The findings presented in this report focus exclusively on the participation scenario that includes only SLO and Morro Bay.

The Technical Study evaluates three power supply scenarios. Each scenario contains a different amount of California Renewable Portfolio Standard (RPS) compliant power. RPS compliant power includes power sources such as solar, wind, small-hydroelectric, and bio-mass. Additional power sources exist that do not generate GHG emissions but are not legally defined as "renewable" in California (e.g., large hydroelectric and nuclear). The Technical Study's financial *pro forma* assumes each scenario is 100 percent greenhouse-gas (GHG) free.

TEA concludes, under base-case market and regulatory conditions, all three presented supply scenarios would be feasible while offering customers a rate-discount relative to PG&E. Table 1 shows cumulative net revenues in the third year of operations as a total and as a percent of annual operating expenses assuming the CCA offers a 3% rate discount relative to PG&E.

Table 1. Draft Technical Study Summary Findings

Metric	Supply Scenario 1	Supply Scenario 2	Supply Scenario 3
Renewable Portfolio Standard Percentage	RPS-Compliant (33% in 2020, increasing to 50% by 2030)	50%	75%
GHG Free Percentage	100%	100%	100%
Average Rate Savings	3%	3%	3%
Cumulative Net Revenues at End of Year 3	\$12.3 million	\$11.3 million	\$9.7 million
Cumulative Net Revenues at End of Year 3 as a Percentage of Annual Operating Expenses	68%	61%	51%

Generating cumulative net revenues at the levels shown in Table 1 is an indication that adequate funds should be available for the CCE program to meet critical financial needs such as:

- Self-funding working capital requirements;
- Establishing a rate stabilization fund;
- Demonstrating the creditworthiness needed to enter into long-term contracts; and
- Investing in local programs critical to meeting the goals of the CCA.

TEA also conducted a stress-test analysis on the results assuming 75th percentile energy market prices (an approximately \$5 per MWh increase above current forward prices), a 40-percent increase in the Power Charge Indifference Adjustment (PCIA) rate, and lower than expected generation rates for PG&E. Under those stress-test conditions, all three supply scenarios resulted in negative net revenues year-over-year. Rate premiums would be required to generate a similar level of cumulative net revenues to what is shown in the base case scenario. It is important to note a four-city CCE scenario, that also includes Grover Beach and Paso Robles, is the most resilient to the stress-test scenario, which is consistent with the greater economies of scale provided by that alternative.

PCIA Proceeding

Ahead of the September 13, 2018 CPUC meeting, Commissioner Peterman [held the PCIA items \(#31 and #31A\)](#) until the September 27, 2018 meeting. Given this timeline, staff has worked with the with TEA, and outside counsel to develop contingencies, should the outcome of the ruling render a local CCE program financially infeasible. The following contingencies provide a path for continuing with the program’s forward momentum on the current timeline, while allowing for no cost and no risk “offramps” should the CPUC PCIA ruling render the program financially infeasible:

1. TEA has agreed to “pause” transitioning to Phase II of the work program until the CPUC has issued a ruling on the PCIA. This means that the “go/no go” decision point triggering City responsibility for deferred time and material costs to TEA would be not occur until after the ruling. Should the City elect to not move forward based on the PCIA ruling, it would not be responsible for repaying TEA for work completed to date.
2. If a negative PCIA decision occurs after the Ordinance is adopted at the October 9, 2018, meeting, then Council could simply adopt an Ordinance in the future rescinding the CCA Ordinance.
3. Staff has conferred with outside counsel regarding the ability to dissolve Central Coast Community Energy (CCCE) joint powers authority (JPA). To dissolve CCCE, consistent with Section 6.4 (Mutual Termination) of the agreement, the Board of Directors could vote unanimously to dissolve the agency.

TEA advises SLO and Morro Bay view the results of the Technical Study as supportive of continuing to move forward with CCE program development, including preparation of an Implementation Plan. However, CCE viability should continue to be assessed on an ongoing basis at each critical step of program development.

CCE Implementing Ordinance and Joint Powers Agreement

Subdivision 366.2(c)(12)(B) of the Public Utilities Code expressly contemplates the creation of a JPA so counties and cities can “participate as a group in a community choice aggregation program.” California cities and counties can exercise that option by doing two things: 1) entering into a Joint Powers Agreement forming a JPA under Section 6500, *et seq.* of the Government Code; and 2) adopting an Ordinance electing to implement a community choice program within its jurisdiction as required by Subdivision 366.2(c)(12)(A).

Implementing Ordinance

Ordinance No. 616 complies with the requirements of Subdivision 366.2(c)(12)(A).

JPA Agreement

The JPA Agreement was approved by the City Council at the September 25, 2018, meeting. It establishes the framework for operation of the CCE program. Key provisions of the JPA document address:

- Governance and Internal Organization (Article 3)
- Roles and responsibilities of the Board of Directors and Operations Board (Section 3.1)
- Recovery of initial funding by founding cities (Section 5.3)
- Addition of new member jurisdictions and withdrawal of existing members (Section 2.5)

Proposed Agency Name

The JPA document requires an agency name to be identified. After discussions with the SLO Climate Coalition Task Force, the Morro Bay, and internal discussions, staff proposes the name “Central Coast Community Energy.” The name is selected to resonate with all potential regional growth partners and intentionally focuses on the “community” aspect of community choice energy.

Operating Capital and Shared Resource Needs

If the City Council adopts Ordinance No. 616, then the operation of the JPA will require operating capital support in the amount of approximately \$1,000,000 prior to the program launch in 2020. The operating capital requirements for the JPA will vary depending on the level of staffing needed and the capacity for member cities to lend staff, office, and service resources.

Many existing CCE JPAs limited pre-launch costs through shared resources with its member agencies. For example, some CCE programs have shared office space, IT support, HR support, meeting space, accounting and back office systems, and JPA management staffing with member agency facilities and staff. If the cities seek to share resources in that manner with the JPA, then the costs associated with those resources will be closely tracked and reimbursed in the manner agreed to upon by all parties through a shared services agreement or cost allocation plan. Any arrangement of that nature would require additional approval by the City Council. Regardless of shared resources, the JPA will need working capital to hire a General Manager and conduct pre-launch activities. The amount, which is approximately \$1,000,000, could be loaned by the participating cities at their preferred interest rate, or could be obtained through a bank loan backed by SLO’s credit via cash collateral or a credit guarantee agreement between the City or cities and the selected bank partner. The pre-launch working capital in the total of \$1.1 Million (\$1,000,000, plus an additional \$100,000 contingency) has been incorporated into TEA’s Technical Study financial *pro forma* and is projected

to be reimbursed in the first 24 months of operations. If Morro Bay proceeds with the partnership with SLO, its share of a credit guarantee would be in the amount of \$220,000. Morro Bay could meet that obligation by holding funds in that amount in reserve in the General Fund balance until the pre-launch working capital is reimbursed.

Next Steps

Project Schedule

The following is an outline of the project schedule through 2020:

Activity	Date
Public meeting to conduct second reading of the CCE ordinance (City of San Luis Obispo)	10/2/18
Public meeting to conduct second reading of the CCE ordinance (City of Morro Bay)	10/9/18
City of San Luis Obispo City Council meeting to authorize operating capital loan or provide backing for a third-party loan.	Fall 2018 / Winter 2019
City of Morro Bay City Council meeting to authorize operating capital loan or provide backing for a third-party loan.	Fall 2018 / Winter 2019
First JPA Board Meeting to seat the Board of Directors and establish initial policies	Week of 11/6/18
Second JPA Board Meeting to adopt Implementation Plan for submittal to the California Public Utilities Commission	Week of 11/20/18
Program Implementation and Operations Preparation	2019
Begin CCE Program Operation	Early 2020

Potential Community Impact

The CCE program seeks to be rate competitive with PG&E and to build reserves to ensure a stable program that can deliver local benefits to ratepayers. The updated Technical Study indicates GHG free electricity, competitive rates, and a financially healthy organization are possible under base case and forecast market conditions, with the exception of the “stress test” case. If the City pursues the CCE program, then the intended outcomes would be energy-related local economic development opportunities and a competitively priced cleaner electricity source.

As mentioned above, under the technical study’s “stress test” case (a scenario including unexpected market volatility, slow PG&E rate growth, and a rapid increase in the PCIA, the program would not be financially viable. In an ongoing environment with those conditions, or in a worst-case scenario of energy market collapse, severe agency mismanagement, or other unlikely scenarios, the JPA could fail and go bankrupt. In that scenario, customers would be returned to PG&E service without service interruption and the financial obligations of the JPA would be limited exclusively to the JPA and would not affect the community nor the member agencies.

Potential Agency Impact

In the unlikely scenario where Morro Bay and SLO proceed forward, but the program fails to launch, Morro Bay would be exposed to up to \$50,000 in deferred costs owed to TEA.

Consistent with the approach taken by operating CCE programs and noted above, the JPA will require short-term resource sharing and working capital to complete the start-up phase and begin serving customers. If the program moves forward, then the participating cities will be asked to

consider options to provide credit support for this bridge funding later this Fall/early Winter.

Although the required working capital prior to program launch will vary widely as mentioned above, staff expects a need for approximately \$1,100,000 (up to \$220,000 for Morro Bay's share of that working capital), based on member-city capacity to provide shared resources. This debt is usually short term (e.g., a one to two-year line of credit) and is often provided by a third-party lender, although it can be municipally financed as well. The amount of pre-revenue credit needed to support the program will require a credit guaranty, which is usually provided by one or more members of the CCE Agency. The JPA's guaranty requirement, would be released soon after receiving operational revenues (usually within 12 months or program launch). That basic structure of third-party financing (generally a line of credit) with a credit guarantee to support the pre-revenue portion of the credit has been used in successful CCE launches, including Valley Clean Energy Alliance, Marin Clean Energy, Sonoma Clean Power, and Silicon Valley Clean Energy. If the JPA forms and receives operating capital, and/or lines of credit from the cities, and if JPA operations fail to launch, then the cities would not be reimbursed, and/or would be responsible for any remaining debt.

ATTACHMENT

1. Ordinance No. 616

ORDINANCE NO. 616

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
AUTHORIZING THE IMPLEMENTATION OF
A COMMUNITY CHOICE AGGREGATION PROGRAM**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, On April 24, 2018, the City Council directed staff to investigate the feasibility and formation of a Community Choice Aggregation program under the provisions of the Public Utilities Code section 366.2 (referred to locally as Community Choice Energy, or CCE) in order to provide electric service to customers within the City of San Luis Obispo with the intent of providing local electric service, reduced greenhouse gas emissions, local renewable power development, competitive electric rates, and the implementation of energy conservation and other energy programs; and

WHEREAS, the City of San Luis Obispo, in partnership with the City of Morro Bay (City), commissioned a technical study that indicated a CCE program serving both cities and surrounding communities would provide several benefits, including:

- Providing customers a choice of power providers and power supply options;
- Increasing local control and involvement in energy rates and other energy-related matters;
- Providing stable electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within the City and surrounding region;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency;
- Improving the local economy resulting from the implementation of a CCE program and local renewable and energy efficiency projects over time; and

WHEREAS, the cities of Morro Bay and San Luis Obispo formed a Joint Powers Agency creating the Central Coast Community Energy Authority (“Authority”). Under the Joint Powers Agreement, cities and towns within San Luis Obispo County and adjoining counties may participate in the Central Coast Community Energy CCA program by adopting the JPA resolution and ordinance required by Public Utilities Code section 366.2. Cities and towns choosing to participate in the CCE program will have membership on the Board of Directors of the Authority as provided in the Joint Powers Agreement; and

WHEREAS, the Authority will enter into agreements with electric power suppliers and other service providers, and based upon those agreements the Authority will be able to provide power to residents and business at rates that are competitive with those of the incumbent utility (“PG&E”). Once the California Public Utilities Commission certifies the Implementation Plan adopted by the Authority, the Authority will provide service to customers within the City of San Luis Obispo and the jurisdictions of those cities and Counties that have chosen to participate in the Central Coast Community Energy CCE program; and

WHEREAS, under Public Utilities Code section 366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers

who wish to continue to receive service from the incumbent utility will be able to do so at any time; and

WHEREAS, on September 25 and October 9, the City Council held public meetings on the topic of CCE at which time interested persons had an opportunity to testify either in support of or opposition to the implementation of a CCE program serving the City; and

WHEREAS, this Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, as it is not a "project" as it has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a)). Further, this Ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant effect on the environment. (14 Cal. Code Regs. § 15061(b)(3)). This Ordinance is also categorically exempt because it is an action taken by a regulatory agency to assume the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308).

NOW, THEREFORE, the Council of the City of Morro Bay does ordain as follows:

SECTION 1. The above recitations are true and correct and material to this Ordinance.

SECTION 2. Authorization to Implement a Community Choice Energy Program. Based upon the forgoing, and in order to provide business and residents within the City of Morro Bay with a choice of power providers and with the benefits described above, the City Council ordains that it shall implement a community choice aggregation program for their City by participating as a group with other cities and towns as described above in the Central Coast Community Energy Authority, as generally described in the Joint Powers Agreement.

SECTION 3. This Ordinance shall take effect 30 days after its adoption. The City Clerk, or her duly appointed deputy, shall attest to the adoption of this Ordinance and shall cause this Ordinance to be published and posted in the manner required by law.

INTRODUCED at a regular meeting the of the City Council of Morro Bay, held on the 25th day of September 2018, by motion of Council Member Heading, seconded by Council Member McPherson.

PASSED AND ADOPTED on the ____ day of October, 2018, by the following vote:

AYES:

NOES:

ABSENT:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

APPROVED AS TO FORM:

JOSEPH W. PANNONE, City Attorney



AGENDA NO: A-4

MEETING DATE: October 09, 2018

Staff Report

TO: Honorable Mayor and City Council **DATE:** September 27, 2018

FROM: Scot Graham, Community Development Director

SUBJECT: Permanent Approval of Residential Design Guidelines

RECOMMENDATION

Staff recommends the City Council review and adopt Resolution No. 81-18 reauthorizing the use of the Residential Design Guidelines permanently.

ALTERNATIVES

1. Continue to review and reauthorize continued use of the Interim Residential Design Guidelines every 12 to 24 months.
2. Provide other direction related to use of the Interim Residential Design Guidelines as deemed appropriate by a majority of the Council
3. The Council may choose not to reauthorize the Guidelines

FISCAL IMPACT

None.

BACKGROUND/DISCUSSION

The Residential Design Guidelines are meant to apply to all single-family home development, including additions and remodels (See Attachment 4). The overall concept is to maintain and improve the quality of the development taking place in the City's residential neighborhoods. The guidance provided in the document is intended to direct homeowners, developers, residents and design professionals in identifying the main design components that define the character of a neighborhood and to use those elements to design new or remodeled homes. The Residential Design Guideline can be found at the following link: http://www.morrobayca.gov/DocumentCenter/View/11765/Final-City-of-MB-Design-Guidelines-CC-7_14_15

On July 15, 2015, the City Council adopted Resolution No. 52-15 authorizing use of the Interim Residential Design Guidelines for a period of twelve months. On October 11, 2016, the Council, after recommendation by Planning Commission, adopted Resolution No. 70-16 extending use of the Residential Design Guidelines for an additional 24 months (see Resolution No. 70-16 provided as Attachment 1). Council, as part of adoption of Resolution No. 70-16, provided the following direction:

- Interim Residential Design Guidelines become a standalone document, separate from the General Plan, Local Coastal Program and Zoning Code
- Look toward updating the Guidelines as part of the GP/LCP update

Moving forward, the intent is to maintain the Residential Design Guidelines as a standalone document

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Prepared By: SG

Dept Review: SG

City Manager Review: SC

City Attorney Review: JWP

to allow greater ease in updating the Guidelines. The Planning Commission has discussed design regulations in conjunction with the ongoing General Plan Local Coastal Program and Zoning Code update (Module 2), including Section 17.50.040 of the Draft Zoning Code, which includes Supplemental Regulation for residential development. Section 17.05.040 of the Draft Zoning Code is provided as Attachment 3 to the Staff Report. The General Plan Local Coastal Program also include a Draft Community Design Element.

The Design Guidelines document is due for a review and update; however, the task was not included in the Council Goals and Objectives for FY 18/19 (See FY 18/19 Goals and Objectives, provided in Attachment 2). Once the City has completed the update process for the GP/LCP/Zoning Code there will be time available to consider updates to the Guidelines, likely as part of the FY 19/20 Goal setting process.

On August 7, 2018, the Planning Commission reviewed the Interim Residential Design Guidelines and unanimously recommended Council permanently approve the Residential Design Guidelines and direct the Planning Commission to update the document within 24-months.

Resolution No. 81-18 includes a determination the approval of the subject guidelines is exempt from CEQA review.

CONCLUSION

Adoption of Resolution No. 81-18 will make the Residential Design Guidelines permanent. Staff will bring back for Council consideration during the FY 19/20 Goal setting process an item for consideration that includes update of the guidelines (See Attachment 5).

ATTACHMENTS

1. City Council Resolution No. 70-16
2. FY 18/19 Goals and Objectives
3. Section 17.05.040 of the Draft Zoning Code (Module 2)
4. Residential Design Guidelines
5. City Council Resolution No. 81-18 permanently adopting the Residential Design Guidelines

RESOLUTION NO. 70-16

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
REAUTHORIZING USE OF INTERIM RESIDENTIAL DESIGN GUIDELINES FOR
AN ADDITIONAL 24 MONTHS**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City Council adopted Resolution 52-15 approving use of Interim Residential Design Guidelines for a period of 12-months; and

WHEREAS, the Planning Commission, on September 20, 2016, reviewed the Interim Residential Design Guidelines and recommended to Council: (i) the Guidelines be reauthorized for a period of 12 months, (ii) the Guidelines be maintained as a separate standalone permanent document and (iii) Staff be directed to work with the Planning Commission on updating the Guidelines; and

WHEREAS, the Interim Residential Design Guidelines are necessary to implement the neighborhood compatibility policies found in the General Plan and Local Coastal Program; and

WHEREAS, the City is in the process of updating its General Plan, Local Coastal Program, and Zoning Code, including an update of the Interim Residential Design Guidelines to create permanent Residential Design Guidelines; and

WHEREAS, the intent of the Interim Residential Design Guidelines is to be utilized for an additional 24-month period with the possibility the Guidelines may continue beyond that period of time; and

WHEREAS, the Interim Residential Design Guidelines are to be applied to both additions to existing single-family residences and to the development of new single-family homes; and

WHEREAS, the City Council has duly considered all evidence, including public comment by interested parties, and the evaluation and recommendations by staff, presented at its meeting on October 11, 2016.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

Section 1: Findings. Based upon all the evidence, the City Council adopts the following finding:

California Environmental Quality Act (CEQA)

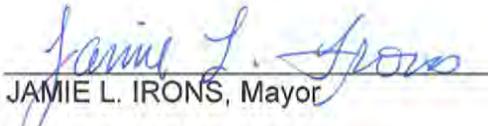
The Interim Residential Design Guidelines fall within the General Rule CEQA exemption, subsection 15061(b)(3) of the State CEQA Guidelines, which states where it can be seen with certainty there is no possibility the activity in question may have a significant effect on the environment that the activity is not subject to CEQA. The Interim Residential Design Guidelines fall within that category because the document is

intended to improve the quality of the built environment by including guidelines and consideration which, taken together, will improve project design and allow new development to better fit in with their local neighborhood character. The Interim Residential Design Guidelines do not promote new development, nor do they permit a higher density than is otherwise allowed by the General Plan, Local Coastal Program, and Zoning Code. They also do not remove, alter, or supplant any existing review processes, required findings, or zoning overlays. Rather the Interim Residential Design Guidelines provide a way for decision makers and community members to consider certain aesthetic and other design considerations which may protect and improve the built environment as part of the existing discretionary approval process.

Section 2. The City Council hereby approves use of the Interim Residential Design Guidelines Included as Exhibit A to Resolution 52-15 for an additional 24 months and directs future residential projects and actions be developed and evaluated using the guidance with the document. In addition, the Council's intent is for the Interim Residential Design Guidelines to be a separate and standalone document from the City's General Plan, Local Coastal Program, and Zoning Code; and the Council directs the Planning Commission be included in the update process for the Interim Residential Guidelines.

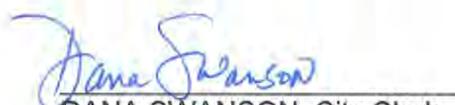
PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 11th day of October, 2016 on the following vote:

AYES: Irons, Headding, Johnson, Smukler
NOES: None
ABSENT: Makowetski
ABSTAIN: None



JAMIE L. IRONS, Mayor

ATTEST



DANA SWANSON, City Clerk

RESOLUTION NO. 52-15

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ADOPTING INTERIM RESIDENTIAL DESIGN GUIDELINES**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the Planning Commission of the City of Morro Bay has conducted nine separate hearings, over a 10-month period in support of development of Interim Residential Design Guidelines; and

WHEREAS, City staff conducted a Residential Design Guidelines workshop on May 16, 2015, to provide additional opportunity for public input; and

WHEREAS, the Interim Residential Design Guidelines are necessary to implement the neighborhood compatibility policies found in the General Plan and Local Coastal Program; and

WHEREAS, the intent of the Interim Residential Design Guidelines is to be utilized for an initial 12-month period with evaluation of the effectiveness of the Guidelines to take place at the end of the 12-month period with the possibility the use of the Guidelines may continue beyond that period of time; and

WHEREAS, the Interim Residential Design Guidelines are to be applied to both additions to existing single-family residences and to the development of new single-family homes; and

WHEREAS, the City Council has duly considered all evidence, including the testimony of the applicant, interested parties, and the evaluation and recommendations by staff, presented at its meeting on July 14, 2015.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

Section 1: Findings. Based upon all the evidence, the City Council adopts the following finding:

California Environmental Quality Act (CEQA)

The Interim Residential Design Guidelines fall within the General Rule CEQA exemption, subsection 15061(b)(3) of the State CEQA Guidelines, which states where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment that the activity is not subject to CEQA. The Interim Residential Design Guidelines fall within that category because the document is intended to improve the quality of the built environment by including

guidelines and consideration which, taken together, will improve project design and allow new development to better fit in with their local neighborhood character. The Interim Residential Design Guidelines do not promote new development, nor do they permit a higher density than is otherwise allowed by the General Plan, Local Coastal Program, and Zoning Code. They also do not remove, alter, or supplant any existing review processes, required findings, or zoning overlays. Rather the Interim Residential Design Guidelines provide a way for decision makers and community members to consider certain aesthetic and other design considerations which may protect and improve the built environment as part of the existing discretionary approval process.

Section 2. The City Council hereby accepts and approves the Interim Residential Design Guidelines Included as Exhibit A of the Resolution and directs future residential projects and actions be developed and evaluated using the guidance with the document.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 14th day of July, 2015 on the following vote:

AYES: Irons, Headding, Johnson, Smukler
NOES: None
ABSENT: Makowetski
ABSTAIN: None

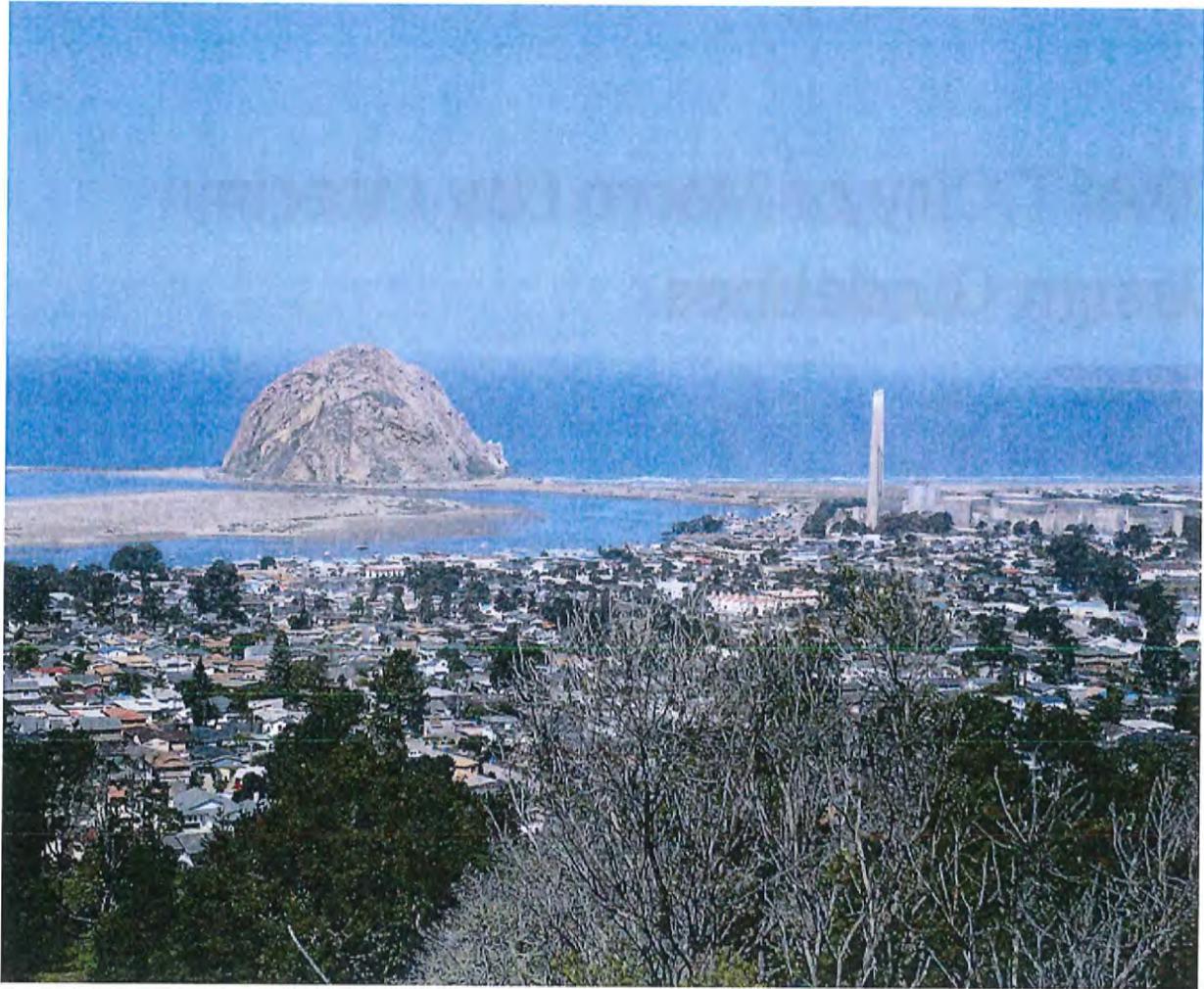


JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk



DRAFT City of Morro Bay Interim Design Guidelines

Residential



sgraham 2015

DRAFT City of Morro Bay Interim Design Guidelines

Residential

Acknowledgements

City Council

Jamie Irons, Mayor
Christine Johnson, Councilmember
Noah Smukler, Councilmember
Matt Makowetski, Councilmember
John Heading, Councilmember

Planning Commission

Michael Lucas, Commissioner
Gerald Luhr, Commissioner
Richard Sadowski, Commissioner
Katherine Sorenson, Commissioner
Robert Tefft, Chairperson

City Staff

David Buckingham, City Manager
Scot Graham, Community Development Manager
Rob Livick, Public Works Director/City Engineer

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INTRODUCTION

Purpose of the Guidelines

The purpose of the Interim Design Guidelines is to maintain the high quality of the City of Morro Bay's neighborhoods by developing reasonable, sound and objective guidance to assist residents, homeowners, and designers in identifying the key design features and components that define the character of a neighborhood that can then be utilized in designing new or remodeled single family homes.

Neighborhood compatibility is generally represented by how a neighborhood looks and feels. The basic features that help define a neighborhood include: landscaping, pedestrian routes, street improvements, building material, architectural style, home size, scale, bulk, proximity of homes to one another, building height, and setbacks.

A majority of the neighborhoods in Morro Bay contain a wide variety of

architectural styles, which helps focus policy language on scale, height, bulk and consistency or integrity of the chosen architectural style.

The intent behind implementation of the Design Guidelines is to conduct design review on all single-family construction (additions included). The Guidelines are meant to implement the neighborhood compatibility policies found in the General Plan and Local Coastal Plan and as such, serve as a basis to provide consistent design review by both City Staff and the Planning Commission.

By applying the Design Guidelines as part of the project review process, the City of Morro Bay, has the opportunity to provide positive, constructive direction to development within the City. The Design Guidelines can save time, facilitate a positive response to community concerns about development proposals, avoid divisive controversy, reduce unnecessary delays and expenses, and most importantly, achieve high quality designs and more livable neighborhoods.

Single-Family Design Guidelines

The following guidelines are not meant to encompass the entire range of design possibilities, but instead are meant to provide basic guidance as to what is expected when development is proposed. The policies are not meant to discourage innovative designs nor encourage any specific style or design concept. Variations from the Guidelines will be considered when proposed project elements provide for a better project than would be possible adhering to the specific direction provided within the Guidelines.

Design Guidelines

A. Relationship to Homes in Immediate Neighborhood

1. The overall design of the home should pay particular attention to the adjacent homes while remaining visually compatible with the immediate neighborhood.
2. Maintain architectural integrity with design and material consistency on all facades.
3. When replacing or changing the exterior materials, use materials compatible with homes in the surrounding area.
4. Entryways or features, such as front doors and porches should be visible from the street. Use of tall walls, fences, landscaping or other design elements that block view of the entry should be avoided.

Utilize Figure 1, below, when determining what constitutes the immediate neighborhood within a standard subdivision. For consideration of neighborhood compatibility, greater weight should be given to the character of existing development closer to a proposed project than to more distant portions of the neighborhood. In some situations, factors may be present which require a definition of the immediate neighborhood that differs from that determined by use of the 500-foot radius. Examples include, but are not limited to, location and visibility of the home being built/modified. ***If questions arise regarding what constitutes the "Immediate Neighborhood," then please consult City Staff.***

Figure 1. Immediate Neighborhood Map Example (500 Foot Radius).



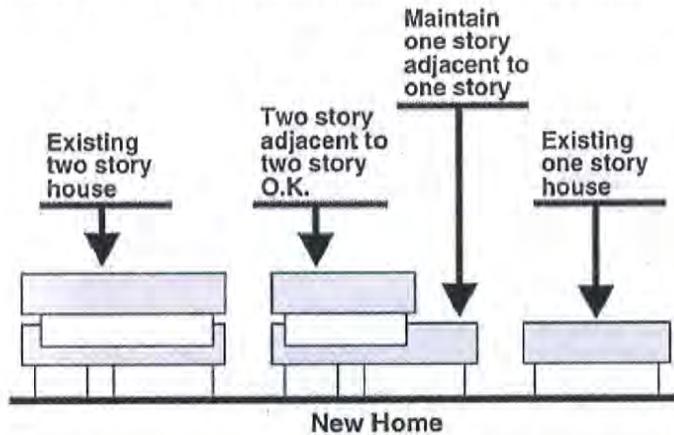
B. *Scale and Mass*

Building scale refers to the proportional relationship of a structure to objects/structures next to it. Mass is basically the size of a structure.

1. Proposed new construction or remodeling projects should be consistent

with the overall pattern of perceived scale and mass in the surrounding neighborhood. Compatibility cannot be achieved merely by demonstrating other selected residences nearby may be similar in size or larger than the proposed project, particularly if the selected examples are atypical of the neighborhood or at a distance from the proposed project. The apparent size, scale, and mass of a proposed project can be affected by thoughtful design, appropriate siting on the lot, landscaping, and other factors as well as by the actual size of the residence.

Figure 2. Placement options for second story when adjacent to single story home



2. The perceived scale, mass, and design should be appropriate to the original home.
3. Blocks where single-story houses or small two-story homes are the predominant block pattern, a second story may require special attention. Scale may be minimized by employing one or more of the following technique's:
 - a. Limit the house profile of the expanded or new home to an area generally consistent with the profiles of the existing homes.
 - b. Setting the second floor back from the front and sides of the first story a distance sufficient to reduce apparent overall scale of the building.
 - c. Limit the size of the second story relative to the first

story.

- d. Increase the front and/or side setbacks for the entire structure.
- e. Place at least 60 to 70 percent of the second floor area over the back half of the first story.
- f. Slope the new roof away from the adjacent homes.
- g. Incorporate the second story into the roof.

Figures 3 & 4 demonstrate incorporation of second floor into the roof helping to relate larger homes to smaller neighbors



Figure 4.



Figure 5. Second floor is pulled into the center of the roof providing a setback from the building edges helping to maintain adequate space, light and sense of openness to the adjacent residences.

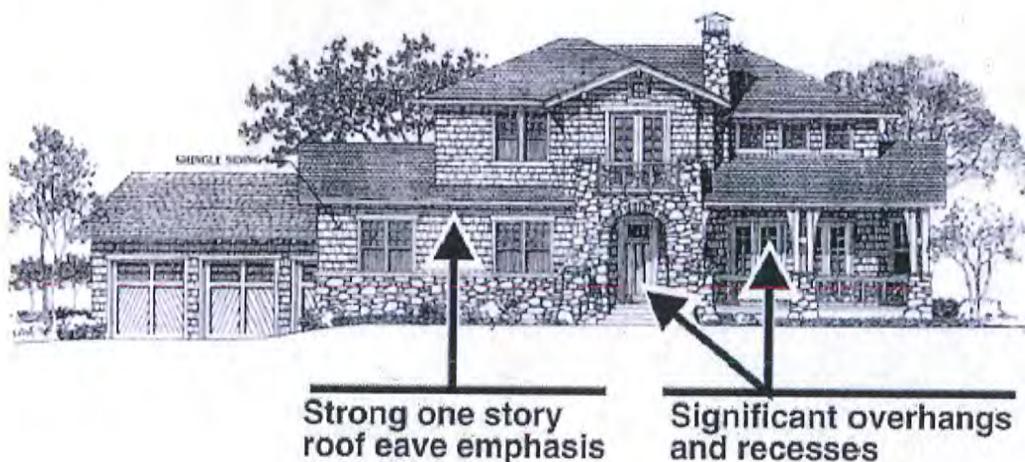
C. Surface Articulation

Residences should be designed with relief in building facades. Long

unarticulated wall and roof planes should be avoided, especially on two-story elevations.

1. Changes within the wall and roof planes can be accomplished when one of the forms is setback several feet or when a gable end fronts the street and through the use of porches that run across the street-facing elevation of the home.
2. Changes within the wall and roof planes can also be achieved through the use of various textures and materials. This can be seen in the use of horizontal wood lap siding, wood trim around windows and doors, shingle textures on the roof, deep recessed entries, use of roof segments separating the first- and second-floor facades.

Figure 6. Changes in wall plane and second-floor step backs are utilized, as well as a mix of materials and use of recessed areas help achieve relief in the building facade



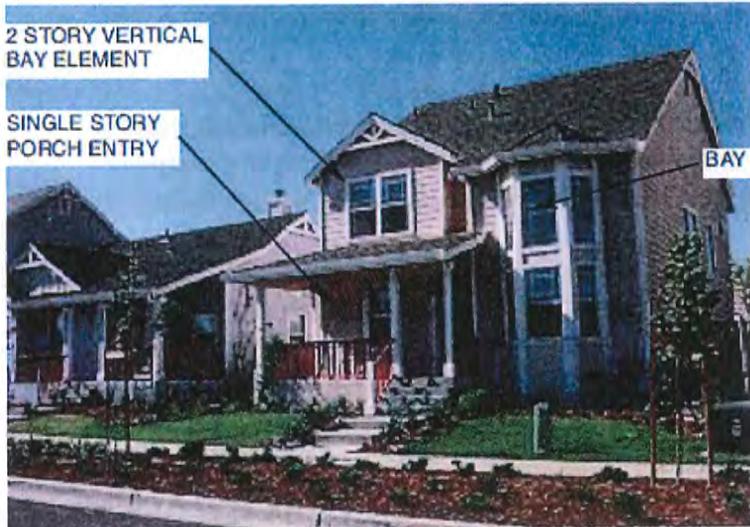


Figure 7. Design exhibits use of differing wall planes, two story entry element and covered porch to break up the front facade.

D. Building Orientation

1. Residences should contain visible front entryways, in scale with neighboring properties and oriented toward the public street.



Figure 8. Avoid exaggerated tall entries like this

Figure 9 & 10. Avoid formal entries in neighborhoods with informal homes (Figure 9) and in neighborhoods where entries are located under roof eaves as shown in the ranch style (Figure

10).



2. New/remodeled structures should not present height or bulk at front and side setback lines which is significantly greater than those of the adjacent homes.

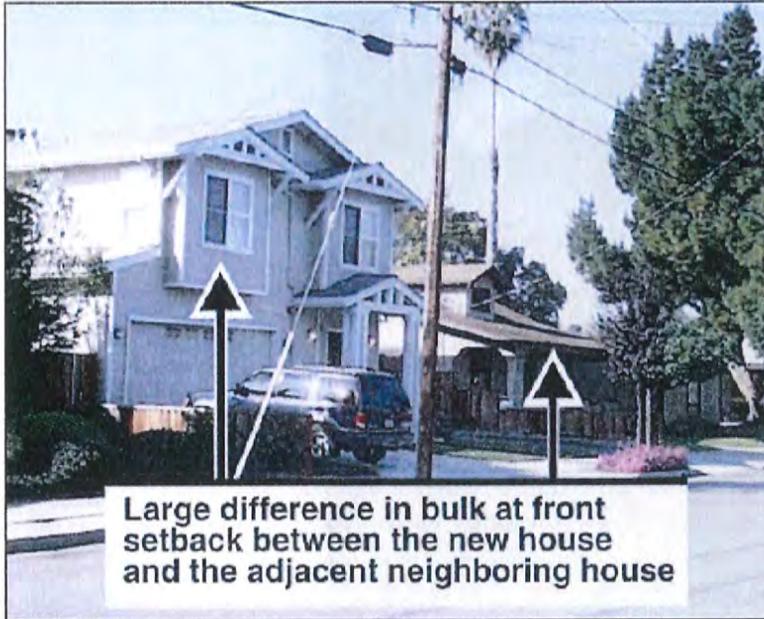


Figure 11. Homes with differing bulk and massing along front facade

3. Homes should be located on the lot in a similar manner as adjacent homes and within the applicable setback requirements.



Figure 12. Homes with similar setbacks on the street frontage

4. In cases where setbacks are similar in the neighborhood, new homes should match those of adjacent homes.
5. Where adjacent homes have differing setbacks, the setback of the new home should be the average of the two on either side.

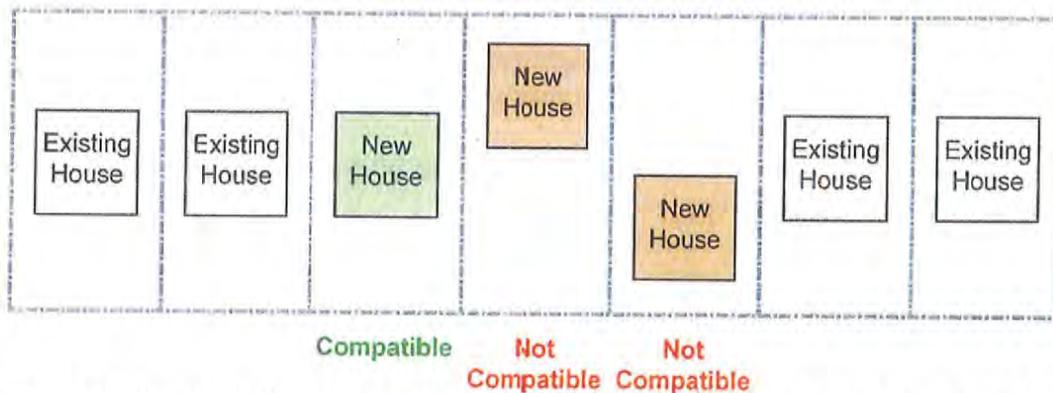


Figure 12a. In neighborhood where existing homes have consistent setbacks, new construction should match the siting of adjacent homes.

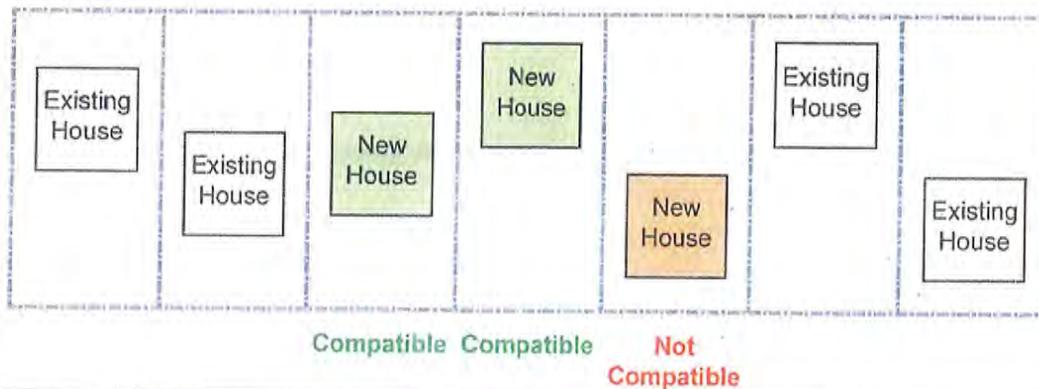


Figure 12b. In neighborhoods where existing homes have varied setbacks, the siting of new construction should be equal to or greater than the average setback of adjacent homes.

Exception to Averaging: Where the adjacent lots have a nonconforming setback, the applicant may have the option of conforming to the required zoning setback. In some instances, a varied setback from the neighborhood pattern may be necessary or

appropriate (such lot constraints include topography, trees, creeks, lot size and Environmentally Sensitive Habitat).

E. Garage and Driveway Design

In most cases, the curb appeal and livability of a home will be enhanced if the living area, rather than the garage is the most prominent feature of the front façade. Garage doors can have a noticeably negative impact to the street facing elevation of a home and, cumulatively on appearance of a neighborhood. To reduce the prominence of garages and driveways, home designs should to the extent feasible, reflect a careful consideration of the following principles:

1. Garages placed along the front elevation of a home should not exceed 50% of the linear front elevation width where possible. The remainder of the front elevation should be devoted to living area or a porch.
2. Garages exceeding 50% of the linear front elevation should include one or more of the following design options:
 - a. Recess garage from the front wall of the house a minimum of 5'
 - b. Provide an entry porch trellis extending in front of the face of the garage.
 - c. If the garage is the dominant feature from the street frontage, then it should be designed with architectural and visual interest.

Figure 13. Limiting driveway width of garages and setting them back from the front façade can minimize visual impact



Figures 14 – 18 provide examples of Decorative Garage Door ideas:

Figure 14.



Figure 15.



Figure 16.



Figure 17.

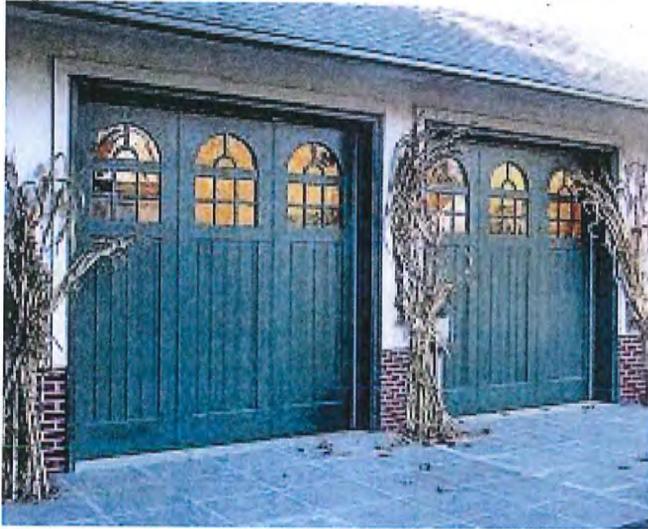


Figure 18.

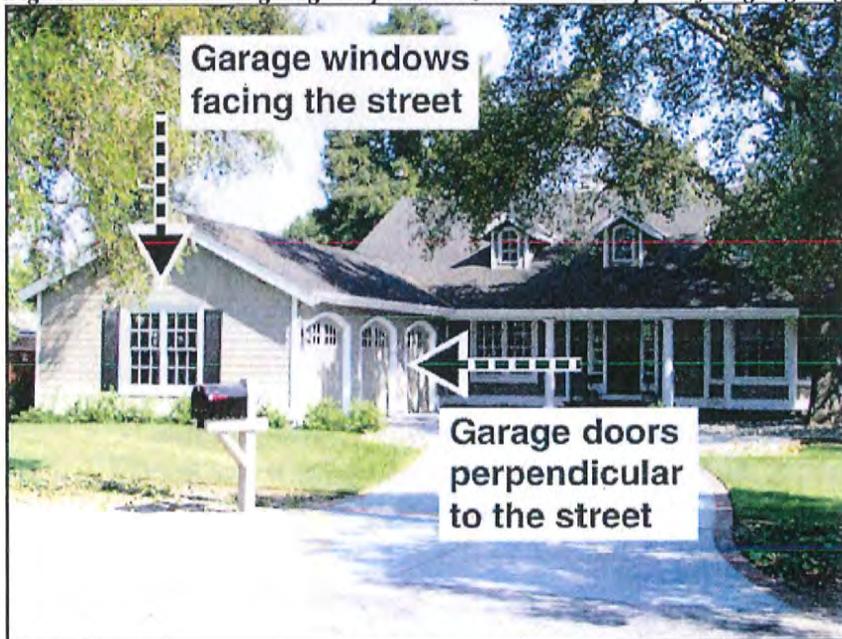


3. Garage entries should be oriented away from the street where possible. This can be accomplished through placement of the garage at the rear of property or through use of a side loaded garage (see figures 19 & 20).

Figure 19. Narrow driveway with garage located toward the rear of the property



Figure 20. Side loaded garage help minimize the visual impact of larger garages on the streetscape



4. Mitigate the impact of driveways on the streetscape by:
 - a. Limiting width of curb cuts to the minimum size needed to access the garage. This preserves on street parking and reduces paving in the front yard.
 - b. Utilizing decorative paving materials, permeable pavers or special patterns or colors to break up paved driveway areas in front setbacks (See figures 23 – 27).
 - c. Utilizing single width driveways or make use of “Hollywood” driveways (See figures 21 & 22).

Figure 21. Hollywood Driveway Design for single car garage



Figure 22. Hollywood driveway design for two car garage



Figures 23 – 27 provide examples of permeable paver drive options

Figure 23.



Figure 24.

Figure 25.



Figure 26.



Figure 27.



5. Other similar features as approved by the review authority.

F. Building Materials

Building materials should be consistently applied and shall be harmonious with adjacent materials (see figures 28 & 29). Piecemeal and frequent changes in building materials should be avoided.

1. When using a mix of material, avoid using too many materials.
2. Avoid using an even split of materials (*i.e.* 50/50) on facades.
3. It is preferred to have one material as the dominant surface with the second material utilized in a lesser or accent role.

Figure 28. Example of utilizing a mix of materials.

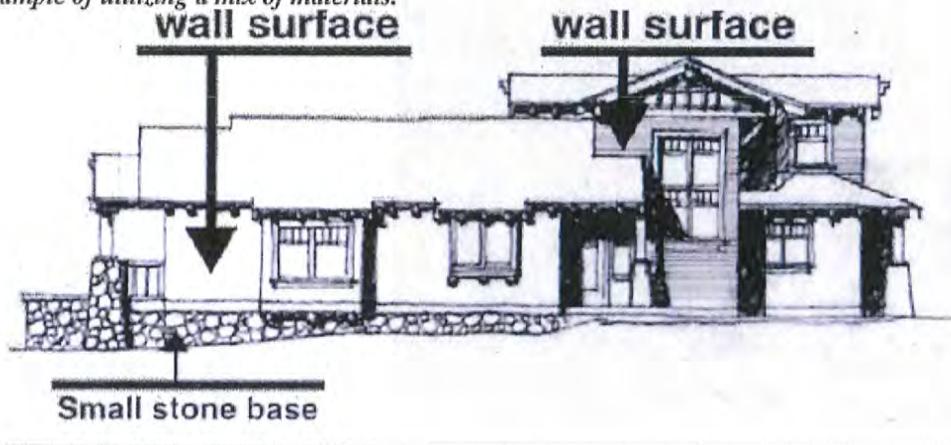
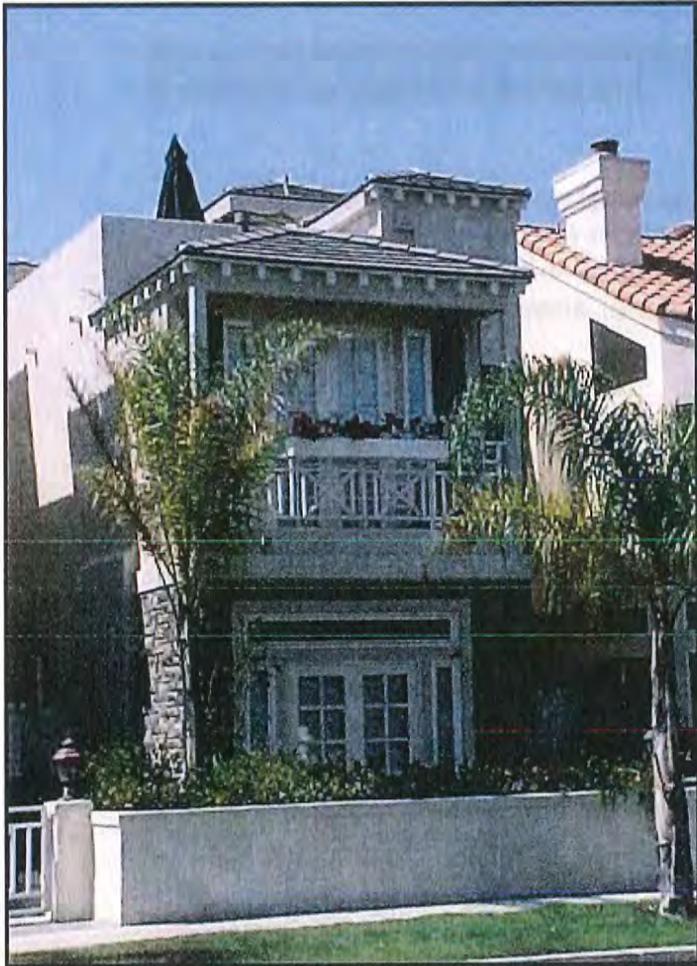


Figure 29. Use of complimentary building materials and color palette enhances building design



G. Architectural Elements

The architectural elements of a building include openings, doors, windows and architectural features such as roof elements, columns and dormers.

1. Architectural elements within the design should be in proportion to the overall home design.
2. Architectural elements should reflect the habitation and internal and external use of the structure.
3. For most traditional styles architectural elements should be balanced on the building elevations. One option to achieve balance is through the vertical and horizontal alignments of the elements.

4. When the architectural style of a residence does not call for symmetry, creative asymmetric placement of architectural elements may provide for dramatic interest.

Figure 30a. Some architectural styles require simple shapes and formal symmetry of the door and windows

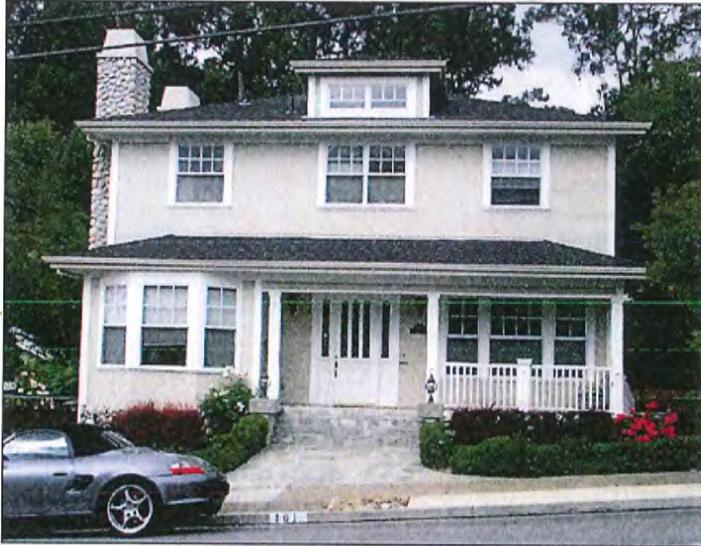


Figure 30b. Creative Asymmetric Placement of Architectural Elements



Figure 31. Avoid too many building elements competing for attention



H. Additions to Existing Homes

1. The design of the addition should be consistent with the materials and architectural elements utilized in the existing home and adjacent neighborhood. If differing materials or styles are chosen for the addition they should be complimentary in nature.
2. Second floor additions should integrate into the overall design of the home. The addition should look like an original part of the home.

Figure 32. Original single story home



Figure 33. Incorporating a second floor addition into the roof adds the desired space while respecting

the integrity of the existing house and the scale of the neighborhood.



3. Rooflines of the addition should be compatible with the roof slope of the existing house.
4. New windows and other architectural elements should be compatible with the shape, pattern, style, color and materials of the original architectural elements. If all windows are replaced, then the new windows should be compatible with the architectural style of the home.

Figure 34. Addition incorporated into the roof, but roofing material is not consistent with architectural style of the existing residence.

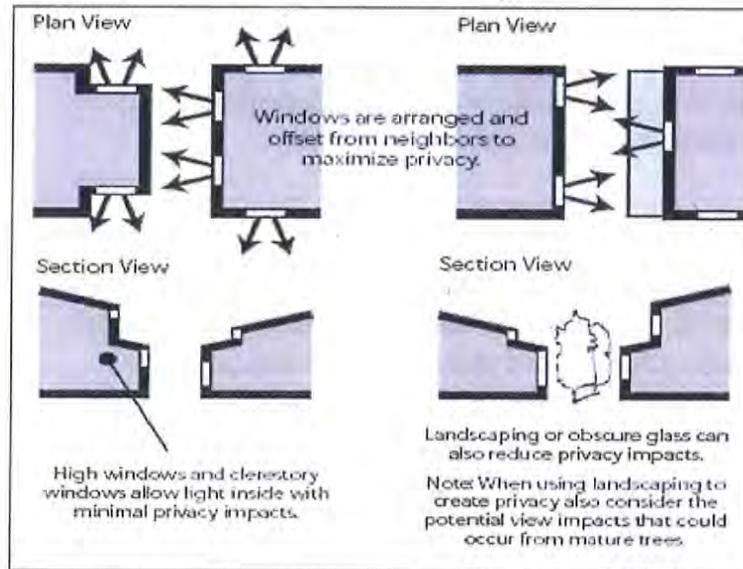


I. Privacy. Minimize privacy intrusions on adjacent residences.

While it may not be possible to ensure complete privacy between homes, given the small lot sizes in the City, designs should attempt to lessen the impact. Options for reducing privacy conflicts are noted below:

1. Windows should be placed so as to minimize views into the living spaces and yard spaces near neighboring homes. In particular, window placement in the side wall of a home should be offset to avoid looking directly into a neighboring room.
2. Decks and balconies should be designed and located with consideration given to the privacy of adjoining properties.
3. Other options for reducing privacy impacts between neighboring residences include: application of appropriate landscaping, use of smaller windows, designing sill height above eye level or utilizing frosted or textured glass to reduce visual exposure.

Figure 35. Design options for reducing privacy impacts



J. Landscaping

Residential landscaping should include the following:

1. Drought tolerant plant species that require little to no fertilizer, herbicides, and pesticides.
2. Plants appropriate for the sites characteristics; sun exposure, wind, soil moisture, and existing vegetation.
3. Non-invasive plant species, particularly near creeks, drainages or existing native vegetation. Plantings should be sited such that they will not interfere with onsite utility lines, including water and sewer lines.
4. Siting of trees to avoid unnecessarily obstructing views from adjacent properties. In view sensitive areas, proposed trees should be chosen that do not exceed a mature height that exceeds the maximum building height of the zone district. Proposed trees should also be continuously maintained at a height that does not exceed the maximum permitted height of the zone district. Existing mature trees are exempted from this policy.
5. Street trees should be chosen from the City's approved street tree list.
6. Mature landscaping should be preserved where possible, paying special

attention to the preservation of mature healthy trees.

7. Efficient drip irrigation systems that make use of soil moisture meters, and rain and wind shutoff devices to reduce water consumption.

K. Hillside Development

The hillside development guidelines apply to properties with lot sizes 5,000 square feet or greater and with slopes exceeding 15%. The intent of the following policies is to preserve, enhance and protect the visual quality of the Morro Bay hillside areas. Project design should take into consideration the site's natural features, topography, visual character, unique qualities and surrounding environment:

1. Step the building up or down the hill (see Figure 36).
2. Set the structure into the hillside topography while also balancing or limiting the amount of grading, beyond the footprint, to avoid erosion and visual impacts (see Figure 36).
3. Step back the taller portions of the structure to reduce the appearance of height.
4. Minimize exposed foundations, underfloor areas, and downhill cantilevers when structurally feasible and avoid use of tall support columns utilized for support of overhanging areas (see Figure 37).
5. Vary height of building elements (See figure 38)

Figure 36. House cut into slope and stepped into the hillside

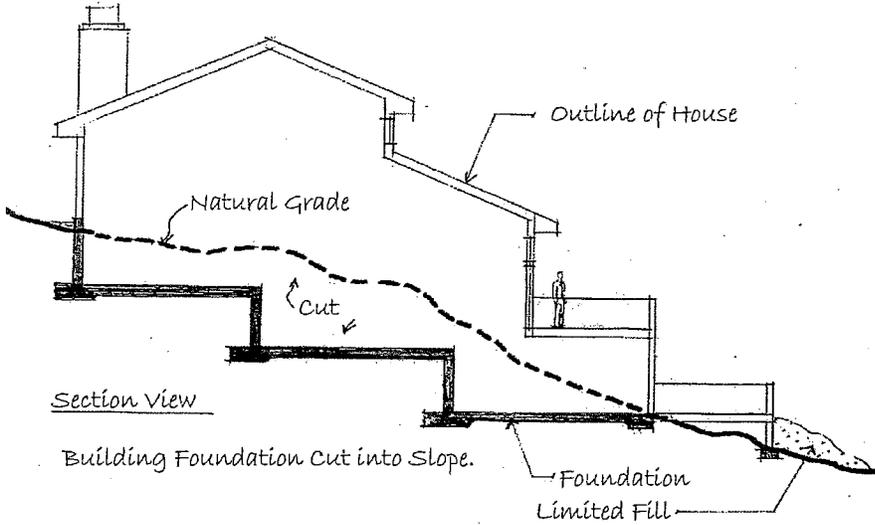


Figure 37. Avoid exposed understory with large cantilevers supported by tall columns

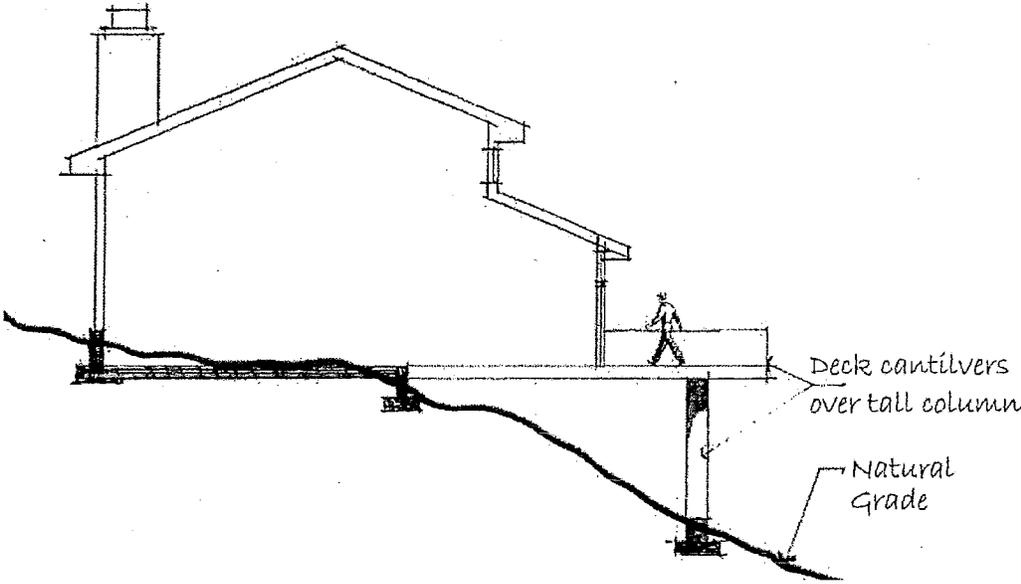
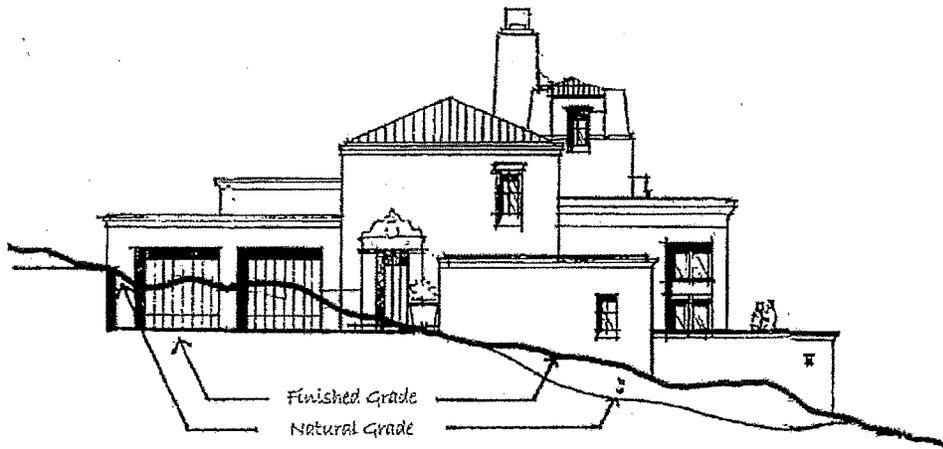


Figure 38. Vary Height of Building Elements



L. Solar Access

The City of Morro Bay encourages applicants to incorporate solar energy systems into their projects. Building placement and adjacencies should be considered such that they do not unreasonably affect solar access on neighboring properties. Solar panels and other roof mounted equipment can detract from the appearance of a home and appear obtrusive if not integrated into the design. The following policies should be considered when designing a solar system and when siting a home or addition:

1. For existing homes align solar equipment and panels with the underlying roof slope where feasible. Avoid panels with slopes that are different than that of the roof.
2. For new homes, the roof should be designed to accommodate future solar energy and hot water systems, taking into consideration orientation and slope.
3. Integrate the design of the equipment and panels into the design of the roof. Avoid a tacked on appearance.
4. Locate roof mounted solar equipment and panels below ridgelines and on sides of roofs away from street view wherever possible. Non-glare and non-reflective type panels should be utilized where possible.

5. The design and placement of roof mounted solar equipment and panels should account for heights of existing trees and future growth. This applies to both trees on-site and on neighboring properties.
6. Orient the massing of the home and roof forms away from the side yards of neighbors as much as possible to minimize blocking their solar access.
7. On flat roofs, set solar equipment back from the edge to reduce visibility.
8. Siting of new homes and additions should avoid shading existing solar systems and should take into consideration potential shading issues related to future solar installations on neighboring properties.
9. Minimize roof penetrations on South and West facing roofs.

M *Glossary.*

Bulk: The qualitative readily visible composition and perceived shape of a structures volume. Bulk is affected by variations in height, setbacks and stepbacks of upper stories.

Garage (Side Loaded): A garage with it entry doors located at an angle (usually a right angle) to the street which provides vehicular access to the garage.

Grading: Any excavation or filling of earth or combination of these activities.

Height Limit: The maximum allowed height of a structure as established by the Zoning Code utilizing an imaginary surface located at the allowed number of feet above and parallel to the existing grade.

Hillsides: Lands with slopes exceeding 15% slope

Mass: The three-dimensional form of a building

Roof Pitch: The angle of the sloped planes of a roof, often expressed in the rise in inches for every foot of horizontal distance, as in a 4 in 12 pitch.

Scale: Building elements and details as they proportionally relate to each other and to humans.

Setbacks: The horizontal distances a structure is held away from the adjacent property lines. Also use to describe the offset distance between horizontal or vertical planes of a structure.

Solar Access: The potential to receive adequate sunlight in order for certain areas of a dwelling or lot to catch the sun's energy.

Trellis: A horizontal light framework, freestanding or projecting from the face of a wall, use for the purposes of sun shading and/or support of vines or other vegetation.

City Council Goals and Objectives for 2018

These are the top priority objectives and action items for 2018, and constitute the main work plan for the City in Calendar Year 2018.

Goal #1: Financial Sustainability and Economic Sustainability					
Objective #1: Securing Financial Sustainability through a comprehensive review of costs reduction and revenue enhancement opportunities					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council Date/Completion	Current Status
a)	Develop a cost control and reduction plan to achieve cuts to maintain a structurally balanced budget, including, but not limited to a complete review of staffing levels and non-labor costs in all departments.	All	City Manager, Finance	Council approved balanced budget for FY 18/19.	Next step is reengage employee budget group, and conduct outreach to community.
b)	Develop a staff-internal emergency cost reduction plan to inform future fiscal emergencies.	All	City Manager, Finance	Will bring to City Council in the fall.	No progress to date, though FY18/19 Budget process will inform this action item.
c)	Consider for November 2018 ballot a Marijuana Tax with consideration for funding for the Utility Discount Program and other City needs.	City Manager, Public Works, Finance, City Attorney, Planning, Police, Fire	City Manager	Council approved a ballot measure for November 2018.	Will go to Morro Bay voters in November 2018 for consideration.
d)	Evaluate opportunities for new or expanded revenue sources, including but not limited to: paid parking, other tax measures and a review of City fees.	All	City Manager, Finance	The parking discussion will take place in the in the Fall 2018.	Some analysis complete on paid parking. No progress on other items.
Objective #2: Consider the proposed strategies in the Economic Development Strategic and Waterfront and Downtown Strategic Plans and act on those most likely to generate revenues in the near term.					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council Date/Completion	Current Status
a)	Bring to Council for information, consideration and possible implementation a review of circulation and parking management plans, wayfinding, and other options for the Waterfront and Downtown and other business districts.	Planning, Public Works, Harbor, City Manager, Finance, Tourism	Planning	This will be an on-going priority for staff. Parking item to come to Council in the Fall 2018.	Some analysis complete on parking; the wayfinding plan will be developed with the four business areas as part of the MOU with the Chamber of Commerce.
b)	Evaluate Memorandum of Understanding (MOU) with the Morro Bay Chamber of Commerce and other arrangements to further economic development objectives.	City Manager, Planning, Tourism, Harbor	City Manager	Council authorized the CM to enter into an agreement with the Chamber for these services in June 2018.	City and Chamber will begin business outreach in July 2018.
c)	City Council review proposal to modernize the Morro Bay Aquarium Site structure and operations.	City Manager, Planning, Harbor, City Attorney	Harbor	Item likely to come to City Council in Summer/Fall 2018.	On-going meetings with new Aquarium CEO.
d)	Establish Financial Partnership policy, and Lease site evaluation/audits on a 3-year rotating basis.	Harbor, Planning, City Manager, Finance	Harbor	Item will come to City Council in Fall 2018.	Packaged item to City Council, rolled into the Lease Management Policy update.
e)	Offshore Windfarm opportunity/proposal development and review.	Harbor, Planning, City Manager	Harbor	Item will come to City Council in Fall 2018.	Economic analysis complete. Outreach to federal agencies and fishermen community continues.
Objective #3: Miscellaneous Action Items Related to Financial Sustainability and Economic Development					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Overall evaluation of tourism, including Vacation Rentals & RV Parks Tourism Business Improvement District (TBID) Assessment options, ADR, overall tourism effort and effectiveness since the transition to the City, hotelier involvement, board functionality, and the annual financial report. Also include information on the partnership with VisitSLO BID.	Tourism, City Manager	Tourism	Staff will come back to City Council in the Fall of 2018 with recommendations regarding Vacation Rentals and performance metrics.	City Council reviewed TBID in May 2018, as part of the budget process.
b)	Improve internal management of homeless related issues (how the City coordinates internally and with partners on homeless issues).	Police, Fire, Public Works, City Manager	Police	Mostly an internal operational issue, though staff will bring items to Council as appropriate.	Staff reviewing best practices in homeless management.
c)	Community Choice Energy feasibility study.	City Manager	City Manager	City to review option to move forward with City of SLO in the Fall of 2018.	Council approved moving forward with a study in partnership with City of SLO. Staff working with City of SLO to select vendor and conduct feasibility study

City Council Goals and Objectives for 2018

Goal #2: Water Reclamation Facility (WRF) and OneWater Review and Implementation					
Objective #1: Water Reclamation Facility Project Review and Implementation					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Assign a budget for the WRF.	Finance, Public Works	Finance	Will provide Council with regular updates on the WRF budget.	Completed for FY18/19 Budget.
b)	Take appropriate selection action and bring to Council for approval, a contract for the design-build construction delivery of the new WRF.	Public Works	Public Works	Staff will return to Council for a contract review following the Prop. 218 process.	Council directed staff to negotiate with the preferred proposer in June 2018.
c)	Following CEQA guidelines, bring the WRF Environmental Impact Report (EIR) to Council for approval and certification.	Public Works, Planning, City Attorney	Public Works	Council will review EIR in August 2018.	Draft EIR completed in March 2018. Planning Commission/WRF Citizen Advisory Committee reviewed in early July. City Council to review in August 2018.
d)	Complete water/sewer rate study and bring to Council for Prop 218 process consideration any rate increase requirements to fund the proposed WRF	Public Works, Finance, City Manager	Public Works/Finance	Council to consider authorizing the Prop. 218 process at its July 10, 2018 meeting.	Draft rate study complete, reviewed by three advisory committees and City Council.
e)	Complete and submit the State Revolving Fund loan application with the State Water Control Board and Water Infrastructure Finance and Innovation Act (WIFIA) loan application with the U.S. Environmental Protection Agency (EPA) for the WRF project to secure subsidized loan financing for the project. Review and consider other state and federal funding.	Public Works	Public Works	Staff will submit WIFIA application in July 2018. SRF loan application will be submitted following completion of the Prop. 218 process and EIR process.	Council authorized staff to apply for the WIFIA loan at its June 28, 2018 Special meeting.
f)	Complete the acquisition of the preferred site for the WRF project.	Public Works, Planning, City Attorney	Public Works	Will bring purchase agreement to Council in the Fall 2018.	MOU with property owner in place cannot complete property acquisition until after EIR Certification.
g)	Review and update the Utility Discount Program and develop and implement a communication plan to increase public awareness of the water and sewer rate subsidization program for low-income individuals and families.	Public Works, Finance	Public Works	Staff directed to bring the item back for another consideration in July or August 2018.	Council adopted resolution for the Utility Discount Program at its June 13, 2018 Special meeting.
h)	Hire and onboard new Program Manager for the WRF project.	City Manager, Public Works	City Manager	Council to review the Program Management Budget sometime in Fall 2018.	City contracted with Carollo Engineers as Program Manager in April 2018.
Objective #2: OneWater Review and Implementation					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Bring to Council for consideration a "OneWater" plan for the City that considers all water resources – from storm water to groundwater to wastewater – as a single "water resource."	Public Works	Public Works	PWAB and Council to review the final plan in Summer/Fall 2018.	City Council reviewed OneWater Team water supply options and draft master plan for CIP projects.
b)	Engage business community and broader community in dialogue about water issues, including state water.	City Manager, Public Works, Tourism	Public Works	Will be an ongoing effort.	Water is part of broader outreach on the WRF project.
Goal #3: Public Infrastructure and Facility Maintenance and Improvement					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Inventory, evaluate and refresh existing programs for volunteer groups to assist in providing routine maintenance in the City, while soliciting and facilitating additional volunteer group support for routine maintenance and small capital projects.	Public Works, Harbor, City Manager, Recreation	Public Works	Adopt a Thing program approved by City Council.	Staff is implementing the program.
b)	Compete the approved RFQ process for a marine services facility (boatyard) and bring to Council for information and consideration of next steps prior to any decision on feasibility study.	Harbor, Planning, City Manager, Public Works	Harbor	Council consideration of financial feasibility Request for Proposal (RFP) in Fall 2018.	Staff and Harbor Advisory Committee developing financial feasibility RFP.
c)	Council review of "Adopt a Thing" policy and staff implementation of the policy and creation of the program.	Public Works, Harbor, Recreation, City Manager	Public Works	Program approved by City Council.	Staff implementing the program.

City Council Goals and Objectives for 2018

Goal #:4 Land Use Plans and Zoning Policies Updates					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Complete the General Plan/Local Coastal Plan rewrite.	Planning, City Manager	Planning	Staff will bring draft plans to Council for formal consideration in September 2018.	Coastal Commission staff is reviewing an administrative draft of the document.
b)	Complete the zoning code update, which includes a review of the Short-term Vacation Rental Policy and Secondary Unit (more commonly known as ADU or "Granny Unit") Ordinance.	Planning, City Manager, City Attorney, Finance	Planning	Staff will bring entire proposed zoning code update to City Council in September 2018 (including the Secondary Unit ordinance). Vacation Rental ordinance will likely come forward to Council in May 2018.	The zoning code is broken into 5 modules. Module 1 is complete (i.e. reviewed by Planning Commission). Module 2 is being updated based on recent PC input. An administrative draft of module 3 is being reviewed by staff. Module 3 includes the vacation rental policy.

Goal #:5 Improved Communication and Miscellaneous Priorities					
Objective #1: Improve Community Outreach and Communications					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Conduct an assessment of the City's communication and outreach effectiveness.	All	City Manager	No anticipated discussion with City Council at this time.	Professional review of city's communication and outreach efforts would cost approximately \$20k - \$30K.
b)	Improve website, including adding Water Reclamation Facility updates on the front of the website.	All	City Manager	This will not require City Council review.	On-going effort by City staff, as time allows.
c)	Enhance accountability of goals, objectives, measurements, progress and completion with consistency, and communicate progress on Council's Strategic Goals and Objectives.	All	City Manager	Staff is bringing a status report of the 2018 Goals and Objectives to City Council at the July 10, 2018 Council meeting.	Staff is developing a public friendly Goals and Objectives document to place on the City website.
Objective #2: Miscellaneous Action Items					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Create greater efficiencies and coordination with partners (community organizations)	City Manager, Recreation, Tourism, Public Works, Harbor	Recreation	Council to consider the Partnership Policy in Fall 2018.	Staff reviewing the Partnership Policy and related administrative policies.
b)	Implement Marijuana Ordinance.	All	City Manager	Council has already approved the ordinance.	The application period is now open. Staff will consider proposals in later Summer/early Fall 2018.

17.05.040 Supplemental Regulations

- A. **Paving.** The maximum amount of paving in street-facing yards is 50 percent of the required yard.
- B. **Residential Development.**
1. ***All Residential Development, Window Placement.*** Windows shall be offset to avoid direct sight lines into and from neighboring properties.
 2. ***Single Unit, Detached, Development.*** All detached single unit development on lots 5,000 square feet or more in size shall meet the following development standards.
 - a. ***Front Elevation Second Story Stepback.*** A minimum of 60 percent of the second story front elevation shall be setback a minimum of three feet from the first floor wall.
 - b. ***Building Massing.*** Two-story structures shall meet one of the following conditions:
 - i. The floor area of the second level shall not exceed 75 percent of the first level and the front and side elevation shall not be single solid planes; or
 - ii. A minimum of 25 percent of each building elevation shall be setback at least three feet from the remaining area of the elevational plane.
 3. ***Single Unit, Attached, and Multi-Unit Development.*** All attached single unit and multi-unit residential development shall meet the following development standards.
 - a. ***Building Design.*** Exceptions to the following building design requirements may be granted through Design Review approval where the review authority finds that adequate design features have been included to create visual variety and avoid a large-scale and bulky appearance.
 - i. **Entrance Orientation.** All units located along public rights-of-way shall have the primary entrance facing the right-of-way.
 - ii. **Entrance Projection or Recess.** Building entrances must have a roofed projection (such as a porch) or recess with a minimum depth of at least five feet and a minimum area of 30 square feet.
 - iii. **Maximum Building Length.** The maximum building length is 100 feet.

- iv. Roof Line. The roof ridge line at each elevation shall demonstrate an offset of at least 18 inches for each one to three units exposed on that elevation. Large, continuous roof planes are prohibited.
 - v. Window Trim or Recess. Trim at least two inches in width shall be provided around all windows, or window must be recessed at least two inches from the plane of the surrounding exterior wall.
 - vi. Façade Articulation. All street-facing façades shall have at least one horizontal or vertical projection or recess at least two feet in depth for every 25 horizontal feet of wall. If located on a building with two or more stories, the articulated elements must be greater than one story in height, and may be grouped rather than evenly spaced in 25-foot modules. Building entrances and front porches and projections into required yards such as stoops, bays, overhangs, fireplaces, and trellises may count towards meeting this requirement.
 - vii. Building Colors. Every building shall have at least two complementary colors.
- b. *Private Storage Space.* Each unit shall have at least 200 cubic feet of enclosed, weather-proofed, and lockable private storage space with a minimum horizontal dimension of four feet. The required private storage shall be accessible from the exterior of the structure and may be used for bicycle parking.
- c. *Pedestrian Access.* On-site pedestrian circulation and access shall be provided according to the following standards.
- i. Internal Connections. A system of pedestrian walkways shall connect all buildings on a site to each other, to on-site automobile and bicycle parking areas, and to any on-site open space areas or pedestrian amenities.
 - ii. To Circulation Network. Regular connections between on-site walkways and the public sidewalk and other planned or existing pedestrian routes shall be provided. An on-site walkway shall connect the primary building entry or entries to a public sidewalk on each street frontage.
 - iii. To Neighbors. Direct and convenient access shall be provided to adjoining residential and commercial areas to the maximum extent feasible while still providing for safety and security.
 - iv. To Transit. Safe and convenient pedestrian connections shall be provided from transit stops to building entrances.

v. Pedestrian Walkway Design.

- (1) Walkways shall be a minimum of five feet wide, shall be hard-surfaced, and paved with concrete, stone, tile, brick, or comparable material.
- (2) Where a required walkway crosses parking areas or loading areas, it must be clearly identifiable through the use of a raised crosswalk, a different paving material, or similar method.
- (3) Where a required walkway is parallel and adjacent to an auto travel lane, it must be raised or separated from the auto travel lane by a raised curb at least four inches high, bollards, or other physical barrier.

C. **Small Lot Single Unit Development.** Single-unit development located on lots less than the minimum lot size established for Residential Districts may be approved with a Conditional Use Permit subject to the following standards.

1. **Development Standards.** Small lot single unit development is subject to the development standards and supplemental regulations of the base zone district except as specified below.
 - a. **Maximum Density.** Density shall be determined by the base zone district; however, density shall mean the average density of the entire site, excluding property dedicated for a public purpose.
 - b. **Setbacks.**
 - i. Perimeter Setbacks. The minimum setbacks from the property lines on the perimeter of the small lot single unit development shall be the required setbacks of the underlying base zone.
 - ii. Interior Street Setbacks. The minimum setbacks from the back of sidewalk of any interior street or edge of pavement where there is no sidewalk shall be 18 feet to the garage door and 10 feet to any living area or covered porch.
 - iii. Side Yard Setbacks. The side yard setback shall be a minimum of three feet. For attached units, a minimum side yard setback of 10 feet shall be provided at the end of the row of the attached units.
 - iv. Rear Yard Setbacks. Rear yard setback shall be a minimum of 10 feet.
 - c. **Entrances.**

- i. Dwelling units that abut a public right-of-way or private street shall orient the primary entryway toward the street.
 - ii. Dwelling units located in the interior of the development shall orient the primary entryway toward and visible from a pedestrian pathway that is connected to a public right-of-way or private street.
 - iii. There shall be a minimum eight foot separation between the primary entryway of a unit and the adjacent building wall of a neighboring unit.
 - d. *Open Space.* Open space shall be provided pursuant to the open space requirements of the underlying base zone. In the RS and RL Districts, open space shall be provided pursuant to the open space requirements of the RM District.
 - e. *Parking.* Parking shall be provided in accordance with Chapter TBD, Parking and Loading, except that small lot single unit development of attached dwelling units shall be subject to the parking requirements for multi-unit residential.
2. ***Required Findings.*** A Conditional Use Permit for a small lot single unit development shall only be approved if the following findings are made in addition to any other findings required by this Code:
 - a. The development will result in a density that is no higher than otherwise permitted in the zoning district and open space standards that are no less than required for a similar development within the zoning district;
 - b. The design of the development provides for a comprehensive and harmonious arrangement of buildings, open spaces, circulation ways, parking, and development amenities; and
 - c. The project relates to the existing and planned land use and circulation plans of the community, and does not constitute a disrupting element in the development pattern of the neighborhood.



Morro Bay Design Guidelines

Residential



July 2015

Morro Bay Design Guidelines

Residential

Acknowledgements

City Council

Jamie Irons, Mayor
Christine Johnson, Councilmember
Noah Smukler, Councilmember
Matt Makowetski, Councilmember
John Heading, Councilmember

Planning Commission

Michael Lucas, Commissioner
Gerald Luhr, Commissioner
Richard Sadowski, Commissioner
Katherine Sorenson, Commissioner
Robert Tefft, Chairperson

City Staff

David Buckingham, City Manager
Scot Graham, Community Development Manager
Rob Livick, Public Works Director/City Engineer

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INTRODUCTION

Purpose of the Guidelines

The purpose of the Interim Design Guidelines is to maintain the high quality of the City of Morro Bay’s neighborhoods by developing reasonable, sound and objective guidance to assist residents, homeowners, and designers in identifying the key design features and components that define the character of a neighborhood that can then be utilized in designing new or remodeled single family homes.

Neighborhood compatibility is generally represented by how a neighborhood looks and feels. The basic features that help define a neighborhood include: landscaping, pedestrian routes, street improvements, building material, architectural style, home size, scale, bulk, proximity of homes to one another, building height, and setbacks.

A majority of the neighborhoods in Morro Bay contain a wide variety of architectural styles, which helps focus policy language on scale, height, bulk and consistency or integrity of the chosen architectural style.

The intent behind implementation of the Design Guidelines is to conduct design review on all single-family construction (additions included). The Guidelines are meant to implement the neighborhood compatibility policies found in the General Plan and Local Coastal Plan and as such, serve as a basis to provide consistent design review by both City Staff and the Planning Commission.

By applying the Design Guidelines as part of the project review process, the City of Morro Bay, has the opportunity to provide positive, constructive direction to development within the City. The Design Guidelines can save time, facilitate a positive response to community concerns about development proposals, avoid divisive controversy, reduce unnecessary delays and expenses, and most importantly, achieve high quality designs and more livable neighborhoods.

Single-Family Design Guidelines

The following guidelines are not meant to encompass the entire range of design possibilities, but instead are meant to provide basic guidance as to what is expected when development is proposed. The policies are not meant to discourage innovative designs nor encourage any specific style or design concept. Variations from the Guidelines will be considered when proposed project elements provide for a better project than would be possible adhering to the specific direction provided within the Guidelines.

Design Guidelines

A. Relationship to Homes in Immediate Neighborhood

1. The overall design of the home should pay particular attention to the adjacent homes while remaining visually compatible with the immediate neighborhood.
2. Maintain architectural integrity with design and material consistency on all facades.
3. When replacing or changing the exterior materials, use materials compatible with homes in the surrounding area.
4. Entryways or features, such as front doors and porches should be visible from the street. Use of tall walls, fences, landscaping or other design elements that block view of the entry should be avoided.

Utilize Figure 1 below when determining what constitutes the immediate neighborhood within a standard subdivision. For consideration of neighborhood compatibility, greater weight should be given to the character of existing development closer to a proposed project than to more distant portions of the neighborhood. In some situations, factors may be present which require a definition of the immediate neighborhood that differs from that determined by use of the 500-foot radius. Examples include, but are not limited to, location and visibility of the home being built/modified. ***If questions arise regarding what constitutes the “Immediate Neighborhood,” then please consult City Staff.***

Figure 1. Immediate Neighborhood Map Example (500 Foot Radius).



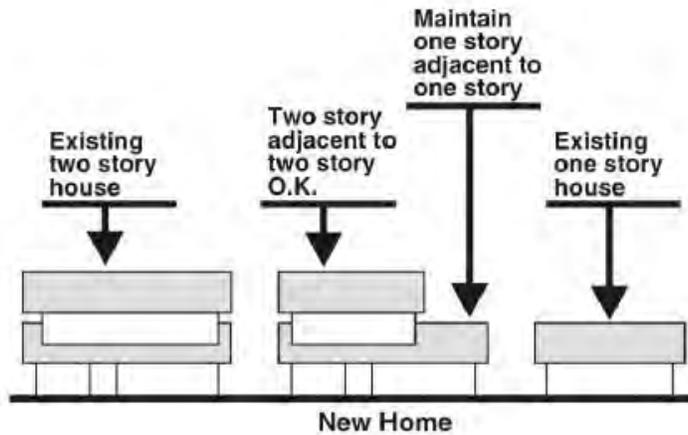
B. *Scale and Mass*

Building scale refers to the proportional relationship of a structure to objects/structures next to it. Mass is basically the size of a structure.

1. Proposed new construction or remodeling projects should be consistent with the overall pattern of perceived scale and mass in the surrounding neighborhood. Compatibility cannot be achieved merely by

demonstrating other selected residences nearby may be similar in size or larger than the proposed project, particularly if the selected examples are atypical of the neighborhood or at a distance from the proposed project. The apparent size, scale, and mass of a proposed project can be affected by thoughtful design, appropriate siting on the lot, landscaping, and other factors as well as by the actual size of the residence.

Figure 2. Placement options for second story when adjacent to single story home



2. The perceived scale, mass, and design should be appropriate to the original home.
3. Blocks where single-story houses or small two-story homes are the predominant block pattern, a second story may require special attention. Scale may be minimized by employing one or more of the following techniques:
 - a. Limit the house profile of the expanded or new home to an area generally consistent with the profiles of the existing homes.
 - b. Setting the second floor back from the front and sides of the first story a distance sufficient to reduce apparent overall scale of the building.
 - c. Limit the size of the second story relative to the first story.

- d. Increase the front and/or side setbacks for the entire structure.
- e. Place at least 60 to 70 percent of the second floor area over the back half of the first story.
- f. Slope the new roof away from the adjacent homes.
- g. Incorporate the second story into the roof.

Figures 3 & 4 demonstrate incorporation of second floor into the roof helping to relate larger homes to smaller neighbors



Figure 4.



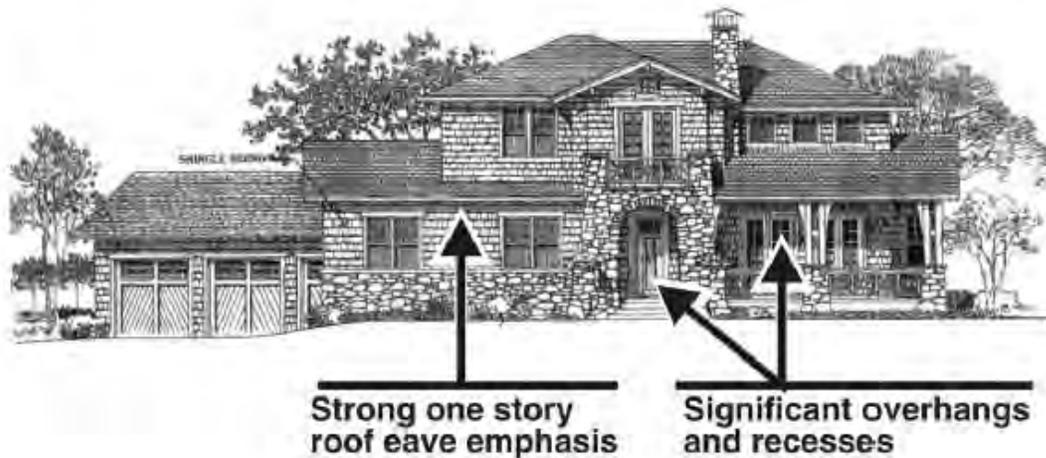
Figure 5. Second floor is pulled into the center of the roof providing a setback from the building edges helping to maintain adequate space, light and sense of openness to the adjacent residences.

C. Surface Articulation

Residences should be designed with relief in building facades. Long unarticulated wall and roof planes should be avoided, especially on two-story elevations.

1. Changes within the wall and roof planes can be accomplished when one of the forms is setback several feet or when a gable end fronts the street and through the use of porches that run across the street-facing elevation of the home.
2. Changes within the wall and roof planes can also be achieved through the use of various textures and materials. This can be seen in the use of horizontal wood lap siding, wood trim around windows and doors, shingle textures on the roof, deep recessed entries, use of roof segments separating the first- and second-floor facades.

Figure 6. Changes in wall plane and second-floor step backs are utilized, as well as a mix of materials and use of recessed areas help achieve relief in the building facade



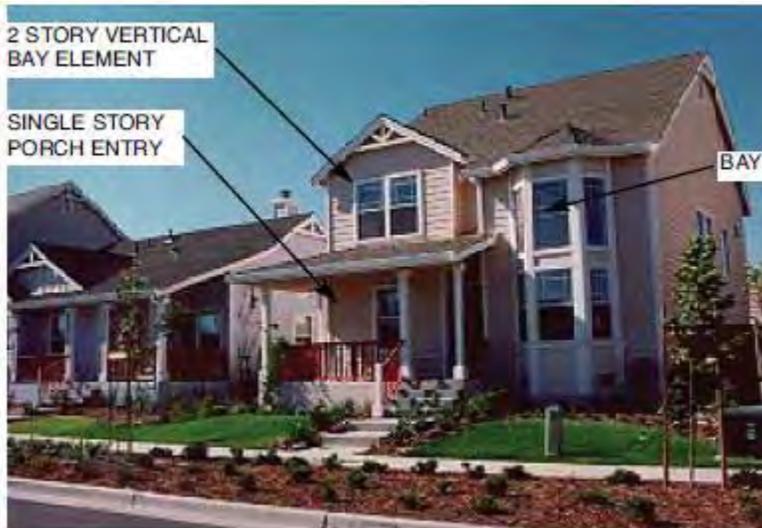


Figure 7. Design exhibits use of differing wall planes, two story entry element and covered porch to break up the front facade.

D. Building Orientation

1. Residences should contain visible front entryways, in scale with neighboring properties and oriented toward the public street.



Figure 8. Avoid exaggerated tall entries like this

Figure 9 & 10. Avoid formal entries in neighborhoods with informal homes (Figure 9) and in neighborhoods where entries are located under roof eaves as shown in the ranch style (Figure 10).



2. New/remodeled structures should not present height or bulk at front and side setback lines which is significantly greater than those of the adjacent homes.



Figure 11. Homes with differing bulk and massing along front facade

3. Homes should be located on the lot in a similar manner as adjacent homes and within the applicable setback requirements.



Figure 12. Homes with similar setbacks on the street frontage

4. In cases where setbacks are similar in the neighborhood, new homes should match those of adjacent homes.
5. Where adjacent homes have differing setbacks, the setback of the new home should be the average of the two on either side.

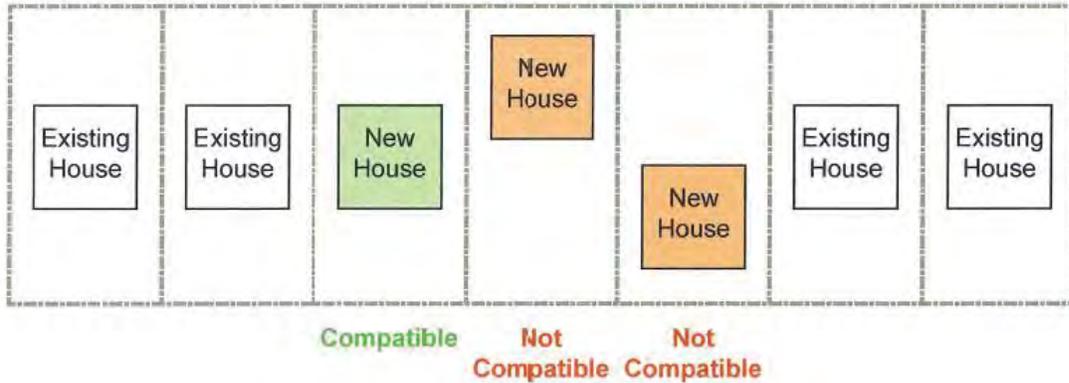


Figure 12a. In neighborhood where existing homes have consistent setbacks, new construction should match the siting of adjacent homes.

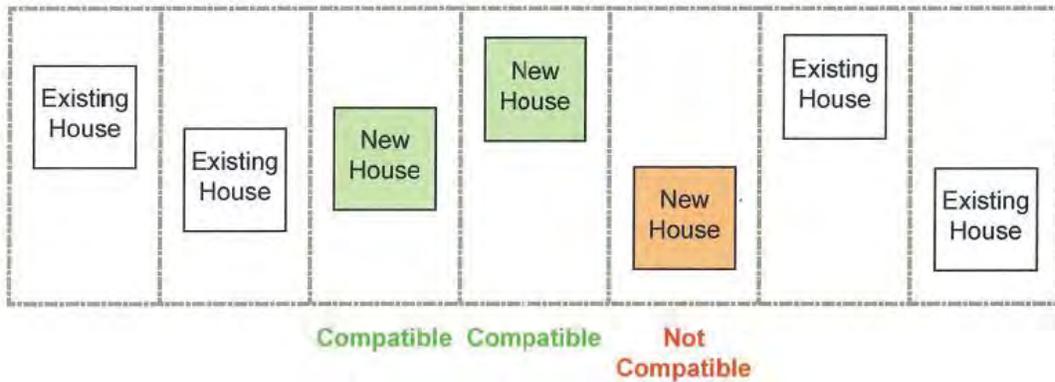


Figure 12b. In neighborhoods where existing homes have varied setbacks, the siting of new construction should be equal to or greater than the average setback of adjacent homes.

Exception to Averaging: Where the adjacent lots have a nonconforming setback, the applicant may have the option of conforming to the required zoning setback. In some instances, a varied setback from the neighborhood pattern may be necessary or appropriate (such lot constraints include topography, trees, creeks, lot size and Environmentally Sensitive Habitat).

E. Garage and Driveway Design

In most cases, the curb appeal and livability of a home will be enhanced if the living area, rather than the garage is the most prominent feature of the front façade. Garage doors can have a noticeably negative impact to the street facing elevation of a home and, cumulatively on appearance of a neighborhood. To reduce the prominence of garages and driveways, home designs should to the extent feasible, reflect a careful consideration of the following principles:

1. Garages placed along the front elevation of a home should not exceed 50% of the linear front elevation width where possible. The remainder of the front elevation should be devoted to living area or a porch.
2. Garages exceeding 50% of the linear front elevation should include one or more of the following design options:
 - a. Recess garage from the front wall of the house a minimum of 5'
 - b. Provide an entry porch trellis extending in front of the face of the garage.
 - c. If the garage is the dominant feature from the street frontage, then it should be designed with architectural and visual interest.

Figure 13. Limiting driveway width of garages and setting them back from the front façade can minimize visual impact



Figures 14 – 18 provide examples of Decorative Garage Door ideas:

Figure 14.



Figure 15.



Figure 16.



Figure 17.



Figure 18.

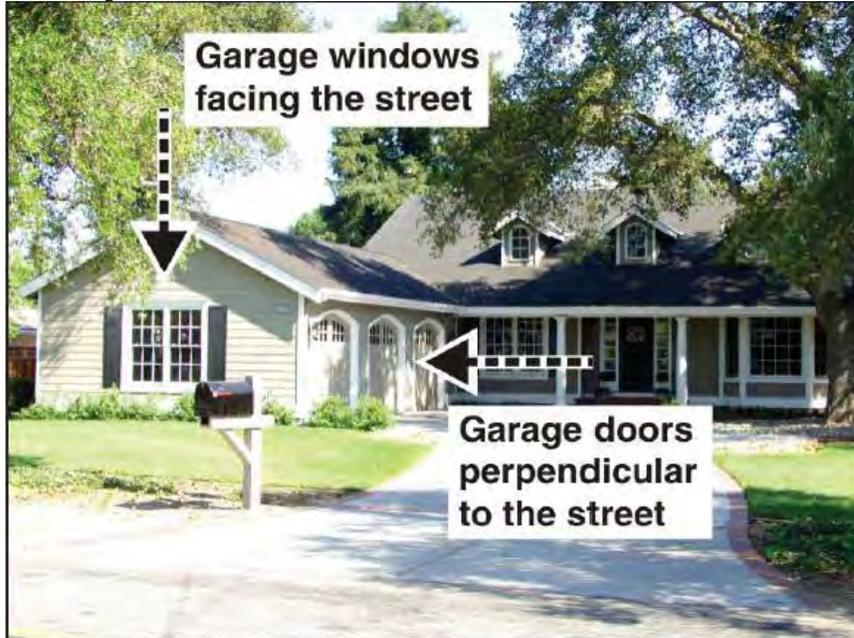


3. Garage entries should be oriented away from the street where possible. This can be accomplished through placement of the garage at the rear of property or through use of a side loaded garage (see figures 19 & 20).

Figure 19. Narrow driveway with garage located toward the rear of the property



Figure 20. Side loaded garage help minimize the visual impact of larger garages on the streetscape

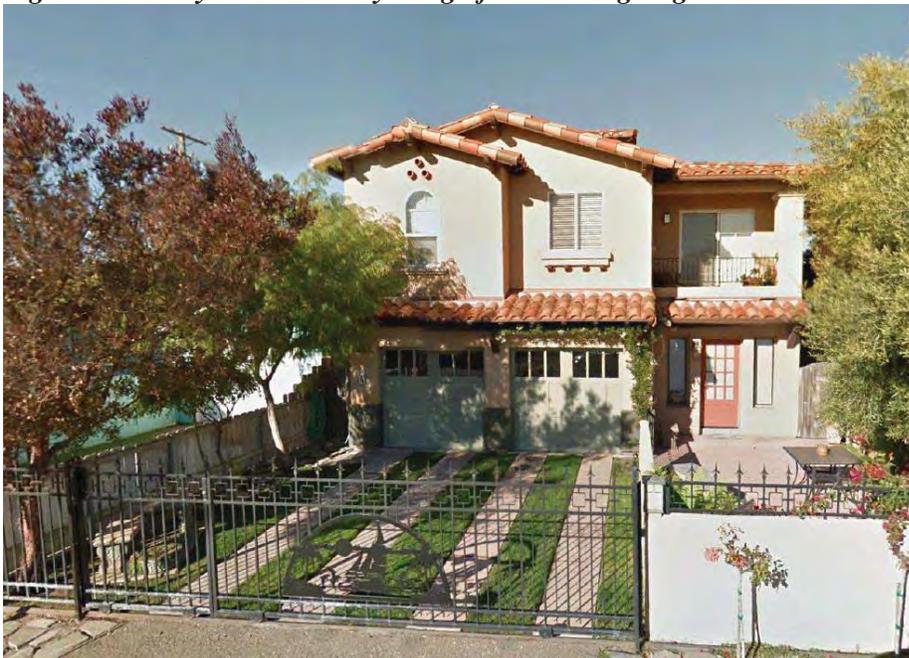


4. Mitigate the impact of driveways on the streetscape by:
 - a. Limiting width of curb cuts to the minimum size needed to access the garage. This preserves on street parking and reduces paving in the front yard.
 - b. Utilizing decorative paving materials, permeable pavers or special patterns or colors to break up paved driveway areas in front setbacks (See figures 23 – 27).
 - c. Utilizing single width driveways or make use of “Hollywood” driveways (See figures 21 & 22).

Figure 21. Hollywood Driveway Design for single car garage



Figure 22. Hollywood driveway design for two car garage



Figures 23 – 27 provide examples of permeable paver drive options

Figure 23.



Figure 24.



Figure 25.



Figure 26.



Figure 27.



5. Other similar features as approved by the review authority.

F. Building Materials

Building materials should be consistently applied and shall be harmonious with adjacent materials (see Figures 28 & 29). Piecemeal and frequent changes in building materials should be avoided.

1. When using a mix of material, avoid using too many materials.
2. Avoid using an even split of materials (*i.e.* 50/50) on facades.
3. It is preferred to have one material as the dominant surface with the second material utilized in a lesser or accent role.

Figure 28. Example of utilizing a mix of materials.

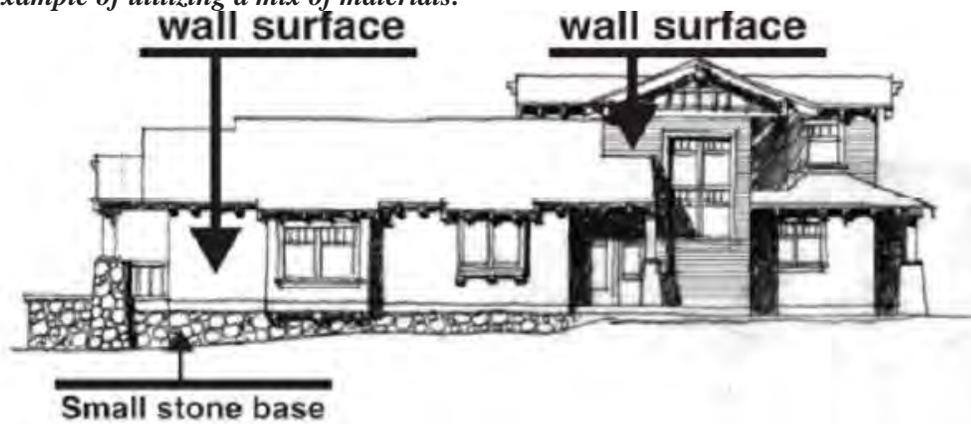


Figure 29. Use of complimentary building materials and color palette enhances building design



G. Architectural Elements

The architectural elements of a building include openings, doors, windows and architectural features such as roof elements, columns and dormers.

1. Architectural elements within the design should be in proportion to the overall home design.
2. Architectural elements should reflect the habitation and internal and external use of the structure.
3. For most traditional styles architectural elements should be balanced on

the building elevations. One option to achieve balance is through the vertical and horizontal alignments of the elements.

4. When the architectural style of a residence does not call for symmetry, creative asymmetric placement of architectural elements may provide for dramatic interest.

Figure 30a. Some architectural styles require simple shapes and formal symmetry of the door and windows



Figure 30b. Creative Asymmetric Placement of Architectural Elements

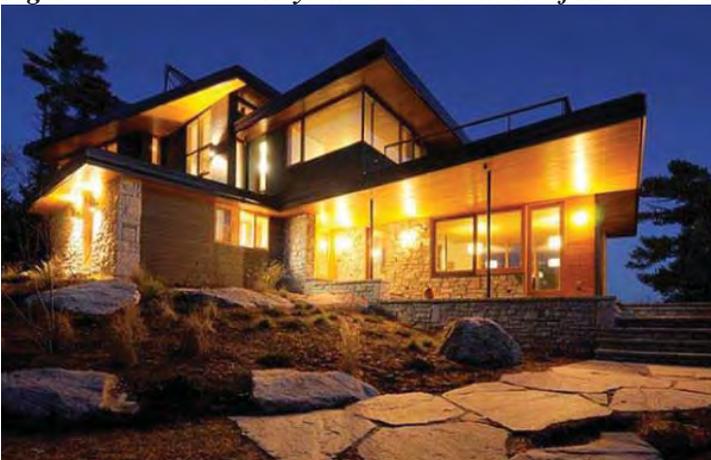


Figure 31. Avoid too many building elements competing for attention



H. Additions to Existing Homes

1. The design of the addition should be consistent with the materials and architectural elements utilized in the existing home and adjacent neighborhood. If differing materials or styles are chosen for the addition they should be complimentary in nature.
2. Second floor additions should integrate into the overall design of the home. The addition should look like an original part of the home.

Figure 32. Original single story home



Figure 33. Incorporating a second floor addition into the roof adds the desired space while respecting the integrity of the existing house and the scale of the neighborhood.



3. Rooflines of the addition should be compatible with the roof slope of the existing house.

4. New windows and other architectural elements should be compatible with the shape, pattern, style, color and materials of the original architectural elements. If all windows are replaced, then the new windows should be compatible with the architectural style of the home.

Figure 34. Addition incorporated into the roof, but roofing material is not consistent with architectural style of the existing residence.

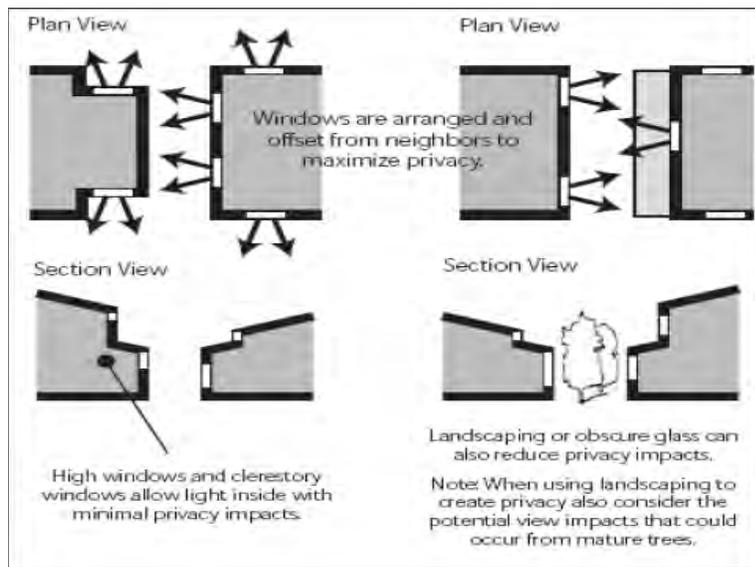


I. Privacy. Minimize privacy intrusions on adjacent residences.

While it may not be possible to ensure complete privacy between homes, given the small lot sizes in the City, designs should attempt to lessen the impact. Options for reducing privacy conflicts are noted below:

1. Windows should be placed so as to minimize views into the living spaces and yard spaces near neighboring homes. In particular, window placement in the side wall of a home should be offset to avoid looking directly into a neighboring room.
2. Decks and balconies should be designed and located with consideration given to the privacy of adjoining properties.
3. Other options for reducing privacy impacts between neighboring residences include: application of appropriate landscaping, use of smaller windows, designing sill height above eye level or utilizing frosted or textured glass to reduce visual exposure.

Figure 35. Design options for reducing privacy impacts



J. Landscaping

Residential landscaping should include the following:

1. Drought tolerant plant species that require little to no fertilizer, herbicides, and pesticides.
2. Plants appropriate for the sites characteristics; sun exposure, wind, soil moisture, and existing vegetation.
3. Non-invasive plant species, particularly near creeks, drainages or existing native vegetation. Plantings should be sited such that they will not interfere with onsite utility lines, including water and sewer lines.
4. Siting of trees to avoid unnecessarily obstructing views from adjacent properties. In view sensitive areas, proposed trees should be chosen that do not exceed a mature height that exceeds the maximum building height of the zone district. Proposed trees should also be continuously maintained at a height that does not exceed the maximum permitted height of the zone district. Existing mature trees are exempted from this policy.
5. Street trees should be chosen from the City's approved street tree list.

6. Mature landscaping should be preserved where possible, paying special attention to the preservation of mature healthy trees.
7. Efficient drip irrigation systems that make use of soil moisture meters, and rain and wind shutoff devices to reduce water consumption.

K. Hillside Development

The hillside development guidelines apply to properties with lot sizes 5,000 square feet or greater and with slopes exceeding 15%. The intent of the following policies is to preserve, enhance and protect the visual quality of the Morro Bay hillside areas. Project design should take into consideration the site's natural features, topography, visual character, unique qualities and surrounding environment:

1. Step the building up or down the hill (see Figure 36).
2. Set the structure into the hillside topography while also balancing or limiting the amount of grading, beyond the footprint, to avoid erosion and visual impacts (see Figure 36).
3. Step back the taller portions of the structure to reduce the appearance of height.
4. Minimize exposed foundations, underfloor areas, and downhill cantilevers when structurally feasible and avoid use of tall support columns utilized for support of overhanging areas (see Figure 37).
5. Vary height of building elements (See figure 38)

Figure 36. House cut into slope and stepped into the hillside

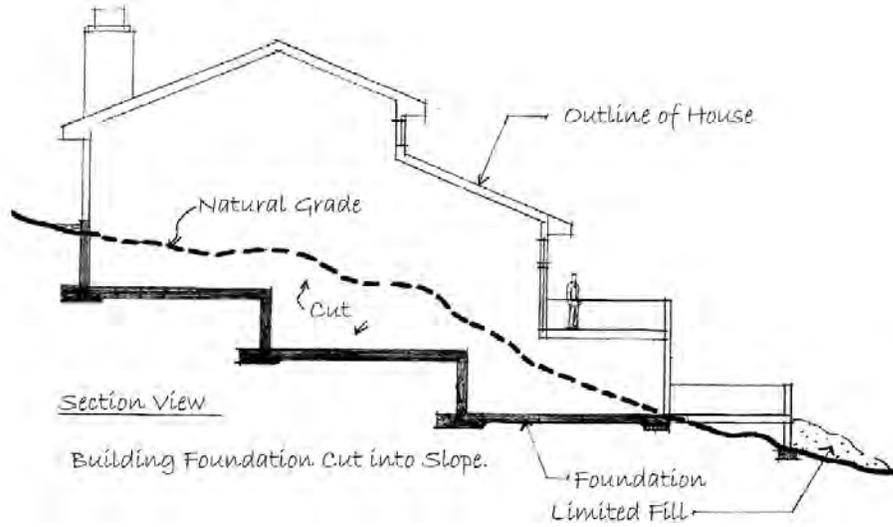


Figure 37. Avoid exposed understory with large cantilevers supported by tall columns

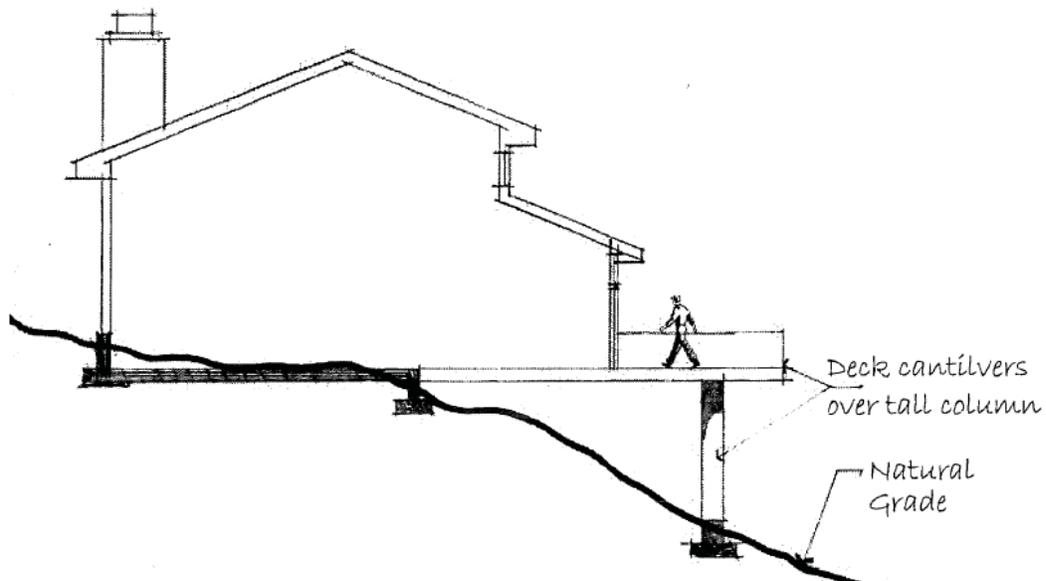
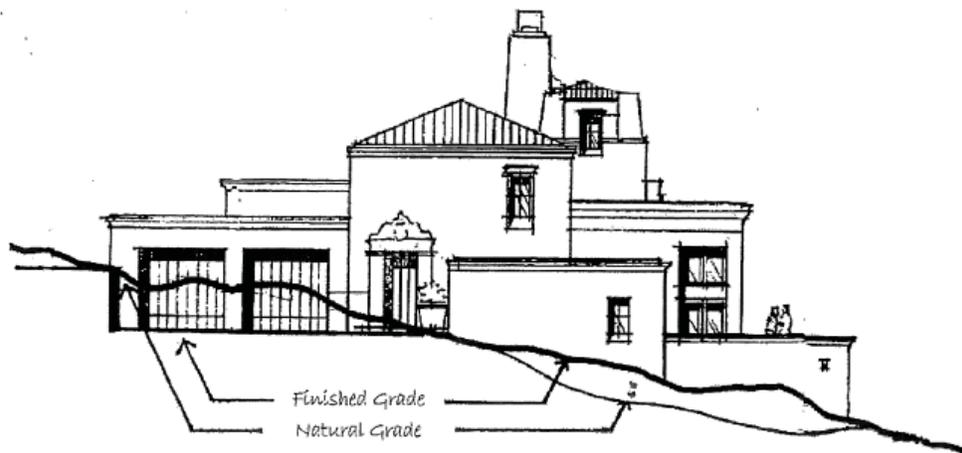


Figure 38. Vary Height of Building Elements



L. Solar Access

The City of Morro Bay encourages applicants to incorporate solar energy systems into their projects. Building placement and adjacencies should be considered such that they do not unreasonably affect solar access on neighboring properties. Solar panels and other roof mounted equipment can detract from the appearance of a home and appear obtrusive if not integrated into the design. The following policies should be considered when designing a solar system and when siting a home or addition:

1. For existing homes align solar equipment and panels with the underlying roof slope where feasible. Avoid panels with slopes that are different than that of the roof.
2. For new homes, the roof should be designed to accommodate future solar energy and hot water systems, taking into consideration orientation and slope.
3. Integrate the design of the equipment and panels into the design of the roof. Avoid a tacked on appearance.
4. Locate roof mounted solar equipment and panels below ridgelines and on sides of roofs away from street view wherever possible. Non-glare and non-reflective type panels should be utilized where possible.

5. The design and placement of roof mounted solar equipment and panels should account for heights of existing trees and future growth. This applies to both trees on-site and on neighboring properties.
6. Orient the massing of the home and roof forms away from the side yards of neighbors as much as possible to minimize blocking their solar access.
7. On flat roofs, set solar equipment back from the edge to reduce visibility.
8. Siting of new homes and additions should avoid shading existing solar systems and should take into consideration potential shading issues related to future solar installations on neighboring properties.
9. Minimize roof penetrations on South and West facing roofs.

M. Glossary.

Bulk: The qualitative readily visible composition and perceived shape of a structures volume. Bulk is affected by variations in height, setbacks and stepbacks of upper stories.

Garage (Side Loaded): A garage with it entry doors located at an angle (usually a right angle) to the street which provides vehicular access to the garage.

Grading: Any excavation or filling of earth or combination of these activities.

Height Limit: The maximum allowed height of a structure as established by the Zoning Code utilizing an imaginary surface located at the allowed number of feet above and parallel to the existing grade.

Hillsides: Lands with slopes exceeding 15% slope

Mass: The three-dimensional form of a building

Roof Pitch: The angle of the sloped planes of a roof, often expressed in the rise in inches for every foot of horizontal distance, as in a 4 in 12 pitch.

Scale: Building elements and details as they proportionally relate to each other and to humans.

Setbacks: The horizontal distances a structure is held away from the adjacent property lines. Also use to describe the offset distance between horizontal or vertical planes of a structure.

Solar Access: The potential to receive adequate sunlight in order for certain areas of a dwelling or lot to catch the sun's energy.

Trellis: A horizontal light framework, freestanding or projecting from the face of a wall, use for the purposes of sun shading and/or support of vines or other vegetation.

RESOLUTION NO. 81-18

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ADOPTING RESIDENTIAL DESIGN GUIDELINES**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City Council, on July 14, 2015, adopted Resolution 52-15 approving initial use of Interim Residential Design Guidelines for a period of 12-months; and

WHEREAS, the City Council, on October 11, 2016, adopted Resolution 70-16 extending use of the Interim Residential Design Guidelines for a period of 24-months and providing direction that the Planning Commission be included in the update of the Guidelines; and

WHEREAS, the Planning Commission, on August 7, 2018 reviewed the Interim Residential Design Guidelines and recommended to Council that the Guidelines be reauthorized permanently, that the Guidelines be maintained as a separate standalone permanent document and that Staff be directed to work with the Planning Commission on updating the Guidelines within the next 24-months; and

WHEREAS, the Residential Design Guidelines are necessary to implement the neighborhood compatibility policies found in the General Plan and Local Coastal Program; and

WHEREAS, the City is in the process of updating its General Plan, Local Coastal Program, and Zoning Code including update of Residential Design Standards and policies in both the General Plan/Local Coastal Program and Zoning Code; and

WHEREAS, the Residential Design Guidelines are to be applied to both additions to existing single-family residences and to the development of new single-family homes; and

WHEREAS, the City Council has duly considered all evidence, including public comment by interested parties, and the evaluation and recommendations by staff, presented at its meeting on October 9, 2018.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

Section 1: Findings. Based upon all the evidence, the City Council adopts the following finding:

California Environmental Quality Act (CEQA)

The Residential Design Guidelines fall within the General Rule CEQA exemption, subsection 15061(b)(3) of the State CEQA Guidelines, which states where it can be seen with certainty there is no possibility the activity in question may have a significant effect on the environment that the activity is not subject to CEQA. The Residential Design Guidelines fall within that category because the document is intended to improve the quality of the built environment by including guidelines and consideration

which, taken together, will improve project design and allow new development to better fit in with their local neighborhood character. The Residential Design Guidelines do not promote new development, nor do they permit a higher density than is otherwise allowed by the General Plan, Local Coastal Program, and Zoning Code. They also do not remove, alter, or supplant any existing review processes, required findings, or zoning overlays. Rather the Residential Design Guidelines provide a way for decision makers and community members to consider certain aesthetic and other design considerations which may protect and improve the built environment as part of the existing discretionary approval process.

Section 2. The City Council hereby approves permanent use of the Residential Design Guidelines and directs future residential projects and actions be developed and evaluated using the guidance within the document. In addition, Council directs staff to return during the FY 19/20 goal setting process with an item for consideration for update of the Residential Design Guidelines.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 9th day of October 2018 on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST

DANA SWANSON, City Clerk

**A PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA
DECLARING OCTOBER 7TH - 13TH, 2018 AS NATIONAL FIRE PREVENTION WEEK, AND
RECOGNIZING THE MORRO BAY FIRE DEPARTMENT'S PARTICIPATION IN THE 2018 SAN LUIS OBISPO
COUNTY FIRE CHIEF'S BURN RELAY ON OCTOBER 11, 2018, SUPPORTING THE ALISA ANN RUCH BURN
FOUNDATION AND FIREFIGHTERS IN SCHOOL EDUCATION PROGRAM (FISE).**

**CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay, California is committed to ensuring the safety and security of all those living in and visiting Morro Bay; and

WHEREAS, fire is a serious public safety concern both locally and nationally, and homes are the locations where people are at greatest risk from fire; and

WHEREAS, home fires killed 2,735 people in the United States in 2016, according to the National Fire Protection Association (NFPA), and fire departments in the United States responded to 352,000 home fires; and

WHEREAS, in the City of Morro Bay on an average over 50% of homes do not have properly working smoke detectors and 100% of all residential structure fires this year in the City of Morro Bay had no working smoke detectors and

WHEREAS, almost three of every five home fire deaths resulted from fires with no working smoke alarms, Morro Bay's residents should install smoke alarms in every sleeping room, outside each separate sleeping area, and on every level of the home; and

WHEREAS, Morro Bay's residents should listen for the sound of the smoke alarm and when it sounds respond by going outside immediately to the designated meeting place; and

WHEREAS, Morro Bay's residents who have planned and practiced a home fire escape plan are more prepared and will therefore be more likely to survive a fire; and

WHEREAS, Morro Bay's first responders are dedicated to reducing the occurrence of home fires and home fire injuries through prevention and protection education; and

WHEREAS, Morro Bay's residents are responsive to public education measures and are able to take personal steps to increase their safety from fire, especially in their homes; and

WHEREAS, the 2018 Fire Prevention Week theme, "Look. Listen. Learn. Be aware – fire can happen anywhere™" effectively serves to remind us that we need to take personal steps to increase our safety from fire; and

WHEREAS, Morro Bay Fire Department personnel will participate in the San Luis Obispo County Fire Chief's Burn Relay on October 11th educating up to 8,000 school age children and raise donations to send juvenile burn survivors to Alisa Ann Ruch Burn Foundation's summer camp; and

WHEREAS, the Morro Bay Fire Department will participate in partnership with the Alisa Ann Ruch Burn Foundation in the Firefighters In Safety Education (FISE) program at Del Mar Elementary educating 500 children in fire safety and home escape plans; and

NOW, THEREFORE, the City Council of Morro Bay do hereby proclaim October 7-13, 2018, as Fire Prevention Week throughout this community and urge all people of Morro Bay to be aware of their surroundings, look for available ways out in the event of a fire or other emergency, respond when the smoke alarm sounds by exiting the building immediately, and to support the many public safety activities and efforts of Morro Bay's fire and emergency services during Fire Prevention Week 2018.

IN WITNESS WHEREOF I have here unto set my hand and caused the seal of the City of Morro Bay to be affixed this 9th day of October 2018

Jamie L. Irons, Mayor
City of Morro Bay, California

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**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY DECLARING
OCTOBER 2018 BREAST CANCER AWARENESS MONTH
AND HONORING THE CENTRAL COAST SURVIVEOARS DRAGON BOAT TEAM**

**CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay is committed to raising awareness about breast cancer and the impact it has on our loved ones, friends, colleagues and community members; and

WHEREAS, thousands of women and men in our country are diagnosed with breast cancer each year; and

WHEREAS, a cancer diagnosis is a life changer and survivors face long term and life limiting effects of the illness and its treatments, including physical, emotional, psychosocial, legal, and financial issues; and

WHEREAS, the Central Coast SurviveOars Dragon Boat Team, a program of the Central Coast Dragon Boat Association, was founded in 2007, and has over 100 participants, composed of both cancer survivors and supporters, most of whom are breast cancer survivors; and

WHEREAS, the Central Coast SurviveOars Dragon Boat Team, through their programs, promote health and well-being for all cancer survivors and their loved ones while enjoying the sport of dragon boating in the Estero Bay; and

WHEREAS, the Central Coast SurviveOars Dragon Boat Team (or Central Coast Dragon Boat Association) has been a goodwill ambassador for the Central Coast of California and the City of Morro Bay by hosting an Invitational Dragon Boat Festival in Morro Bay in 2017, traveling to compete in Dragon Boat Festivals around the world, including Vancouver, Canada, and Szeged, Hungary, and hosting Team USA World Championship Tryouts in October 2018; and

WHEREAS, several Central Coast SurviveOars Dragon Boaters are currently facing grave cancer challenges;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay does hereby proclaim October 2018 as "Breast Cancer Awareness Month," and recognizes the important impact of the Central Coast SurviveOars Dragon Boat Team has on cancer survivors and supporters in our community.

IN WITNESS WHEREOF I have
hereunto set my hand and caused the
seal of the City of Morro Bay to be affixed
this 9th day of October 2018

Jamie L. Irons, Mayor
City of Morro Bay, California

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AGENDA NO: B-1

MEETING DATE: October 9, 2018

Staff Report

TO: Honorable Mayor and City Council **DATE:** September 27, 2018

FROM: Cindy Jacinth, Senior Planner, and Eric Endersby, Harbor Director

SUBJECT: **Adoption of Resolution No. 82-18 approving Concept Plan Conditional Use Permit No. UP0-509 for Harborwalk Plaza, 833 Embarcadero.** Project includes demolition/reconstruction of existing two-story visitor-serving commercial building to include a new 2-story 7,994sf mixed-use building with ground floor retail/restaurant and 8 boutique hotel rooms on the second floor, public access improvements, and replacement of existing side-tie dock and gangway, and; **Extension of Short-Term Lease Agreement between City of Morro Bay and TLC Family Enterprises for Lease Site 87-88/87W-88W, Located at 833 Embarcadero.**

RECOMMENDATION

Council adopt Resolution No. 82-18, making the necessary findings for approval of Conditional Use Permit (CUP) No. UP0-509 as Concept Plan approval, and approve extension of the short-term lease agreement with TLC Family Enterprises (TLC) for Lease Site 87-88/87W-88W, located at 833 Embarcadero.

ALTERNATIVES

Alternative 1. The City Council could move to modify or delete conditions of approval from the Planning Commission’s favorable recommendation.

Alternative 2. The City Council could move to deny the CUP request and direct staff to return to Council with a resolution memorializing that denial.

Alternative 3. The City Council could elect not to extend the lease agreement for Lease Site 87-88/87W-88W, which would provide only 17 days for staff to negotiate and execute a long-term lease agreement for the lease site. If Council opts for Alternative 2 above, however, then extension of the lease agreement will not be necessary as there will be no redevelopment project to memorialize in a new lease agreement. In that event, staff will require direction from Council with how to proceed with this lease site, since an approved Concept Plan will not have been approved and, therefore, the interim lease will be terminated.

FISCAL IMPACT: Positive fiscal impact anticipated: The proposed work is the result of a Request for Proposal (RFP) for the City lease site and subsequent lease negotiations between the Applicant and the City. The second floor of the structure is proposed as a hotel use, which would replace the existing underutilized second floor office use likely yielding higher lease site revenue due to transient occupancy taxes and tourist district assessments.

BACKGROUND

Off the Hook is an existing two-story, visitor-serving building with a mix of ground floor street-facing

Prepared By: <u> CJ </u>	Dept Review: <u> SG </u>
City Manager Review: <u> SC </u>	City Attorney Review: <u> JWP </u>

retail, vacant restaurant space, and second floor office space located on City lease site 87/88 and 87W/88W. The existing interim lease expires on October 26, 2018, or as extended by mutual agreement of the parties. As part of the RFP lease negotiations, the Applicant has proposed "Harborwalk Plaza," which would demolish and reconstruct the building as a new mixed-use building encompassing ground floor retail, restaurant space, yogurt shop, three public restrooms with the second floor constructed as an 8-room boutique hotel. The existing side-tie dock is proposed to be reconstructed along with the existing gangway. In addition, the open courtyard area on the north side of the building is proposed to be redesigned for enhanced public benefit, including a children's play area along with extension of the 10-foot wide Harborwalk across the bayside where currently no bayside lateral access exists.

The proposed project was reviewed by the Planning Commission on August 21, 2018, pursuant to Morro Bay Municipal Code (MBMC) section 17.40.030 (Planned Development overlay), which requires both a Concept and Precise plan for projects on publicly-owned land. The Planning Commission forwarded a favorable recommendation with conditions to the City Council for final consideration (PC Resolution 25-18, Attachment B). Attachment F contains the complete PC staff report, which discusses the project in greater detail, and online links to the PC staff reports are provided below on the last page of the staff report.

Regarding extension of the lease agreement, on April 1, 2018, TLC was granted a short-term lease agreement from the City Council for the lease site while its proposed project was undergoing Concept Plan review and permitting. That short-term lease was conditioned on TLC gaining Concept Plan approval by August 31, 2018, and successfully negotiating a new long-term lease to replace the short-term one by October 25, 2018, after Concept Plan approval was obtained from the City Council.

Due to no fault or cause of TLC, the Planning Commission hearing for the subject Concept Plan approval did not occur until August 21, 2018, and consideration for City Council approval not scheduled until tonight. An extension of TLC's short-term lease, therefore, is now reasonable and necessary.

Project Description:

As more fully described in the Planning Commission staff report (Attachment F), the project proposes numerous upgrades to both the existing building amenities and the courtyard area. Specifically, the proposed 7,994sf two-story building would on the first floor include two separate street-facing retail spaces, bayfront restaurant space, a yogurt shop opening onto the courtyard, three public restrooms accessed from both the north and south sides of the building. On the second floor, eight boutique hotel rooms are proposed ranging in size from 248sf to 449sf with room balconies on the north and west sides of the building. Guest check-in for the hotel rooms would be done in one of the 1st floor retail spaces.

In the courtyard area, which also serves as the required 22.5-foot view corridor, the Applicant is proposing redesign of the children's playground area, installation of 10-foot bayside lateral access where none currently exists and outdoor public seating adjacent to the Harborwalk on both northwest and west sides of the building. In addition, the Applicant proposes reconstruction of the existing side-tie dock system to be shifted slightly to the north, removal of 9 wood piles and abandonment of 1 concrete pile. The line of the existing seawall is to remain in place, but will be repaired as noted on project plans.

DISCUSSION

At the August 21, 2018, Planning Commission (Commission) meeting, the Commission reviewed the project and adopted PC Resolution No. 25-18 (Attachment B) forwarding a favorable recommendation for approval to the City Council. The discussion by the Commission included the following topics: 1) the treatment of the proposed 10-foot Harborwalk lateral access and the outdoor dining proposed on the west side of the building and whether outdoor seating would be seen as private versus public; 2) view corridor requirements; 3) the proposed children's playground concept in the open courtyard area; 4) sidewalk width; 5) rooftop treatment; and 6) the proposed green features such as roof-top solar, grey-water, and rain-water reuse, LED smart lighting, and LEED certification. Since the green features and pursuit of LEED certification are proposed in support of the finding of significant public benefit, staff is recommending a condition of approval be added to require LEED certification (Planning condition 18). In addition, at the Commission meeting, the Applicant provided additional details to Commission on the proposed children's play area (Attachment D).

The Commission's deliberation resulted in two conditions being added, which are included in Resolution No. 82-18, as Planning Conditions 19 and 20:

19. Outdoor table areas shall be delineated with differential paving material in order to distinguish between public and private seating areas. The outdoor tables shall be delineated at both the west side of the building adjacent to the 10-foot width of Harborwalk as well as the proposed tables at the northwest corner of the building adjacent to the view corridor which has a required width of 22.5 feet.

20. Reduce the depth of the proposed planter adjacent to the street sidewalk to increase sidewalk width. Information to be included on landscape plan to be provided with the Precise Plan submittal.

Since the Commission meeting, the Applicant has submitted an additional visual simulation from the top of the Centennial stairs, which better depicts the rooftop treatment of the proposed building including the rooftop garden boxes. No changes have been made to the plans submitted for City Council review from those plans reviewed by Commission. The additional visual simulation is shown both below and a full image is provided as Attachment C, which shows the project designed to be in keeping with the architectural character of the Embarcadero and overall ambiance to the waterfront area. The visual simulations from the Embarcadero are also included in Attachment C.



Environmental:

As discussed in the Commission staff report, previous eelgrass surveys performed by Tenera Environmental found no eelgrass growing in the proposed project area. The project will be subject to the California Eelgrass Mitigation (CEMP) policies for the work related to the removal of wood pilings and dock and gangway reconstruction and has been conditioned accordingly along with requirements for biological monitoring and project constructions best management practices (BMPs).

With implementation of BMPs incorporated into project conditions, the project is eligible for a categorical exemption under CEQA, Section 15302, Class 2b exempting replacement or reconstruction of commercial structures with new structures of substantially the same size, purpose, and capacity. In addition, none of the exceptions found in CEQA Section 15300.2 apply to this project.

Lease Extension:

If the Council approves TLC's Concept Plan, as-proposed or modified tonight, then in order to honor the 55-day period currently provided for in the short-term lease agreement for TLC to negotiate and execute a new long-term lease agreement after Concept Plan approval is obtained, an extension to December 3, 2018 is necessary and warranted. Because, however there is currently no second City Council meeting scheduled in November, and only one in December on the 11th, staff recommends TLC's short-term lease be extended to December 11, 2018, with that date replacing October 25 in regard to all aspects of the short-term lease's current expiration date. The amendment to the short-term lease will also include an extension of the date by which Concept

Plan approval would be required. The existing deadline was August 31, 2018. As stated previously, due to no fault of TLC that was not met, and therefore, it is reasonable to extend the date to the date of this meeting.

Finally, TLC's short-term lease does provide for extension by mutual agreement of the City and TLC, which extension TLC has requested.

CONCLUSION

The Harborwalk Plaza project is proposed to revitalize an existing underutilized commercial visitor-serving building and add new hotel accommodations to the waterfront area consistent with the Waterfront Master Plan and the General Plan/Local Coastal Plan. (LCP). The proposed height of the building would be 25 feet, which is allowed in the Waterfront Master Plan with a finding of significant public benefit via the planned development overlay (MBMC 17.40.030). The public benefit project components were reviewed by the Commission and include new public access amenities, such as outdoor public seating, remodeled courtyard area with expanded children's play area, 3 public restrooms, educational and ecological exhibits, and viewfinder/periscope along the Harborwalk. In addition, as required by the LCP, the project will provide an important new connection to the City's Harborwalk by installing a new 10-foot wide section of bayside lateral access where no lateral access currently exists.

As recommended by the Commission at its August 21, 2018, meeting, the Commission has reviewed the Concept Plan and has forwarded a favorable recommendation with added conditions for final approval by City Council. The attached Council Resolution No. 82-18 reflects the Commission's recommendation. As conditioned, the City Council can find for approval of the project as Concept Plan approval consistent with applicable provisions of the General Plan/ LCP, and Zoning Ordinance. The Applicant's next steps would be to seek a Coastal Development Permit (CDP) from the Coastal Commission, who has permit issuance authority for this location. Upon receipt of a CDP, the Applicant would then be required to obtain Commission Precise Plan approval of the CUP. Staff recommends Concept Plan approval of the project as conditioned.

ATTACHMENTS:

- A. City Council Resolution No. 82-18
- B. Planning Commission Resolution No. 25-18 (adopted August 21, 2018)
- C. Visual Simulations from Centennial Stairway & Embarcadero
- D. Children's Play Area sample info
- E. Plans/ Plan Reductions dated January 3, 2017
- F. Planning Commission staff report & exhibits, August 21, 2018

ONLINE DOCUMENTS

*Complete staff report & attachments for the 8/21/18 Planning Commission meeting available at the following link: <http://www.morro-bay.ca.us/ArchiveCenter/ViewFile/Item/4724>

RESOLUTION NO. 82-18

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA
APPROVING CONCEPT PLAN APPROVAL OF CONDITIONAL USE PERMIT (UP0-509) FOR
DEMOLITION AND RECONSTRUCTION OF A TWO-STORY BUILDING WITH 8 UNIT
BOUTIQUE HOTEL, RESTAURANT, RETAIL, PUBLIC ACCESS IMPROVEMENTS,
INCLUDING CHILDREN'S COURTYARD PLAY AREA AND RECONSTRUCTION OF NEW
SIDE-TIE DOCK SYSTEM AND GANGWAY, PILING REMOVAL/REPAIR,
AT 833 EMBARCADERO, HARBORWALK PLAZA
(CITY LEASE SITE 87/88 AND 87W/88W).**

WHEREAS, the Planning Commission of the City of Morro Bay conducted a public hearing at the Morro Bay Veteran's Hall, 209 Surf Street, Morro Bay, California, on August 21, 2018, for the purpose of considering a Concept Plan approval of Conditional Use Permit #UP0-509 ("the Project"); and

WHEREAS, the City's City Council conducted a public hearing at the Morro Bay Veteran's Hall, 209 Surf Street, Morro Bay, California, on October 9, 2018, pursuant to the Planned Development regulations (Morro Bay Municipal Code (MBMC) section 17.40.030), for the purpose of considering the Project for 833 Embarcadero, also known as the Harborwalk Plaza, in an area within the original jurisdiction of the California Coastal Commission; and

WHEREAS, notices of the public hearings were made at the time and in the manner required by law; and

WHEREAS, the City Council has duly considered all evidence, including the testimony of the Applicant, interested parties, and the evaluation and recommendations by staff, presented at said hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay as follows:

Section 1: Findings. Based upon all the evidence, the Council makes the following findings:

California Environmental Quality Act (CEQA)

- A. For purposes of the California Environmental Quality Act, Case No. UP0-509 is categorically exempt under Section 15302, Class 2b where under replacement of reconstruction of commercial structure with a new structure of substantially the same, size, purpose, and capacity is allowed for which the proposed Harborwalk Plaza project would qualify for an exemption. In addition, an eelgrass survey was performed on October 17, 2014 which found no eelgrass growing in the proposed waterfront project area. The Project will be subject to marine mammal monitoring during construction with implementation of best management practices (BMPs) as conditioned by Planning conditions 12-17. Additionally, none of the Categorical Exemption exceptions, noted under section 15300.2, apply to the Project.

Conditional Use Permit Findings

- A. The Project will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood in that demolition/reconstruction of mixed use two story building of 8 hotel units and ground floor retail, and restaurant uses with reconstructed dock system at 833 Embarcadero are permitted uses within the zoning district and said structures comply with all applicable project conditions and City regulations and is consistent with the City's Local Coastal Program.
- B. The Project will not be injurious or detrimental to property and improvements in the neighborhood and the general welfare of the City in that the proposed hotel use, new restaurant, retail, and children's outdoor play area along with reconstructed side-tie dock and gangway will provide a visitor-serving recreational opportunity which will provide additional benefit and improvement to a visitor-serving commercial use and is consistent with the character of the existing development.

Waterfront Master Plan Findings

- A. The Project makes a positive contribution to the visual and public accessibility to the bay while increasing and maintaining commercial fishing industry:
 - 1. Meets the Waterfront plan height limit and maximum building coverage, bulk, and scale requirements in that the Project does not exceed the maximum height allowed and interesting articulation breaks up the bulk and scale.
 - 2. In the case of granting height greater than 17 feet, the Project also provides significant public benefit pursuant to the Planned Development Overlay zone requirements in that the Project is creating an expanded and upgraded children's play area, adds three public restrooms on both sides of the building, public seating, ecological exhibits, energy feature exhibits and viewfinder/telescope along the 10 foot Harborwalk with outdoor public seating adjacent to the harborwalk.
 - 3. The Project provides the amenities identified in the WF Plan, facilitates pedestrian visual and physical access to the waterfront, and takes advantage of outward views and characteristics of the topography in that the courtyard is improved to allow for easier pedestrian access, enjoyment and better bay views through the removal of the rear dining patio. It preserves and enhances the views as seen from street-ends and around the building.
 - 4. The Project makes a positive contribution to the working fishing village character and quality of the Embarcadero area in that the new project will add to the pedestrian orientation while maintaining the side tie dock and also with the removal of the rear dining patio which will maintain and enhance views of the bay as well as better views of docked boats.
 - 5. The Project recognizes the pedestrian orientation of the Embarcadero and provides an interesting and varied design that will enhance the pedestrian experience in that the new building will open up to the passing pedestrian through creation of 10 foot bayside lateral access where none currently exists and removal of the rear dining patio for better bay views through the view corridor.

6. The Project gives its occupants and the public some variety in materials and/or application in that the building will consist of brown cement siding and shingles, gray metal roofing, glass railings at the hotel unit balconies, and rooftop garden boxes.
7. The Project contains the elements of harmony, continuity, proportion, simplicity, and balance, and its appearance matches its function and the uses proposed in that the new structure will provide more horizontal and vertical articulation, with an enhanced courtyard with new children's play area, removal of outdoor dining area which will increase bay views, and creation of 10 foot wide bayside lateral access also known as the Harborwalk all of which provides articulation that is consistent with the character of the existing development.
8. The Project does not diminish, either directly or by cumulative impact of several similar projects, the use, enjoyment, or attractiveness of adjacent buildings and provides a visual and pedestrian transition to its immediate neighbor in that the existing and new construction is in keeping with the architectural style, massing, materials, scale, and use of its surroundings.

Architectural Consideration

- A. As required by Ordinance Section 17.48.200 the Planning Commission finds that the architectural treatment and general appearance of all proposed structures and open areas are in keeping with the character of the surrounding areas, are compatible with any design themes adopted by the city, and are not detrimental to the orderly and harmonious development; of the city or to the desirability of investment of occupation in the area.

Section 2. Action. The City Council does hereby approve Concept Conditional Use Permit #UP0-509 subject to the following conditions:

STANDARD CONDITIONS

1. This permit is granted for the land described in the staff report dated September 27, 2018, for the Project depicted on plans dated May 28, 2018, on file with the Community Development Department, as modified by these conditions of approval, and more specifically described as follows: Site development, including all buildings and other features, shall be located and designed substantially as shown on Planning Commission approved plans submitted for UP0-509, unless otherwise specified herein.
2. **Inaugurate Within Two Years:** Unless the construction or operation of the structure, facility, or use is commenced not later than two (2) years after the effective date of this Resolution and is diligently pursued, thereafter, this approval will automatically become null and void; provided, however, that upon the written request of the applicant, prior to the expiration of this approval, the applicant may request up to two extensions for not more than one (1) additional year each. Any extension may be granted by the City's Community Development Director, upon finding the Project complies with all applicable provisions of the Morro Bay Municipal Code (the "MBMC"), General Plan and certified Local Coastal Program Land Use Plan (LCP) in effect at the time of the extension request.

3. Changes: Minor changes to the Project description and/or conditions of approval shall be subject to review and approval by the Community Development Director. Any changes to this approved permit determined, by the Director, not to be minor shall require the filing of an application for a permit amendment subject to Planning Commission review.
4. Compliance with the Law: (a) All requirements of any law, ordinance or regulation of the State of California, the City, and any other governmental entity shall be complied with in the exercise of this approval, (b) This project shall meet all applicable requirements under the MBMC, and shall be consistent with all programs and policies contained in the LCP and General Plan for the City.
5. Hold Harmless: The applicant, as a condition of approval, hereby agrees to defend, indemnify, and hold harmless the City, its agents, officers, and employees, from any claim, action, or proceeding against the City as a result of the action or inaction by the City, or from any claim to attack, set aside, void, or annul this approval by the City of the applicant's project; or applicants failure to comply with conditions of approval. Applicant understands and acknowledges the City is under no obligation to defend any legal actions challenging the City's actions with respect to the Project. This condition and agreement shall be binding on all successors and assigns.
6. Compliance with Conditions: The applicant's establishment of the use or development of the subject property constitutes acknowledgement and acceptance of all Conditions of Approval. Compliance with and execution of all conditions listed hereon shall be required prior to obtaining final building inspection clearance. Deviation from this requirement shall be permitted only by written consent of the Director or as authorized by the Planning Commission. Failure to comply with any of these conditions shall render this entitlement, at the discretion of the Director, null and void. Continuation of the use without a valid entitlement will constitute a violation of the MBMC and is a misdemeanor.
7. Compliance with Morro Bay Standards: This project shall meet all applicable requirements under the MBMC, and shall be consistent with all programs and policies contained in the LCP and General Plan of the City.
8. Conditions of Approval: The Findings and Conditions of Approval shall be included as a full-size sheet in the Building Plans.

BUILDING CONDITIONS:

A. PRIOR TO ISSUANCE OF A BUILDING PERMIT:

1. Building permit plans shall be submitted by a California licensed architect or engineer when required by the Business & Professions Code, except when otherwise approved by the Chief Building Official.
2. The owner shall designate on the building permit application a registered design professional who shall act as the Registered Design Professional in Responsible Charge. The Registered Design Professional in Responsible Charge shall be responsible for reviewing and coordinating submittal documents prepared by others including phased and staggered submittal items, for compatibility with design of the building.

3. The owner shall comply with the City's Structural Observation Program. The owner shall employ the engineer or architect responsible for the structural design, or another engineer or architect designated by the engineer of record or architect responsible for the structural design, to perform structural observation as defined in Section 220. Observed deficiencies shall be reported in writing to the owner's representative, special inspector, contractor and the building official. The structural observer shall submit to the building official a written statement that the site visits have been made and identify any reported deficiencies that, to the best of the structural observer's knowledge, have not been resolved.
4. The owner shall comply with the City's Special Inspection Program. Special inspections will be required by Section 1704 of the California Building Code. All Special Inspectors shall first be approved by the Building Official to work in the jurisdiction. All field reports shall be provided to the City Building Inspector when requested at specified increments in order for the construction to proceed. All final reports from Special Inspectors shall be provided to the Building Official when they are complete and prior to final inspection.
5. Mitigation measures for natural occurring asbestos require approval from San Luis Obispo County Air Pollution Control District.
6. A soils investigation performed by a qualified professional shall be required for this project. All cut and fill slopes shall be provided with subsurface drainage as necessary for stability; details shall be provided.

BUILDING PERMIT APPLICATION. To apply for building permits submit three (3) sets of construction plans to the Building Division.

7. The Title sheet of the plans shall include:
 - Street address, lot, block, track and Assessor Parcel Number.
 - Description of use.
 - Type of construction.
 - Height of the building.
 - Floor area of the building(s).
 - Vicinity map.

All construction shall conform to the edition of the applicable California Building Code (CBC), California Residential Code (CRC), California Mechanical Code (CMC), California Plumbing Code (CPC), California Electrical Code (CEC), California Energy Code, California Green Building Standards Code (CGBC), and City of Morro Bay amendments in effect when the application for construction permit is submitted to the Building Division.

8. **PLAN REVISIONS:** Building plans shall include a revised site plan clearly delineating the difference between the extent of the lower floor addition and new deck addition above.
9. Fire sprinklers, shall be required by City Codes.

B. CONDITIONS TO BE MET DURING CONSTRUCTION:

BUILDING DIVISION:

- 10. SITE MAINTENANCE. During construction, the site shall be maintained so as to not infringe on neighboring property, such as debris and dust.
- 11. ARCHAEOLOGICAL MATERIALS. In the event unforeseen archaeological resources are unearthed during any construction activities, all grading and or excavation shall cease in the immediate area and the find left untouched. The Building Official shall be notified so that the extent and location of discovered materials may be recorded by a qualified archaeologist, Native American, or paleontologist, whichever is appropriate. The qualified professional shall evaluate the find and make reservations related to the preservation or disposition of artifacts in accordance with applicable laws and ordinances. If discovered archaeological resources are found to include human remains, or in any other case when human remains are discovered during construction, the Building Official shall notify to county coroner. If human remains are found to be of ancient age and of archaeological and spiritual significance, the Building Official shall notify the Native American Heritage Commission. The developer shall be liable for costs associated with the professional investigation.
- 12. Certification of compliance with the soils report shall be submitted to the Building Division prior to foundation approvals. A final report certifying compliance with the soils report or grading plans shall be submitted to the Building Division prior to final approvals.
- 13. A licensed surveyor or engineer shall verify pad elevations, setbacks, prior to foundation inspection, and building height prior to framing inspection when determined necessary by the Planning Division.

C. CONDITIONS TO BE MET PRIOR TO FINAL INSPECTION AND ISSUANCE OF CERTIFICATE OF OCCUPANCY:

BUILDING DIVISION:

- 14. Prior to building division final approval all required inspections from the other various divisions must have been completed and verified by a city inspector. All required final inspection approvals must be obtained from the various departments and documented on the permit card.

Fire Department Conditions:

- 1. Fire Safety. during Construction and Demolition shall be in accordance with 2016 California Fire Code, Chapter 33. This chapter prescribes minimum safeguards for construction, alteration and demolition operations to provide reasonable safety to life and property from fire during such operations.
- 2. Automatic Fire Sprinklers. The applicant shall provide fire sprinkler protection of all cantilevered water side elements, restaurant space, retail structure, hotel space and trash area, in accordance with Morro Bay Municipal Code (Section 14.08.090(L)) and 2016 California Fire Code (Section 903).
- 3. Standpipes. Marinas and boatyards shall be equipped throughout with standpipe systems in accordance with NFPA 303. Systems shall be provided with hose connections located such

that no point on the pier or float system exceeds 150 feet from the standpipe hose connection. (CFC 3604.2, 905, and MBMC 14.52.060)

4. Fire Alarm and Detection Systems. Applicant shall provide an approved fire alarm system, in accordance with NFPA 72 and 2013 California Fire Code (Section 907).
5. Knox key box. Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life-saving or fire-fighting purposes, the fire code official is authorized to require a key box to be installed in an approved location (CFC 506). Provide a Knox Box on exterior of the structure, in an approved location. Please obtain a Knox application from Morro Bay Fire Department during business hours.
6. Fire extinguishers. One Provide one wall mounted 2A:10-B:C fire extinguisher, and approved signage, for each 3,000 square feet of light hazard fuel load, Travel distance shall not in accordance with California Code of Regulations, Title 19, Division 1.
7. Carbon monoxide. alarms in new dwellings and sleeping units. An approved carbon monoxide alarm shall be installed in dwellings having a fossil fuel-burning heater or appliance, fireplace or an attached garage. Carbon monoxide alarms shall be listed as complying with UL 2034 and be installed and maintained in accordance with NFPA 720 and the manufacturer's instructions. (CRC R315.2)
8. Address identification. All new and existing single family residence and ADU's shall have their own approved address numbers or building numbers placed in a position to be plainly legible from the street or road fronting the property (CFC 505). Provide approved address numbers 4 inches high with ½ inch stroke in contrasting numbers.
9. Elevator Car to Accommodate Ambulance Stretcher. Where elevators are provided, at least one elevator shall be provided for fire department emergency access to all floors. The elevator car shall be of such a size and arrangement to accommodate an ambulance stretched 24-inches by 84-inches with not less than 5-inch radius corners, in the horizontal, open position and shall be identified by the international symbol for emergency medical services (star of life). The symbol shall not be less than 3-inches high and shall be placed inside on both sides of the hoist way door frame. (MBMC 14.08.090(I))

Provide above language in Site Plan General Notes.

Public Works Conditions:

The following Public Works conditions shall be satisfied prior to Building Plan submittal:

1. Stormwater Management: The City has adopted Low Impact Development (LID) and Post Construction requirements to protect water quality and control runoff flow from new and redevelopment projects. The requirements can be found in the Stormwater management guidance manual on the City's website www.morro-bay.ca.us/EZmanual Projects with more than 2,500sf of new or redeveloped impervious area are subject to these requirements. Complete and submit identified Stormwater Performance Requirements.
2. Construction Staging Area: Due to the Embarcadero being a busy and space restricted area,

show location of construction staging area and corridor to project site. Develop timeline of staging area (i.e. will staging area be moved during different construction phases).

3. Frontage Improvements: The installation of frontage improvements is required. Remove all non-standard exposed aggregate sidewalk. Update any deteriorated frontage improvements and non-ADA compliant frontage. Remove the driveway approach along the frontage. City standard 8-foot sidewalk is required along the entire frontage. An encroachment permit is required for any work within the Right of Way.
4. Sewer Lateral: Indicate and label new or existing sewer lateral and connection. If an existing lateral is used, perform a video inspection of the lateral and submit to Public Works via flash drive or DVD, prior to building permit plan approval. Lateral shall be repaired as necessary and all repairs shall be noted on approved set of plans.
5. Sewer Backwater Valve: Indicate and label sewer backwater valve on plan. A sewer backwater valve shall be installed on site to prevent a blockage or maintenance of the municipal sewer main from causing damage to the Project (MBMC 14.24.070).
6. Erosion and Sediment Control Plan: For small projects less than one acre and less than 15% slope, provide a standard erosion and sediment control plan. The Plan shall show control measures to provide protection against erosion of adjacent property and prevent sediment or debris from entering the City right of way, adjacent properties, any harbor, waterway, or ecologically sensitive area.
7. Water Meter: Indicate and label new or existing water meter on plans.
8. Grading and Drainage: Indicate on plans the existing and updated contours, drainage patterns, spot elevations, finish floor elevation and all existing and proposed drainage pipes and structures.
9. Utilities: Show all existing and proposed locations of the sewer lateral, water service, and water and sewer mains on the building plans. Include sizes where appropriate. Note the location of all overhead utilities and construction underground service entrances per the CBC.
10. Encroachment Permits: A standard encroachment permit shall be required for frontage improvements. A sewer encroachment permit shall be required for any repairs or installation of a sewer lateral within the City right-of-way or within a utility easement. If a construction dumpster is used, the dumpster location shall be on private property, unless allowed by an encroachment permit within the City right-of-way.
11. Water Backflow Prevention Device: Verify and label all new or existing water backflow preventers. Devices are required for fire water systems, irrigation systems on a dedicated water meter, systems which may change in character of use (commercial rentals, etc.), gray water systems, or any plumbing system which has cross-connections or the ability to allow water of deteriorated sanitary quality to enter the public water supply. Add note to plan that device is an approved domestic water backflow prevention device.

Add the following Notes to the Plans:

Any damage, as a result of construction operations for this project, to City facilities, i.e. curb/berm, street, sewer line, water line, or any public improvements shall be repaired at no

cost to the City of Morro Bay.

No work shall occur within (or use of) the City's Right of Way without an encroachment permit. Encroachment permits are available at the City of Morro Bay Public Works Office located at 955 Shasta Ave. The Encroachment permit shall be issued concurrently with the building permit.

Planning Conditions:

1. A Coastal Development Permit shall be submitted to the Community Development Department prior to issuance of a building permit.
2. Inspection: The applicant shall comply with all City conditions of approval and conditions imposed by the California Coastal Commission and obtain final inspection clearance from the Planning Division at the necessary time in order to ensure all conditions have been met.
3. All utilities shall be undergrounded.
4. Bayside Lateral Public Accessway. The bayside lateral access, also known as the Harborwalk, shall maintain a 10-foot wide coastal access with open unobstructed access at all times with no tables or dining encroachments in order to maximize public access. Any uses that obstruct the lateral access such as private uses or barriers including furniture, planters, ropes, or restaurant seating within the 10-foot lateral access shall be prohibited.
5. Floating dock. The floating dock shall be publicly available for general public pedestrian access and either short-term or long-term use by recreational or commercial boats. Signs discouraging the public from walking on the docks during daylight hours are prohibited. The dock shall be open to the general public during at least daylight hours (i.e. one hour before sunrise to one hour after sunset).
6. Twenty five percent of hotel rooms shall be set at rates equal to the City's area low-cost threshold pursuant to LUP Policy 2.07 or as otherwise approved consistent with the coastal development permit. The low cost threshold would be established by setting the Lodging rates as 85% of the average daily rate of all lodging facilities along both sides of the Embarcadero
7. The 30% view corridor located along the north side of the building shall be maintained with no furniture item or table umbrellas to exceed 30 inches in height per the Waterfront Master Plan. No podium, hostess stand or station shall be allowed within the entire plaza area.
8. The Applicant shall participate toward the development of Centennial Plaza. The amount of contribution to be negotiated as part of future lease site negotiations.
9. Precise Plan shall include a specific sign plan with both commercial tenant and public access signs shown, including but not limited to, plans denoting size and material of sign, location of signs and method of attachment.
10. Precise Plan submittal shall include additional detail regarding the proposed children's play area including, but not limited to, a color and materials board and photo simulations.

11. Plans shall ensure lateral access at the south end of the lease site is able to accommodate a connection point to future lateral access to the lease site at 801 Embarcadero.
12. Eelgrass – Applicant shall be subject to the California Eelgrass Mitigation Policy (CEMP) which requires that a pre-construction survey shall be completed within 30-60 days prior to issuance of a building permit. Post-construction survey shall be completed within 30 days of construction completion or as otherwise determined by the National Marine Fisheries Service (NMFS) in order to determine amount of impact if any and CEMP-required annual reporting and mitigations. Any eelgrass habitat shall be documented and reported to the Community Development Director. If the report identifies a reduction in eelgrass coverage then a plan shall be prepared to identify the appropriate mitigations necessary and in line with the specifications for mitigation of eelgrass habitat as provided for in the California Eelgrass Mitigation Policy, dated October 2014
13. A Marine Wildlife Contingency Plan shall be developed and approved by the City of Morro Bay prior to the initiation of pile driving activities. This plan shall describe specific methods that will be used to reduce pile-driving noise. Power to the pile driver shall be ramped up to allow marine wildlife to detect a lower sound level and depart the area before full-power noise levels are produced. The plan shall identify a USFWS-approved biologist to monitor all construction within the water-lease area who shall be retained by the applicant. The plan shall describe on-site marine wildlife monitoring and reporting requirements as well as identify specific conditions when the biological monitor shall be allowed to stop work, such as observance of a marine mammal within 100 feet of the Project area. The biologist shall be responsible to monitor for compliance with all environmental mitigation measures, and regulatory permit conditions (as applicable). The approved biological monitor shall be present onsite during construction and shall have the authority to stop construction if any individuals of southern sea otter are seen within 100 feet of the project area. Construction will be allowed to resume after sighted otters have left the 100-foot radius of the project area. The species shall not be disturbed or forced from the project site by equipment, noise, or other disruptive activity. The monitor will have discretionary authority to temporarily halt the Project if it is determined that the otter, or other marine mammal, could be affected by the Project, even if the animal is beyond the 100-foot boundary. All construction crew employees shall be informed on the requirements of this condition.
14. A project-specific Oil Spill Response and Recovery Plan that includes specifics on reporting and response procedures, available on-site equipment and contracted services, and responsibilities shall be completed and approved prior to the initiation of construction activities. Specifically, the Project shall include the following Best Management Practices (BMPs) and shall be included on building plans submitted for approval:
 - a. No refueling of equipment without adequate containment and spill response equipment. The barge shall have only double contained fuel storage below decks, with the spill containment and clean up kits on-site and easily accessible. Spill containment and clean up kits shall include the following:
 - b. 150 feet Absorbent Boom 200 square feet Absorbent Tarp (for use during pile driving operations)
 - c. Barrel Absorbent Pads
 - d. Container Absorbent Granules
 - e. Rainwater runoff pollution from equipment stored on deck shall be prevented through ongoing equipment maintenance and appropriate double containment.

- f. The work area shall be contained within a boom to prevent debris from falling into the water.
 - g. All equipment fueling shall take place on the barge, with containment in-place. No refueling between vessels shall occur.
 - h. An Absorption Tarp shall be placed underneath any portable equipment while in use.
 - i. No equipment shall be permitted to enter the water with any petroleum products.
 - j. All equipment used during pile driving operations shall be in good condition without fuel or oil leakage.
 - k. Should any equipment begin to leak, that equipment shall be removed immediately from the barge and repaired or replaced.
 - l. All vessels shall have portable, regularly serviced sanitation equipment. No overboard discharge is permitted.
15. Prior to issuance of a building permit, a pile driving plan and hydroacoustical noise mitigation plan shall be submitted to the Community Development Director to ensure that underwater noise generated by pile driving activities is minimized to the maximum extent feasible and does not exceed: (1) an accumulated 187 dB SEL as measured 5 meters from the source; and (2) peak dB above 208 dB as measured 10 meters from the source as determined by the Fisheries Hydroacoustic Working Group. In the instance anything other than a vibratory hammer is to be used for pile driving activities, the plan shall provide for a hydro-acoustical monitor to ensure that underwater noise generated by pile driving activities does not exceed such limits. The plan shall identify the type of method used to install pilings. Vibratory hammers shall be used where feasible; if another method is used, a bubble curtain shall be employed to contain both noise and sediment. The plan shall also provide for additional acoustical BMPs to be applied if monitoring shows underwater noise above such limits (including, but not limited to, alternative pile driving methods (press-in pile placement, drilling, dewatered isolation casings, etc.) and additional noise dampening measures (sound shielding and other noise attenuation devices).
16. Netting or fencing around and underneath the Project site shall be installed to catch and remove debris released during and after construction.
17. To reduce potential turbidity-associated impacts, silt screens should be used when and where they will be effective. The relatively high tidal currents within Morro Bay could reduce the effectiveness of silt screens and should be considered prior to placing of these screens.
18. The Project as proposed identifies numerous green features in support of the finding of significant public benefit required in order to allow a building height of up to 25 feet. Accordingly, prior to issuance of a building permit, Applicant shall submit evidence of LEED precertification and pursue and obtain LEED certification prior to final occupancy,

Planning Commission conditions 19-20 added 8/21/2018:

19. Outdoor table areas shall be delineated with differential paving material in order to distinguish between public and private seating areas. The outdoor tables shall be delineated at both the west side of the building adjacent to the 10 foot width of Harborwalk as well as the proposed tables at the northwest corner of the building adjacent to the view corridor which has a required width of 22.5 feet.

20. Reduce the depth of the proposed planter adjacent to the street sidewalk to increase sidewalk width. Information to be included on landscape plan to be provide with the Precise Plan submittal.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 9th day of October, 2018, on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

JAMIE L. IRONS, Mayor

ATTEST

DANA SWANSON, City Clerk

RESOLUTION NO. PC 25-18

A RESOLUTION OF THE MORRO BAY PLANNING COMMISSION FORWARDING A FAVORABLE RECOMMENDATION TO THE MORRO BAY CITY COUNCIL FOR CONCEPT PLAN APPROVAL OF CONDITIONAL USE PERMIT (UP0-509) FOR DEMOLITION AND RECONSTRUCTION OF TWO-STORY BUILDING WITH 8 UNIT BOUTIQUE HOTEL, RESTAURANT, RETAIL, PUBLIC ACCESS IMPROVEMENTS, INCLUDING CHILDREN'S COURTYARD PLAY AREA AND RECONSTRUCTION OF NEW SIDE-TIE DOCK SYSTEM AND GANGWAY, AT 833 EMBARCADERO, HARBORWALK PLAZA

WHEREAS, the Planning Commission of the City of Morro Bay conducted a public hearing at the Morro Bay Veteran's Hall, 209 Surf Street, Morro Bay, California, on August 21, 2018, for the purpose of considering Concept Plan approval of Conditional Use Permit #UP0-509; and

WHEREAS, notices of said public hearing were made at the time and in the manner required by law; and

WHEREAS, the Planning Commission has duly considered all evidence, including the testimony of the applicant, interested parties, and the evaluation and recommendations by staff, presented at said hearing.

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Morro Bay as follows:

Section 1: Findings. Based upon all the evidence, the Commission makes the following findings:

California Environmental Quality Act (CEQA)

A. That for purposes of the California Environmental Quality Act, Case No. UP0-509 is categorically exempt under Section 15302, Class 2b where under replacement of reconstruction of commercial structure with a new structure of substantially the same, size, purpose, and capacity is allowed for which the proposed Harborwalk Plaza project would qualify for an exemption. In addition, an eelgrass survey was performed on October 17, 2014 which found no eelgrass growing in the proposed waterfront project area. The project will be subject to marine mammal monitoring during construction with implementation of best management practices (BMPs) as conditioned by Planning conditions 12-17. Additionally, none of the Categorical Exemption exceptions, noted under section 15300.2, apply to the project.

Conditional Use Permit Findings

A. The project will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood in that demolition/reconstruction of mixed use two story building of 8 hotel units and ground floor retail, and restaurant uses with reconstructed dock system at 833 Embarcadero are permitted uses within the zoning district and said structures comply with all applicable project conditions and City regulations and is consistent with the City's Local Coastal Program. In addition, as shown on project plans

- B. The project will not be injurious or detrimental to property and improvements in the neighborhood and the general welfare of the City in that the proposed hotel use, new restaurant, retail, and children's outdoor play area along with reconstructed side-tie dock and gangway will provide a visitor-serving recreational opportunity which will provide additional benefit and improvement to a visitor-serving commercial use and is consistent with the character of the existing development.

Waterfront Master Plan Findings

- A. The proposed project makes a positive contribution to the visual and public accessibility to the bay while increasing and maintaining commercial fishing industry:
- a. Meets the Waterfront plan height limit and maximum building coverage, bulk, and scale requirements in that the proposed project does not exceed the maximum height allowed and interesting articulation breaks up the bulk and scale.
 - b. In the case of granting height greater than 17 feet, the proposed project also provides significant public benefit pursuant to the Planned Development Overlay zone requirements in that the proposed project is creating an expanded and upgraded children's play area, adds three public restrooms on both sides of the building, public seating, ecological exhibits, energy feature exhibits and viewfinder/telescope along the 10 foot Harborwalk with outdoor public seating adjacent to the harborwalk.
 - c. The proposed project provides the amenities identified in the WF Plan, facilitates pedestrian visual and physical access to the waterfront, and takes advantage of outward views and characteristics of the topography in that the courtyard is improved to allow for easier pedestrian access, enjoyment and better bay views through the removal of the rear dining patio. It preserves and enhances the views as seen from street-ends and around the building.
 - d. The proposed project makes a positive contribution to the working fishing village character and quality of the Embarcadero area in that the new project will add to the pedestrian orientation while maintaining the side tie dock and also with the removal of the rear dining patio which will maintain and enhance views of the bay as well as better views of docked boats.
 - e. The proposed project recognizes the pedestrian orientation of the Embarcadero and provides an interesting and varied design that will enhance the pedestrian experience in that the new building will open up to the passing pedestrian through creation of 10 foot bayside lateral access where none currently exists and removal of the rear dining patio for better bay views through the view corridor.
 - f. The project gives its occupants and the public some variety in materials and/or application in that the building will consist of brown cement siding and shingles, gray metal roofing, glass railings at the hotel unit balconies, and rooftop garden boxes.
 - g. The project contains the elements of harmony, continuity, proportion, simplicity, and balance, and its appearance matches its function and the uses proposed in that the new structure will provide more horizontal and vertical articulation, with an enhanced

courtyard with new children's play area, removal of outdoor dining area which will increase bay views, and creation of 10 foot wide bayside lateral access also known as the Harborwalk all of which provides articulation that is consistent with the character of the existing development.

- h. The proposed project does not diminish, either directly or by cumulative impact of several similar projects, the use, enjoyment, or attractiveness of adjacent buildings and provides a visual and pedestrian transition to its immediate neighbor in that the existing and new construction is in keeping with the architectural style, massing, materials, scale, and use of its surroundings.

Architectural Consideration

- A. As required by Ordinance Section 17.48.200 the Planning Commission finds that the architectural treatment and general appearance of all proposed structures and open areas are in keeping with the character of the surrounding areas, are compatible with any design themes adopted by the city, and are not detrimental to the orderly and harmonious development; of the city or to the desirability of investment of occupation in the area.

Section 2. Action. The Planning Commission does hereby forward a favorable recommendation for City Council approval of Concept Conditional Use Permit #UP0-509 subject to the following conditions:

STANDARD CONDITIONS

1. This permit is granted for the land described in the staff report dated March 15, 2017, for the project at 725 Embarcadero depicted on plans dated January 19, 2017, on file with the Community Development Department, as modified by these conditions of approval, and more specifically described as follows: Site development, including all buildings and other features, shall be located and designed substantially as shown on Planning Commission approved plans submitted for UP0-359, unless otherwise specified herein.
2. **Inaugurate Within Two Years:** Unless the construction or operation of the structure, facility, or use is commenced not later than two (2) years after the effective date of this Resolution and is diligently pursued, thereafter, this approval will automatically become null and void; provided, however, that upon the written request of the applicant, prior to the expiration of this approval, the applicant may request up to two extensions for not more than one (1) additional year each. Any extension may be granted by the City's Community Development Manager (the "Director"), upon finding the project complies with all applicable provisions of the Morro Bay Municipal Code (the "MBMC"), General Plan and certified Local Coastal Program Land Use Plan (LCP) in effect at the time of the extension request.
3. **Changes:** Minor changes to the project description and/or conditions of approval shall be subject to review and approval by the Community Development Director. Any changes to this approved permit determined, by the Director, not to be minor shall require the filing of an application for a permit amendment subject to Planning Commission review.

4. Compliance with the Law: (a) All requirements of any law, ordinance or regulation of the State of California, the City, and any other governmental entity shall be complied with in the exercise of this approval, (b) This project shall meet all applicable requirements under the MBMC, and shall be consistent with all programs and policies contained in the LCP and General Plan for the City.
5. Hold Harmless: The applicant, as a condition of approval, hereby agrees to defend, indemnify, and hold harmless the City, its agents, officers, and employees, from any claim, action, or proceeding against the City as a result of the action or inaction by the City, or from any claim to attack, set aside, void, or annul this approval by the City of the applicant's project; or applicants failure to comply with conditions of approval. Applicant understands and acknowledges the City is under no obligation to defend any legal actions challenging the City's actions with respect to the project. This condition and agreement shall be binding on all successors and assigns.
6. Compliance with Conditions: The applicant's establishment of the use or development of the subject property constitutes acknowledgement and acceptance of all Conditions of Approval. Compliance with and execution of all conditions listed hereon shall be required prior to obtaining final building inspection clearance. Deviation from this requirement shall be permitted only by written consent of the Director or as authorized by the Planning Commission. Failure to comply with any of these conditions shall render this entitlement, at the discretion of the Director, null and void. Continuation of the use without a valid entitlement will constitute a violation of the MBMC and is a misdemeanor.
7. Compliance with Morro Bay Standards: This project shall meet all applicable requirements under the MBMC, and shall be consistent with all programs and policies contained in the LCP and General Plan of the City.
8. Conditions of Approval: The Findings and Conditions of Approval shall be included as a full-size sheet in the Building Plans.

BUILDING CONDITIONS:

A. PRIOR TO ISSUANCE OF A BUILDING PERMIT:

1. Building permit plans shall be submitted by a California licensed architect or engineer when required by the Business & Professions Code, except when otherwise approved by the Chief Building Official.
2. The owner shall designate on the building permit application a registered design professional who shall act as the Registered Design Professional in Responsible Charge. The Registered Design Professional in Responsible Charge shall be responsible for reviewing and coordinating submittal documents prepared by others including phased and staggered submittal items, for compatibility with design of the building.
3. The owner shall comply with the City's Structural Observation Program. The owner shall employ the engineer or architect responsible for the structural design, or another engineer or architect designated by the engineer of record or architect responsible for the structural design, to perform structural observation as defined in Section 220. Observed deficiencies shall be reported in writing to the owner's representative, special

inspector, contractor and the building official. The structural observer shall submit to the building official a written statement that the site visits have been made and identify any reported deficiencies that, to the best of the structural observer's knowledge, have not been resolved.

4. The owner shall comply with the City's Special Inspection Program. Special inspections will be required by Section 1704 of the California Building Code. All Special Inspectors shall first be approved by the Building Official to work in the jurisdiction. All field reports shall be provided to the City Building Inspector when requested at specified increments in order for the construction to proceed. All final reports from Special Inspectors shall be provided to the Building Official when they are complete and prior to final inspection.
5. Mitigation measures for natural occurring asbestos require approval from San Luis Obispo County Air Pollution Control District.
6. A soils investigation performed by a qualified professional shall be required for this project. All cut and fill slopes shall be provided with subsurface drainage as necessary for stability; details shall be provided.

BUILDING PERMIT APPLICATION. To apply for building permits submit three (3) sets of construction plans to the Building Division.

7. The Title sheet of the plans shall include:
Street address, lot, block, track and Assessor Parcel Number.
Description of use.
Type of construction.
Height of the building.
Floor area of the building(s).
Vicinity map.

All construction shall conform to the edition of the applicable California Building Code (CBC), California Residential Code (CRC), California Mechanical Code (CMC), California Plumbing Code (CPC), California Electrical Code (CEC), California Energy Code, California Green Building Standards Code (CGBC), and City of Morro Bay amendments in effect when the application for construction permit is submitted to the Building Division.

8. **PLAN REVISIONS:** Building plans shall include a revised site plan clearly delineating the difference between the extent of the lower floor addition and new deck addition above.
9. Fire sprinklers, shall be required by City Codes.

B. CONDITIONS TO BE MET DURING CONSTRUCTION:

BUILDING DIVISION:

1. **SITE MAINTENANCE.** During construction, the site shall be maintained so as to not infringe on neighboring property, such as debris and dust.

2. **ARCHAEOLOGICAL MATERIALS.** In the event unforeseen archaeological resources are unearthed during any construction activities, all grading and or excavation shall cease in the immediate area and the find left untouched. The Building Official shall be notified so that the extent and location of discovered materials may be recorded by a qualified archaeologist, Native American, or paleontologist, whichever is appropriate. The qualified professional shall evaluate the find and make reservations related to the preservation or disposition of artifacts in accordance with applicable laws and ordinances. If discovered archaeological resources are found to include human remains, or in any other case when human remains are discovered during construction, the Building Official shall notify to county coroner. If human remains are found to be of ancient age and of archaeological and spiritual significance, the Building Official shall notify the Native American Heritage Commission. The developer shall be liable for costs associated with the professional investigation.
3. Certification of compliance with the soils report shall be submitted to the Building Division prior to foundation approvals. A final report certifying compliance with the soils report or grading plans shall be submitted to the Building Division prior to final approvals.
4. A licensed surveyor or engineer shall verify pad elevations, setbacks, prior to foundation inspection, and building height prior to framing inspection when determined necessary by the Planning Division.

C. CONDITIONS TO BE MET PRIOR TO FINAL INSPECTION AND ISSUANCE OF CERTIFICATE OF OCCUPANCY:

BUILDING DIVISION:

1. Prior to building division final approval all required inspections from the other various divisions must have been completed and verified by a city inspector. All required final inspection approvals must be obtained from the various departments and documented on the permit card.

Fire Department Conditions:

1. Fire Safety during Construction and Demolition shall be in accordance with 2016 California Fire Code, Chapter 33. This chapter prescribes minimum safeguards for construction, alteration and demolition operations to provide reasonable safety to life and property from fire during such operations.
2. Automatic Fire Sprinklers. The applicant shall provide fire sprinkler protection of all cantilevered water side elements, restaurant space, retail structure, hotel space and trash area, in accordance with Morro Bay Municipal Code (Section 14.08.090(L)) and 2016 California Fire Code (Section 903).
3. Standpipes. Marinas and boatyards shall be equipped throughout with standpipe systems in accordance with NFPA 303. Systems shall be provided with hose connections located such that no point on the pier or float system exceeds 150 feet from the standpipe hose connection. (CFC 3604.2, 905, and MBMC 14.52.060)

4. Fire Alarm and Detection Systems. Applicant shall provide an approved fire alarm system, in accordance with NFPA 72 and 2013 California Fire Code (Section 907).
5. Knox key box. Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life-saving or fire-fighting purposes, the fire code official is authorized to require a key box to be installed in an approved location (CFC 506). Provide a Knox Box on exterior of the structure, in an approved location. Please obtain a Knox application from Morro Bay Fire Department during business hours.
6. Fire extinguishers. One Provide one wall mounted 2A:10-B:C fire extinguisher, and approved signage, for each 3,000 square feet of light hazard fuel load, Travel distance shall not in accordance with California Code of Regulations, Title 19, Division 1.
7. Carbon monoxide. alarms in new dwellings and sleeping units. An approved carbon monoxide alarm shall be installed in dwellings having a fossil fuel-burning heater or appliance, fireplace or an attached garage. Carbon monoxide alarms shall be listed as complying with UL 2034 and be installed and maintained in accordance with NFPA 720 and the manufacturer's instructions. (CRC R315.2)
8. Address identification. All new and existing single family residence and ADU's shall have their own approved address numbers or building numbers placed in a position to be plainly legible from the street or road fronting the property (CFC 505). Provide approved address numbers 4 inches high with ½ inch stroke in contrasting numbers.
9. Elevator Car to Accommodate Ambulance Stretcher. Where elevators are provided, at least one elevator shall be provided for fire department emergency access to all floors. The elevator car shall be of such a size and arrangement to accommodate an ambulance stretched 24-inches by 84-inches with not less than 5-inch radius corners, in the horizontal, open position and shall be identified by the international symbol for emergency medical services (star of life). The symbol shall not be less than 3-inches high and shall be placed inside on both sides of the hoist way door frame. (MBMC 14.08.090(I))

Provide above language in Site Plan General Notes.

Public Works Conditions:

The following Public Works conditions shall be satisfied prior to Building Plan submittal:

1. Stormwater Management: The City has adopted Low Impact Development (LID) and Post Construction requirements to protect water quality and control runoff flow from new and redevelopment projects. The requirements can be found in the Stormwater management guidance manual on the City's website www.morro-bay.ca.us/EZmanual Projects with more than 2,500sf of new or redeveloped impervious area are subject to these requirements. Complete and submit identified Stormwater Performance Requirements.
2. Construction Staging Area: Due to the Embarcadero being a busy and space restricted area, show location of construction staging area and corridor to project site. Develop

timeline of staging area (i.e. will staging area be moved during different construction phases).

3. Frontage Improvements: The installation of frontage improvements is required. Update any deteriorated frontage improvements and non ADA compliant frontage. An encroachment permit is required for any work within the Right of Way.
4. Sewer Lateral: Indicate and label new or existing sewer lateral and connection. If an existing lateral is used, perform a video inspection of the lateral and submit to Public Works via flash drive or DVD, prior to building permit plan approval. Lateral shall be repaired as necessary and all repairs shall be noted on approved set of plans.
5. Sewer Backwater Valve: Indicate and label sewer backwater valve on plan. A sewer backwater valve shall be installed on site to prevent a blockage or maintenance of the municipal sewer main from causing damage to the proposed project (MBMC 14.24.070).
6. Erosion and Sediment Control Plan: For small projects less than one acre and less than 15% slope, provide a standard erosion and sediment control plan. The Plan shall show control measures to provide protection against erosion of adjacent property and prevent sediment or debris from entering the City right of way, adjacent properties, any harbor, waterway, or ecologically sensitive area.
7. Water Meter: Indicate and label new or existing water meter on plans.
8. Grading and Drainage: Indicate on plans the existing and updated contours, drainage patterns, spot elevations, finish floor elevation and all existing and proposed drainage pipes and structures.
9. Utilities: Show all existing and proposed locations of the sewer lateral, water service, and water and sewer mains on the building plans. Include sizes where appropriate. Note the location of all overhead utilities and construction underground service entrances per the CBC.
10. Encroachment Permits: A standard encroachment permit shall be required for the proposed driveway; the driveway shall comply with B-9 (Driveway Ramps: Size & Location). A sewer encroachment permit shall be required for any repairs or installation of a sewer lateral within the City right-of-way or within a utility easement. If a construction dumpster is used, the dumpster location shall be on private property, unless allowed by an encroachment permit within the City right-of-way.
11. Water Backflow Prevention Device: Verify and label all new or existing water backflow preventers. Devices are required for fire water systems, irrigation systems on a dedicated water meter, systems which may change in character of use (commercial rentals, etc.), gray water systems, or any plumbing system which has cross-connections or the ability to allow water of deteriorated sanitary quality to enter the public water supply. Add note to plan that device is an approved domestic water backflow prevention device.

Add the following Notes to the Plans:

1. Any damage, as a result of construction operations for this project, to City facilities, i.e.

curb/berm, street, sewer line, water line, or any public improvements shall be repaired at no cost to the City of Morro Bay.

2. No work shall occur within (or use of) the City's Right of Way without an encroachment permit. Encroachment permits are available at the City of Morro Bay Public Works Office located at 955 Shasta Ave. The Encroachment permit shall be issued concurrently with the building permit.

Harbor Department Conditions:

1. Applicant shall request in writing to the City to adjust the lease lines as applicable at the appropriate time.

Planning Conditions:

1. A Coastal Development Permit shall be submitted to the Community Development Department prior to issuance of a building permit.
2. Inspection: The applicant shall comply with all City conditions of approval and conditions imposed by the California Coastal Commission and obtain final inspection clearance from the Planning Division at the necessary time in order to ensure all conditions have been met.
3. All utilities shall be undergrounded.
4. Bayside Lateral Public Accessway. The bayside lateral access, also known as the Harborwalk, shall maintain a 10-foot wide coastal access with open unobstructed access at all times with no tables or dining encroachments in order to maximize public access. Any uses that obstruct the lateral access such as private uses or barriers including furniture, planters, ropes, or restaurant seating within the 10 foot lateral access shall be prohibited.
5. Floating dock. The floating dock shall be publicly available for general public pedestrian access and either short-term or long-term use by recreational or commercial boats. Signs discouraging the public from walking on the docks during daylight hours are prohibited. The dock shall be open to the general public during at least daylight hours (i.e. one hour before sunrise to one hour after sunset).
6. Twenty five percent of hotel rooms shall be set at rates equal to the City's area low-cost threshold pursuant to LUP Policy 2.07 or as otherwise approved consistent with the coastal development permit. The low cost threshold would be established by setting the Lodging rates as the 85% of the average daily rate of all lodging facilities along both sides of the Embarcadero
7. The 30% view corridor located along the north side of the building shall be maintained with no furniture item or table umbrellas to exceed 30 inches in height per the Waterfront Master Plan. No podium, hostess stand or station shall be allowed within the entire plaza area.
8. The Applicant shall participate toward the development of Centennial Plaza. The amount of contribution to be negotiated as part of future lease site negotiations.

9. Precise Plan shall include a specific sign plan with both commercial tenant and public access signs shown, including but not limited to, plans denoting size and material of sign, location of signs and method of attachment.
10. Precise Plan submittal shall include additional detail regarding the proposed children's play area including, but not limited to, a color and materials board and photo simulations.
11. Plans shall ensure lateral access at the south end of the lease site is able to accommodate a connection point to future lateral access to the lease site at 801 Embarcadero.
12. Eelgrass – Applicant shall be subject to the California Eelgrass Mitigation Policy (CEMP) which requires that a pre-construction survey shall be completed within 30-60 days prior to issuance of a building permit. Post-construction survey shall be completed within 30 days of construction completion or as otherwise determined by the National Marine Fisheries Service (NMFS) in order to determine amount of impact if any and CEMP-required annual reporting and mitigations. Any eelgrass habitat shall be documented and reported to the Community Development Director. If the report identifies a reduction in eelgrass coverage then a plan shall be prepared to identify the appropriate mitigations necessary and in line with the specifications for mitigation of eelgrass habitat as provided for in the California Eelgrass Mitigation Policy, dated October 2014
13. A Marine Wildlife Contingency Plan shall be developed and approved by the City of Morro Bay prior to the initiation of pile driving activities. This plan shall describe specific methods that will be used to reduce pile-driving noise. Power to the pile driver shall be ramped up to allow marine wildlife to detect a lower sound level and depart the area before full-power noise levels are produced. The plan shall identify a USFWS-approved biologist to monitor all construction within the water-lease area who shall be retained by the applicant. The plan shall describe on-site marine wildlife monitoring and reporting requirements as well as identify specific conditions when the biological monitor shall be allowed to stop work, such as observance of a marine mammal within 100 feet of the project area. The biologist shall be responsible to monitor for compliance with all environmental mitigation measures, and regulatory permit conditions (as applicable). The approved biological monitor shall be present onsite during construction and shall have the authority to stop construction if any individuals of southern sea otter are seen within 100 feet of the project area. Construction will be allowed to resume after sighted otters have left the 100-foot radius of the project area. The species shall not be disturbed or forced from the project site by equipment, noise, or other disruptive activity. The monitor will have discretionary authority to temporarily halt the project if it is determined that the otter, or other marine mammal, could be affected by the project, even if the animal is beyond the 100-foot boundary. All construction crew employees shall be informed on the requirements of this condition.
14. A project-specific Oil Spill Response and Recovery Plan that includes specifics on reporting and response procedures, available on-site equipment and contracted services, and responsibilities shall be completed and approved prior to the initiation of construction activities. Specifically, the project shall include the following Best Management Practices (BMPs) and shall be included on building plans submitted for approval:

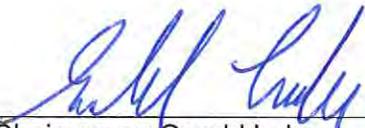
- a. No refueling of equipment without adequate containment and spill response equipment. The barge shall have only double contained fuel storage below decks, with the spill containment and clean up kits on-site and easily accessible. Spill containment and clean up kits shall include the following:
 - b. 150 feet Absorbent Boom 200 square feet Absorbent Tarp (for use during pile driving operations)
 - c. Barrel Absorbent Pads
 - d. Container Absorbent Granules
 - e. Rainwater runoff pollution from equipment stored on deck shall be prevented through ongoing equipment maintenance and appropriate double containment.
 - f. The work area shall be contained within a boom to prevent debris from falling into the water.
 - g. All equipment fueling shall take place on the barge, with containment in-place. No refueling between vessels shall occur.
 - h. An Absorption Tarp shall be placed underneath any portable equipment while in use.
 - i. No equipment shall be permitted to enter the water with any petroleum products.
 - j. All equipment used during pile driving operations shall be in good condition without fuel or oil leakage.
 - k. Should any equipment begin to leak, that equipment shall be removed immediately from the barge and repaired or replaced.
 - l. All vessels shall have portable, regularly serviced sanitation equipment. No overboard discharge is permitted.
15. Prior to issuance of a building permit, a pile driving plan and hydroacoustical noise mitigation plan shall be submitted to the Community Development Director to ensure that underwater noise generated by pile driving activities is minimized to the maximum extent feasible and does not exceed: (1) an accumulated 187 dB SEL as measured 5 meters from the source; and (2) peak dB above 208 dB as measured 10 meters from the source as determined by the Fisheries Hydroacoustic Working Group. In the instance anything other than a vibratory hammer is to be used for pile driving activities, the plan shall provide for a hydro-acoustical monitor to ensure that underwater noise generated by pile driving activities does not exceed such limits. The plan shall identify the type of method used to install pilings. Vibratory hammers shall be used where feasible; if another method is used, a bubble curtain shall be employed to contain both noise and sediment. The plan shall also provide for additional acoustical BMPs to be applied if monitoring shows underwater noise above such limits (including, but not limited to, alternative pile driving methods (press-in pile placement, drilling, dewatered isolation casings, etc.) and additional noise dampening measures (sound shielding and other noise attenuation devices).
16. Netting or fencing around and underneath the project site shall be installed to catch and remove debris released during and after construction.
17. To reduce potential turbidity-associated impacts, silt screens should be used when and where they will be effective. The relatively high tidal currents within Morro Bay could reduce the effectiveness of silt screens and should be considered prior to placing of these screens.

Planning Commission conditions 18-19 added 8/21/2018:

18. Outdoor table areas shall be delineated with differential paving material in order to distinguish between public and private seating areas. The outdoor tables shall be delineated at both the west side of the building adjacent to the 10 foot width of Harborwalk as well as the proposed tables at the northwest corner of the building adjacent to the view corridor which has a required width of 22.5 feet.
19. Reduce the depth of the proposed planter adjacent to the street sidewalk to increase sidewalk width. Information to be included on landscape plan to be provide with the Precise Plan submittal.

PASSED AND ADOPTED by the Morro Bay Planning Commission at a regular meeting thereof held on this 21st day of August, 2018 on the following vote:

AYES: Lucas, Sadowski, Barron, Ingraffia, Luhr
NOES: 0
ABSENT: n/a
ABSTAIN: 0


Chairperson Gerald Luhr

ATTEST


Scot Graham, Secretary

The foregoing resolution was passed and adopted this 21st day of August, 2018.

VIEW FROM TOP OF CENTENNIAL STAIRWAY



HARBORWALK PLAZA

RETAIL, RESTAURANT, HOTEL

FOR

LEASE SITE
87-88 / 87W-88W

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442

PROPOSED PROJECT



EXISTING SITE PHOTO

VIEW FROM THE EMBARCADERO



PROPOSED PROJECT



EXISTING SITE PHOTO

HARBORWALK PLAZA

RETAIL, RESTAURANT, HOTEL

FOR

LEASE SITE
87-88 / 87W-88W

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442

VIEW FROM HARBOR WALK



PROPOSED PROJECT



EXISTING SITE PHOTO

HARBORWALK PLAZA

RETAIL, RESTAURANT, HOTEL

FOR

LEASE SITE
87-88 / 87W-88W

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442



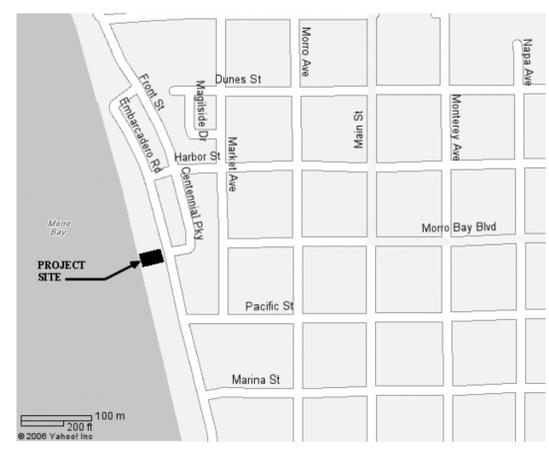
Under the Sea Play Area

Art Sculptures by Peter Hazel Amusement Rides by Beston Inc. Climbing and receptacle structures by The4Kids



PROJECT INFO.

<p>ADDRESS: 833 EMBARCADERO MORRO BAY, CA</p> <p>PROJECT PROPOSER: TLC FAMILY ENTERPRISES TRAVIS LEAGE & CHERISE HANSSON 665 KINGS AVENUE MORRO BAY, CA 93442</p> <p>REQUIRED SETBACKS: FRONT SETBACK: AVG. OF 5' 10' SETBACK AT SECOND FLR. SIDEYARD SETBACKS: 0' ROOF HEIGHT: 25' ABOVE A.N.G. w/ 4:12 ROOF w/ PUBLIC BENEFIT OF CHILDREN'S PLAY AREA</p> <p>TWO-STORY ROOF-TOP AREA: 4,178 SQ. FT. ROOF-TOP WITH 4:12 PITCH: 89% 3,379 SQ. FT. ROOF-TOP WITH 1/4":12 PITCH: 11% 439 SQ. FT.</p> <p>AREAS: LOT AREA: (TOTAL) 10,704 SQ. FT. LAND LEASE AREA: 6,982 SQ. FT. WATER LEASE AREA: 3,722 SQ. FT.</p> <p>MAX. ALLOWABLE COVERAGE: 1ST FLOOR - 70% OF LAND LEASE: 4,887 SQ. FT. 2ND FLOOR - 70% 1ST FLOOR: 3,421 SQ. FT.</p> <p>PROPOSED LOT COVERAGE: 1ST FLOOR: 4,887 SQ. FT. 2ND FLOOR: 3,421 SQ. FT.</p> <p>PROPOSED HABITABLE AREAS: 1ST FLOOR: 4,707 SQ. FT. 2ND FLOOR: 3,287 SQ. FT. TOTAL HABITABLE AREA: 7,994 SQ. FT.</p>	<p>LEASE SITE: 87-88 87W-88W</p> <p>A.P.N. 066-322-001</p> <p>ZONING: WF/PD/(S.4)</p> <p>HEIGHTS: AVERAGE NATURAL GRADE: LOW POINT: 12.15' / HIGH POINT: 13.47' A.N.G.: 12.81'</p> <p>ALLOWABLE MAX. HEIGHT: 25' ABOVE A.N.G. 37.81'</p> <p>PROPOSED FINISH FLOOR 1: 12.76' PROPOSED FINISH FLOOR 2: 23.17' PROPOSED ROOF HEIGHT: 37.81' PROPOSED ELEVATOR ROOF HEIGHT: 37.60'</p> <p>OCCUPANCY AREAS: GROUND FLOOR: RESTAURANT: DINING AREA: 1,302 SQ. FT. BAR AREA: 80 SQ. FT. KITCHEN AREAS: 769 SQ. FT. KITCHEN CLEANUP: 222 SQ. FT. COVERED OUTDOOR DINING AREA: (PUBLIC STG.) 180 SQ. FT. OUTDOOR DINING AREA: (PUBLIC SEATING) 287 SQ. FT. FROZEN YOGURT: 262 SQ. FT. RETAIL: 1,565 SQ. FT. COMMON AREAS: 507 SQ. FT. CHILDREN'S PLAY AREA: 1,150 SQ. FT. BOAT SLIPS: 70 LIN. FT.</p> <p>UPPER FLOOR: HOTEL UNITS: 8 UNITS 3,287 SQ. FT. OPEN BALCONIES: 1,051 SQ. FT. COVERED COMMON AREAS: 134 SQ. FT. OPEN OUTSIDE CORRIDOR: 517 SQ. FT.</p>	<p>PARKING: HISTORIC PARKING CREDITS AVAILABLE 58 SPACES</p> <p>RETAIL - 1 SPACE PER 300 SQ. FT. OF RETAIL AREA (NO STOR/OFF.) 1,400 SQ. FT. / 300 = 4.7 SPACES</p> <p>RESTAURANT - 1 SPACE PER 60 SQ. FT. OF CUSTOMER AREA DINING: 1,302 SQ. FT. / 60 = 21.7 SPACES OUTDOOR DINING: (PUBLIC SEATING) = 0 SPACES</p> <p>FROZEN YOGURT: (CUSTOMER AREA) 182 SQ. FT. / 60 = 3.0 SPACES</p> <p>CHILDREN'S PLAY AREA - 1 SPACE 100 SQ. FT. OF AMUSEMENT AREA 1,150 SQ. FT. / 100 = 11.5 SPACES</p> <p>BOAT SLIPS - 1 SPACE PER EACH 35' OF BOAT TIE DOWN AREA 70 LIN. FT. / 35' = 2 SPACES</p> <p>HOTEL - 1 SPACE / UNIT PLUS 1 SPACE PER EACH 10 ROOMS 0.8 SPACES 2 SPACES PER MANAG. UNIT 0 SPACES</p> <p>TOTAL SPACES REQUIRED (51.7) 52 SPACES</p> <p>HISTORIC PARKING CREDITS AVAILABLE 58 SPACES</p>
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VICINITY MAP SCALE: N.T.S.

SITE FOOTPRINT AREAS:

TOTAL LOT AREA:	10,704 SQ. FT.
BUILDING FOOTPRINT:	45% 4,887 SQ. FT.
CHILDREN'S PLAY AREA:	11% 1,150 SQ. FT.
BOARDWALK:	7% 744 SQ. FT.
WATER:	7% 760 SQ. FT.
FLATWORK / HARDSCAPE:	26% 2,790 SQ. FT.
PLANTERS / LANDSCAPING:	4% 373 SQ. FT.

NOTE: LANDSCAPING WILL ALSO BE SPREAD THROUGHOUT SITE IN POTS & ROOF-TOP GARDENS. SEE A4.1

'GREEN' FEATURES

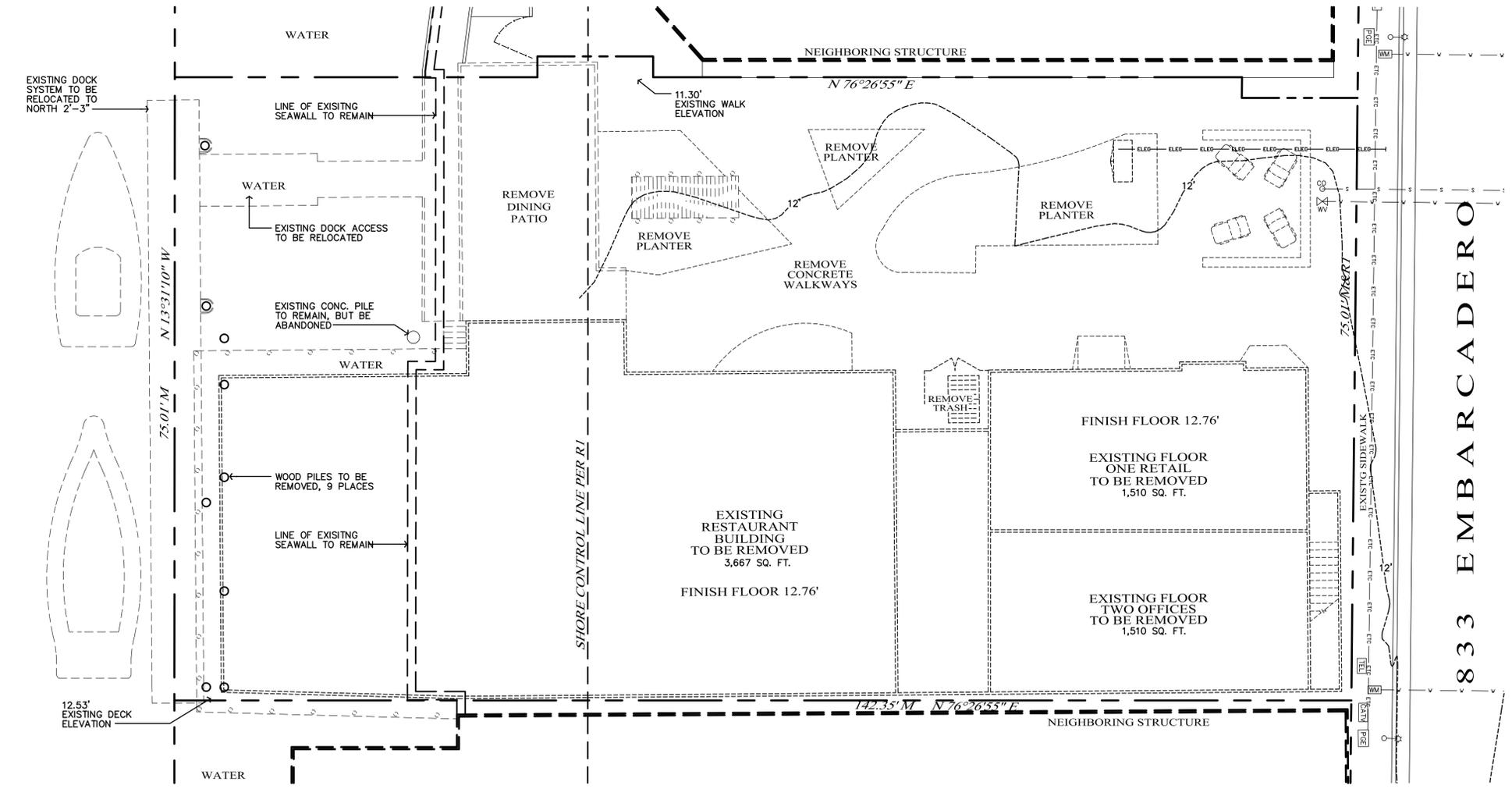
- ROOF-TOP SOLAR
 - ROOF TOP GARDEN BOXES - SUCCULENTS
 - RAIN-WATER COLLECTION / RE-USE
 - GREY-WATER COLLECTION / RE-USE
DUAL PIPING FOR COLLECTION AND RE-USE
 - LED SMART LIGHTING SYSTEMS
EXTERIOR LIGHTING TO BE NIGHT SKY COMPLIANT, DOWNWARD FACING & SHIELDED FROM ABOVE
 - SOLAR SHADING OVER WEST FACING GLASS
FIRE-RESISTANT CANVAS AWNINGS
- PUBLIC BENEFITS**
- CHILDREN'S PLAY AREA
 - PUBLIC RESTROOMS
 - PUBLIC SEATING
 - ECOLOGICAL EXHIBITS
 - ENERGY FEATURE EXHIBITS
 - VIEW-FINDER / TELESCOPE

PROJECT DESCRIPTION

THIS PROJECT WOULD DEMOLISH AN EXISTING GROUND FLOOR RESTAURANT (3,667 SQ. FT.) AND RETAIL SPACE (1,510 SQ. FT.), AND A SECOND FLOOR OFFICE SPACE (1,510 SQ. FT.), AND REPLACE THEM WITH A NEW TWO-STORY STRUCTURE CONSISTING OF RESTAURANT SPACE, A YOGURT SHOP, PUBLIC RESTROOMS, AND RETAIL SPACE ON THE GROUND FLOOR, ALONG WITH AN 8 UNIT HOTEL SPACE ON THE UPPER FLOOR. THE EXISTING SIDE-TIE DOCK WILL BE REPLACED ALONG WITH THE GANGWAY. THE COURTYARD AREA WILL BE REDESIGNED, INCLUDING CHILDREN'S TOYS AND PLAY STRUCTURES CREATING A LARGER CHILDREN'S PARK AREA AND PUBLIC BENEFIT (REFER TO PROJECT INFO ABOVE FOR NEW AREA CALCULATIONS) GUESTS OF HOTEL WILL CHECK-IN WITHIN THE RETAIL SPACE ALONG THE EMBARCADERO

SHEET INDEX

- A1.1 PROJECT INFO., DEMOLITION PLAN
- A1.2 PROJECT NOTES & REQUIREMENTS
- A1.3 CONSTRUCTION PLAN
- A2.1 PROPOSED FLOOR PLANS
- A3.1 EXTERIOR ELEVATIONS, SECTION
- A4.1 ROOF & LANDSCAPE PLAN



EXISTING SITE - DEMOLITION PLAN SCALE: 1/8" = 1'-0"

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STAMPS



CONSULTANTS

PROJECT
HARBORWALK PLAZA
RETAIL, RESTAURANT, HOTEL
FOR
LEASE SITE 87-88 / 87W-88W
TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442

DRAWING PHASE

C.U.P.

833 EMBARCADERO
MORRO BAY, CALIFORNIA

Project No.	06-110
Drawn By	CPP
Dwg. Date	05/28/18
Updated	-
Scale	AS NOTED

REVISIONS

SHEET TITLE
**PROJECT INFO.
DEMOLITION PLAN**

SHEET NO.

A1.1

FIRE SAFETY REQUIREMENTS

- Fire Safety.** during Construction and Demolition shall be in accordance with 2016 California Fire Code, Chapter 33. This chapter prescribes minimum safeguards for construction, alteration and demolition operations to provide reasonable safety to life and property from fire during such operations.
- Automatic Fire Sprinklers.** The applicant shall provide fire sprinkler protection of all cantilevered water side elements, restaurant space, retail structure, hotel space and trash area, in accordance with Morro Bay Municipal Code (Section 14.08.090(L)) and 2016 California Fire Code (Section 903).
- Standpipes.** Marinas and boatyards shall be equipped throughout with standpipe systems in accordance with NFPA 303. Systems shall be provided with hose connections located such that no point on the pier or float system exceeds 150 feet from the standpipe hose connection. (CFC 3604.2, 905, and MBMC 14.52.060)
- Fire Alarm and Detection Systems.** Applicant shall provide an approved fire alarm system, in accordance with NFPA 72 and 2013 California Fire Code (Section 907).
- Knox key box.** Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life-saving or fire-fighting purposes, the fire code official is authorized to require a key box to be installed in an approved location (CFC 503). Provide a Knox Box on exterior of the structure, in an approved location. Please obtain a Knox application from Morro Bay Fire Department during business hours.
- Fire extinguishers.** One Provide one wall mounted 2A:10-B:C fire extinguisher, and approved signage, for each 3,000 square feet of light hazard fuel load, Travel distance shall not in accordance with California Code of Regulations, Title 19, Division 1.
- Carbon monoxide.** alarms in new dwellings and sleeping units. An approved carbon monoxide alarm shall be installed in dwellings having a fossil fuel-burning heater or appliance, fireplace or an attached garage. Carbon monoxide alarms shall be listed as complying with UL 2034 and be installed and maintained in accordance with NFPA 720 and the manufacturer's instructions. (CRC R315.2)
- Address identification.** All new and existing single family residence and ADU's shall have their own approved address numbers or building numbers placed in a position to be plainly legible from the street or road fronting the property (CFC 505). Provide approved address numbers 4 inches high with ½ inch stroke in contrasting numbers.
- Elevator Car to Accommodate Ambulance Stretcher.** Where elevators are provided, at least one elevator shall be provided for fire department emergency access to all floors. The elevator car shall be of such a size and arrangement to accommodate an ambulance stretched 24-inches by 84-inches with not less than 5-inch radius corners, in the horizontal, open position and shall be identified by the international symbol for emergency medical services (star of life). The symbol shall not be less than 3-inches high and shall be placed inside on both sides of the hoist way door frame. (MBMC 14.08.090(I))

STORMWATER CALCULATIONS

APPENDIX C
PERFORMANCE REQUIREMENT DETERMINATION FORM

The following form shall be completed for all development and redevelopment projects. Projects that are exempt from performance requirements are required to complete Sections 1 & 2 only.

Section 1: General Information	
Project name	HarborWalk Plaza
Project Address	833 Embarcadero
Assessor's Parcel Number(s)	066-322-001
Name of Applicant	TLC Family Enterprises
Applicant email address:	
Applicant phone:	(805) 748-3145
Project Type (e.g. single-family residential, commercial, etc.)	Commercial (Retail, Hotel, Rest.)
Section 2: Area Information	
Total Project Area	6,982 Sq. Ft. - Land Lease
Total Existing Impervious surface area	6,500 Sq. Ft. - To be Replaced
Proposed Gross Impervious Area (list only the surface areas that are being created or replaced)	
a. Rooftops	4,887 Sq. Ft.
b. Driveways	
c. Patios	2,081 Sq. Ft.
d. Parking Lots	
e. Other	
Total Gross Impervious Area	6,968 Sq. Ft.
If Gross Impervious Area <15,000 ft ² , write "EXEMPT". Otherwise continue to Sec. 3	Exempt
Section 3: PR Determination	
Watershed Management Zone (App. B)	Exempt
Net Impervious Area (from page 10)	6,968 Sq. Ft.
Performance Requirements (from Flow Charts)	Sections 1 & 2

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HEIGHT CERTIFICATION

A LICENSED SURVEYOR OR ENGINEER SHALL VERIFY PAD ELEVATIONS AND SETBACKS PRIOR TO FOUNDATION INSPECTION, AND BUILDING HEIGHT PRIOR TO FRAMING INSPECTION. CERTIFICATIONS SHALL BE SUBMITTED TO THE COMMUNITY DEVELOPMENT DEPARTMENT.

PUBLIC WORKS

ANY DAMAGE, AS A RESULT OF CONSTRUCTION OPERATIONS FOR THIS PROJECT, TO CITY FACILITIES, I.E. CURB/BERM, STREET, SEWER LINE, WATER LINE, OR ANY PUBLIC IMPROVEMENTS SHALL BE REPAIRED AT NO COST TO THE CITY OF MORRO BAY.

NO WORK SHALL OCCUR WITHIN (OR USE OF) THE CITY'S RIGHT OF WAY WITHOUT AN ENCROACHMENT PERMIT. ENCROACHMENT PERMITS ARE AVAILABLE AT THE CITY OF MORRO BAY PUBLIC WORKS OFFICE LOCATED AT 955 SHASTA AVE. THE ENCROACHMENT PERMIT SHALL BE ISSUED CONCURRENTLY WITH THE BUILDING PERMIT.



PUBLIC SEATING SIGNAGE

TO BE LOCATED ON THE NORTHERN AND SOUTHERN EDGES OF THE NEW PUBLIC SEATING COUNTER LOCATED AT WEST SIDE OF LEASE SITE.

SIGNAGE SHALL BE 24" WIDE x 18" HIGH METAL SIGN WITH IMAGES MOUNTED FLAT TO STRUCTURE (OR 4x4 POST) WITH WHITE BACKGROUND AND BLUE LETTERING.



PUBLIC BOARDWALK SIGNAGE

TO BE LOCATED AT THE NORTHERN AND SOUTHERN ENTRANCES TO THE HARBORWALK LOCATED AT THE WEST SIDE OF THE LEASE SITE.

SIGNAGE SHALL BE 24" WIDE x 18" HIGH METAL SIGN WITH IMAGES MOUNTED FLAT TO 4x4 POST WITH WHITE BACKGROUND AND BLUE LETTERING.

CONDITIONS OF APPROVAL

**SPACE RESERVED FOR FUTURE
CONDITIONS OF APPROVAL**

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**C. P. PARKER
ARCHITECT**

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MORRO BAY, CA
93442 · 1962
(805) 772-5700

STAMPS



CONSULTANTS

PROJECT

**HARBORWALK
PLAZA**

RETAIL, RESTAURANT, HOTEL

FOR

**LEASE SITE
87-88 / 87W-88W**

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442

DRAWING PHASE

C.U.P.

833 EMBARCADERO
MORRO BAY, CALIFORNIA

Project No.	06-110
Drawn By	CPP
Dwg. Date	05/28/18
Updated	-
Scale	AS NOTED

REVISIONS

SHEET TITLE
**PROJECT NOTES &
REQUIREMENTS**

SHEET NO.

A1.2

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93442-1962
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STAMPS



CONSULTANTS

PROJECT

**HARBORWALK
PLAZA**
RETAIL, RESTAURANT, HOTEL
FOR
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Dwg. Date	05/28/18
Updated	-
Scale	AS NOTED

REVISIONS

SHEET TITLE
**CONSTRUCTION
PLAN**

SHEET NO.

A1.3

EROSION CONTROL

STRAW WADDLES TO BE INSTALLED AROUND PERIMETER OF PROJECT SITE.

ALL SEDIMENT CONTROLS SHALL BE IN PLACE PRIOR TO THE COMMENCEMENT OF CONSTRUCTION AS WELL AS AT THE END OF EACH WORKDAY. AT A MINIMUM, SILT FENCES, OR EQUIVALENT APPARATUS, SHALL BE INSTALLED AT THE PERIMETER OF THE CONSTRUCTION SITE TO PREVENT CONSTRUCTION RELATED RUNOFF AND/OR SEDIMENT FROM ENTERING THE BAY.

HOUSEKEEPING

THE CONSTRUCTION SITE SHALL MAINTAIN GOOD CONSTRUCTION SITE HOUSEKEEPING CONTROLS AND PROCEDURES. (e.g. CLEAN UP ALL LEAKS, DRIPS, AND OTHER SPILLS IMMEDIATELY; KEEP MATERIALS COVERED AND OUT OF THE RAIN, INCLUDING COVERING EXPOSED PILES OF SOIL AND WASTES; DISPOSE OF ALL WASTES PROPERLY; PLACE TRASH RECEPTACLES ON SITE FOR THAT PURPOSE, AND COVER OPEN TRASH RECEPTACLES DURING WET WEATHER; REMOVE ALL CONSTRUCTION DEBRIS FROM THE BEACH; ETC).

NOTIFICATION

THE PERMITTEE SHALL NOTIFY PLANNING STAFF OF THE COASTAL COMMISSION'S CENTRAL COAST DISTRICT OFFICE AT LEAST THREE WORKING DAYS IN ADVANCE OF COMMENCEMENT OF CONSTRUCTION OR MAINTENANCE ACTIVITIES, AND IMMEDIATELY UPON COMPLETION OF CONSTRUCTION OR MAINTENANCE ACTIVITIES.

DAYLIGHT WORK ONLY

ALL WORK SHALL TAKE PLACE DURING DAYLIGHT HOURS, AND LIGHTING OF THE BEACH AND OCEAN AREA IS PROHIBITED.

CONSTRUCTION EQUIP.

EQUIPMENT WASHING, SERVICING, AND REFUELING SHALL ONLY BE ALLOWED OFFSITE AT INLAND FACILITIES. APPROPRIATE BEST MANAGEMENT PRACTICES SHALL BE USED TO ENSURE THAT NO SPILLS OF PETROLEUM PRODUCTS OR OTHER CHEMICALS TAKE PLACE DURING THESE ACTIVITIES.

DUST CONTROL

TO PREVENT DUST AND WIND BLOWN EARTH PROBLEMS DURING GRADING, CONTRACTOR IS TO KEEP SOIL MOIST BY USING NON-POTABLE WATER.

CONSTRUCTION METHODS

CONSTRUCTION (INCLUDING BUT NOT LIMITED TO CONSTRUCTION ACTIVITIES, AND MATERIALS AND/OR EQUIPMENT STORAGE) IS PROHIBITED OUTSIDE OF THE DEFINED CONSTRUCTION, STAGING, AND STORAGE AREAS.

ALL PUBLIC RECREATIONAL USE AREAS IMPACTED BY CONSTRUCTION ACTIVITIES SHALL BE RESTORED TO THEIR PRE-CONSTRUCTION CONDITION OR BETTER WITHIN THREE DAYS OF COMPLETION OF CONSTRUCTION. ANY NATIVE MATERIALS IMPACTED SHALL BE FILTERED AS NECESSARY TO REMOVE ALL CONSTRUCTION DEBRIS.

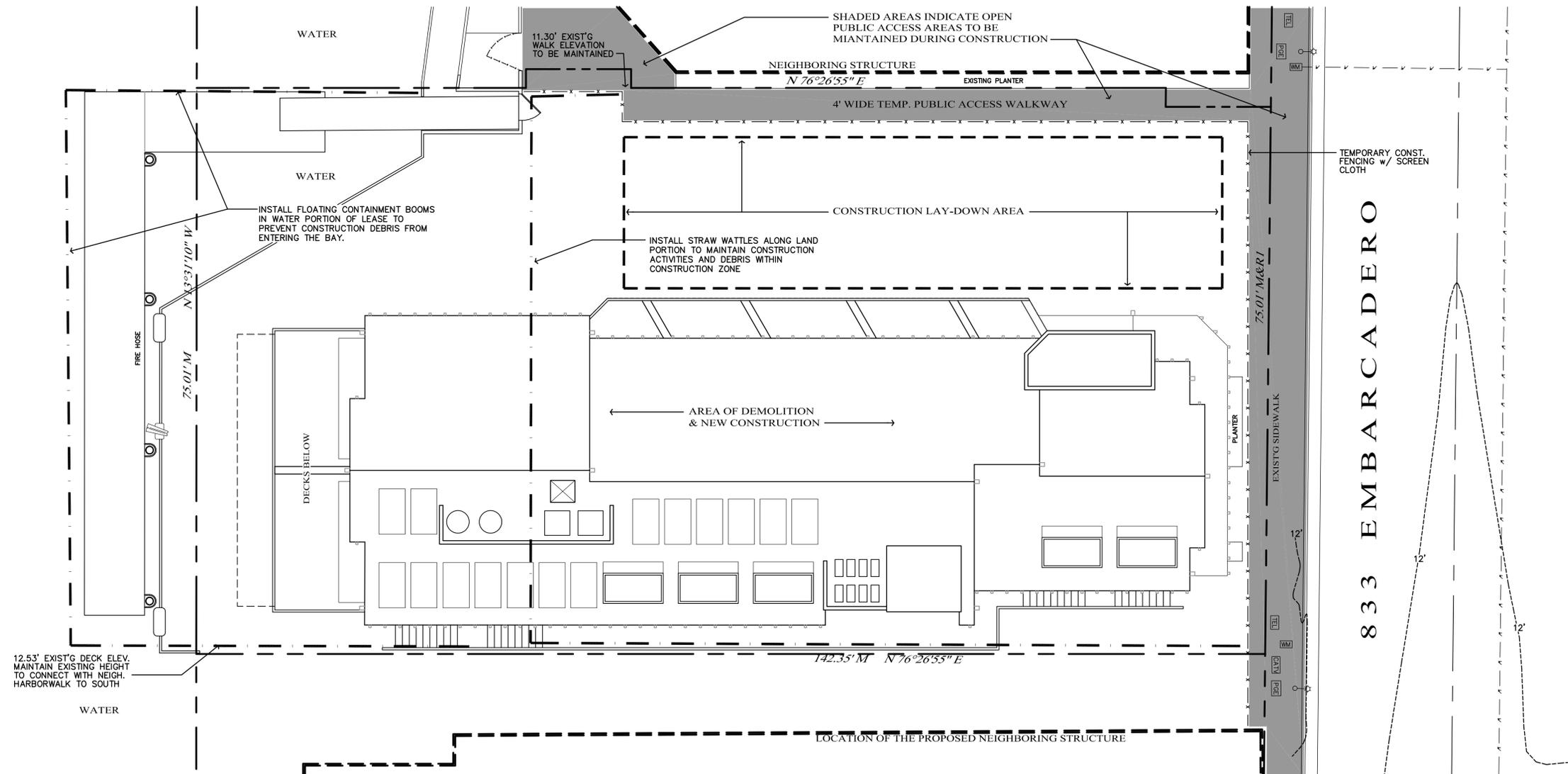
THE PERMITTEE SHALL UNDERTAKE DEVELOPMENT IN ACCORDANCE WITH THE APPROVED CONSTRUCTION PLAN. ALL REQUIREMENTS OF THE APPROVED CONSTRUCTION PLAN SHALL BE ENFORCEABLE COMPONENTS OF THE CDP.

CONSTRUCTION SITE DOC'S

COPIES OF THE SIGNED CDP AND THE APPROVED CONSTRUCTION PLAN SHALL BE MAINTAINED ONSITE IN A CONSPICUOUS LOCATION AT THE CONSTRUCTION JOB SITE AT ALL TIMES, AND SUCH COPIES SHALL BE AVAILABLE FOR PUBLIC REVIEW ON REQUEST. ALL PERSONS INVOLVED WITH CONSTRUCTION SHALL BE BRIEFED ON THE CONTENT AND MEANING OF THE CDP AND THE APPROVED CONSTRUCTION PLAN, AND THE PUBLIC REVIEW REQUIREMENTS APPLICABLE TO THEM, PRIOR TO COMMENCEMENT OF CONSTRUCTION.

CONST. COORDINATOR

A CONSTRUCTION COORDINATOR SHALL BE DESIGNATED TO BE CONTACTED DURING CONSTRUCTION SHOULD QUESTIONS ARISE REGARDING THE CONSTRUCTION (IN THE CASE OF BOTH REGULAR INQUIRIES AND EMERGENCIES), AND THE COORDINATOR'S CONTACT INFORMATION (i.e., ADDRESS, EMAIL, PHONE NUMBERS, ETC.) INCLUDING AT A MINIMUM, A TELEPHONE NUMBER AND EMAIL ADDRESS THAT WILL BE MADE AVAILABLE 24 HOURS A DAY FOR THE DURATION OF CONSTRUCTION, SHALL BE CONSPICUOUSLY POSTED AT THE JOB SITE WHERE SUCH CONTACT INFORMATION IS READILY VISIBLE FROM PUBLIC VIEWING AREAS AT THE SAME TIME AS LIMITING PUBLIC VIEW IMPACTS AS MUCH AS POSSIBLE, ALONG WITH AN INDICATION THAT THE CONSTRUCTION COORDINATOR SHOULD BE CONTACTED IN THE CASE OF QUESTIONS REGARDING THE CONSTRUCTION (IN CASE OF BOTH REGULAR INQUIRIES AND EMERGENCIES). THE CONSTRUCTION COORDINATOR SHALL RECORD THE CONTACT INFORMATION (e.g., NAME, ADDRESS, EMAIL, PHONE NUMBER, ETC.) AND NATURE OF ALL COMPLAINTS RECEIVED REGARDING THE CONSTRUCTION, AND SHALL INVESTIGATE COMPLAINTS AND TAKE REMEDIAL ACTION, IF NECESSARY, WITHIN 24 HOURS OF RECEIPT OF THE COMPLAINT OR INQUIRY.



CONSTRUCTION PLAN

SCALE: 1/8" = 1'-0"

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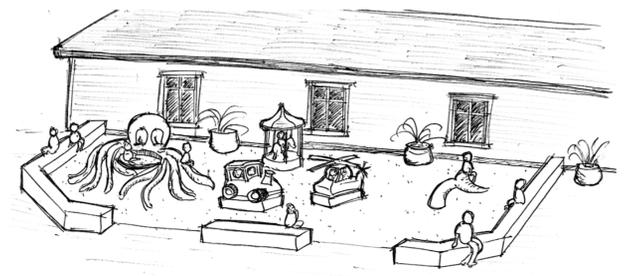
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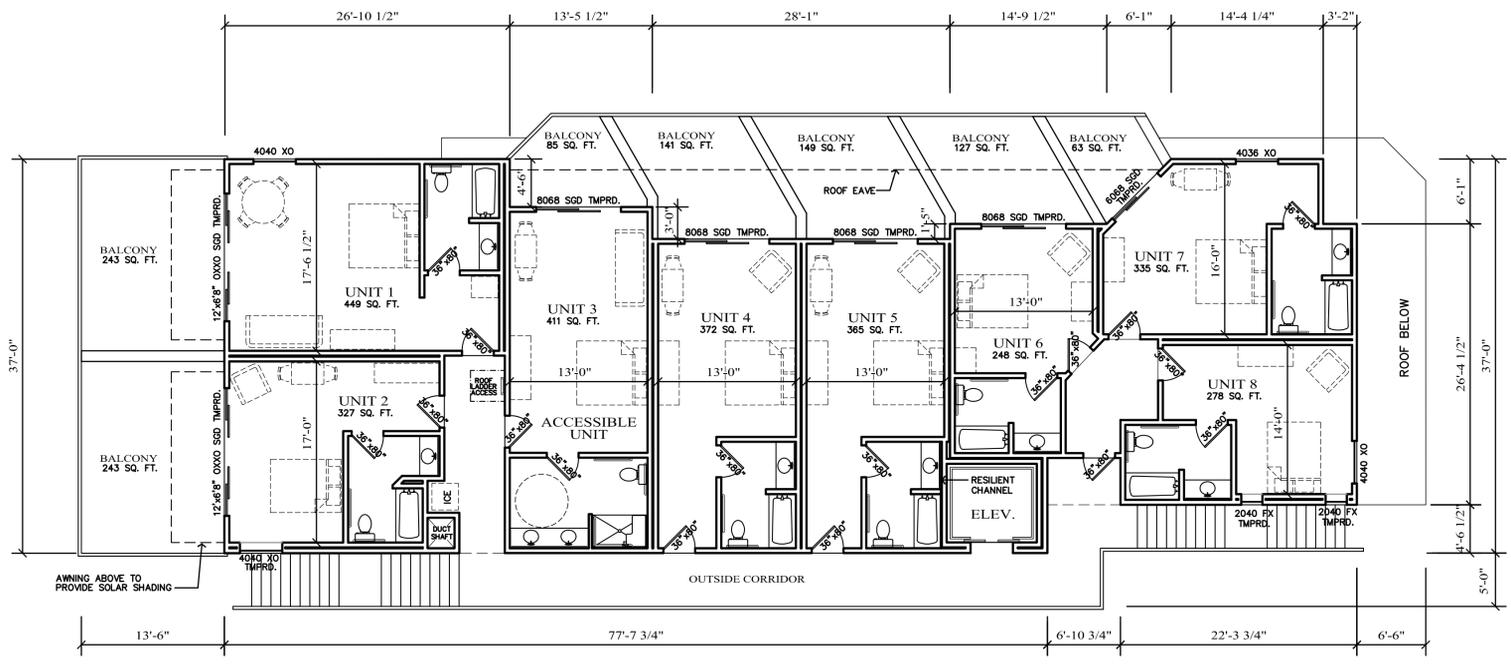
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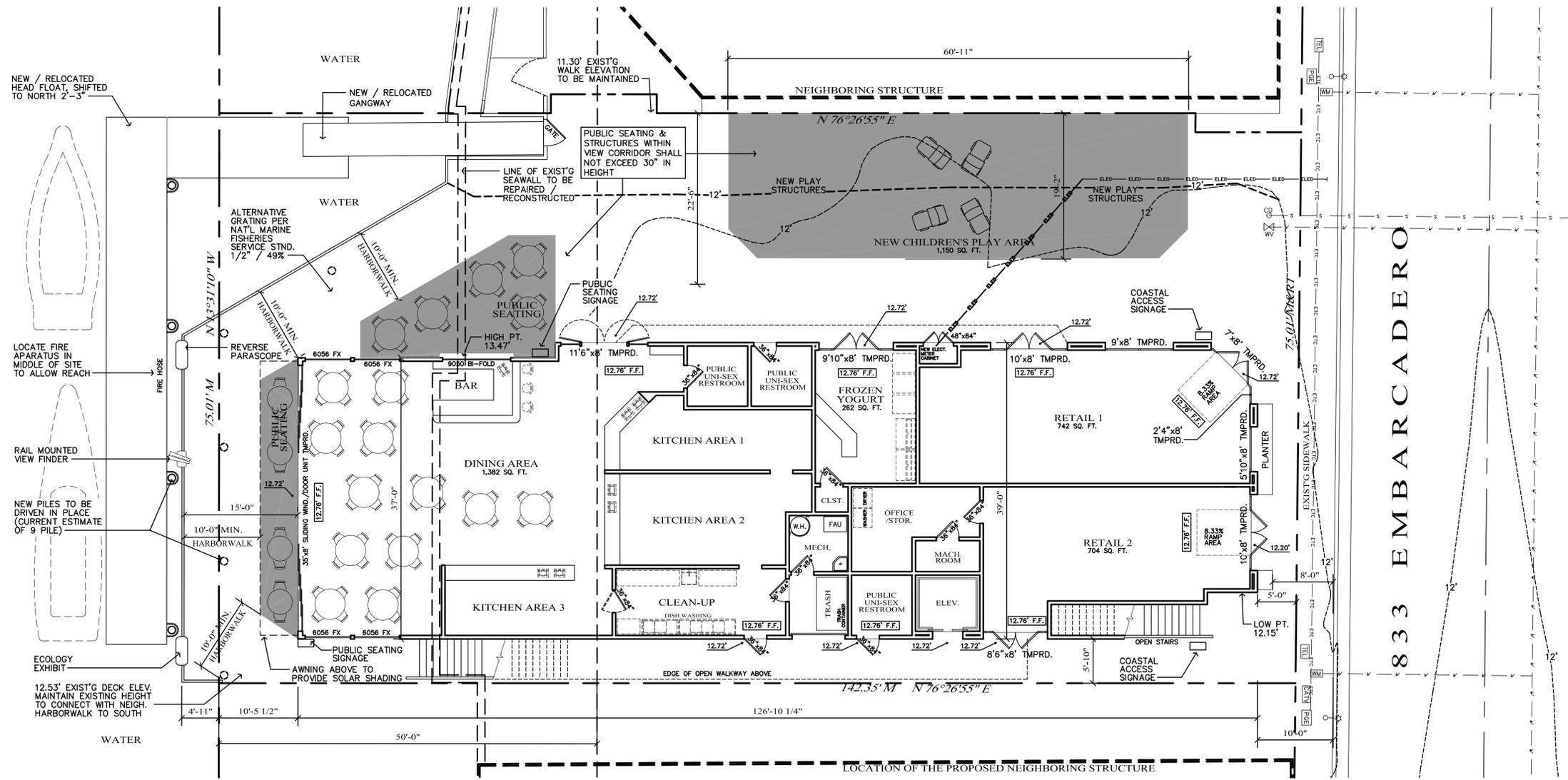


CHILDREN'S PLAY AREA



PROPOSED SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"



PROPOSED SITE / FLOOR PLAN

SCALE: 1/8" = 1'-0"

PROJECT

HARBORWALK PLAZA
RETAIL, RESTAURANT, HOTEL

FOR
LEASE SITE
87-88 / 87W-88W

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442

DRAWING PHASE

C.U.P.

833 EMBARCADERO
MORRO BAY, CALIFORNIA

Project No.	06-110
Drawn By	CPP
Dwg. Date	05/28/18
Updated	-
Scale	AS NOTED

REVISIONS

SHEET TITLE
PROPOSED FLOOR PLAN

SHEET NO.

A2.1

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STAMPS



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PROJECT

HARBORWALK PLAZA
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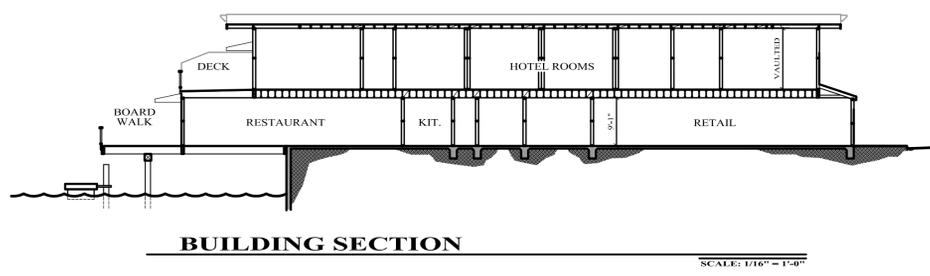
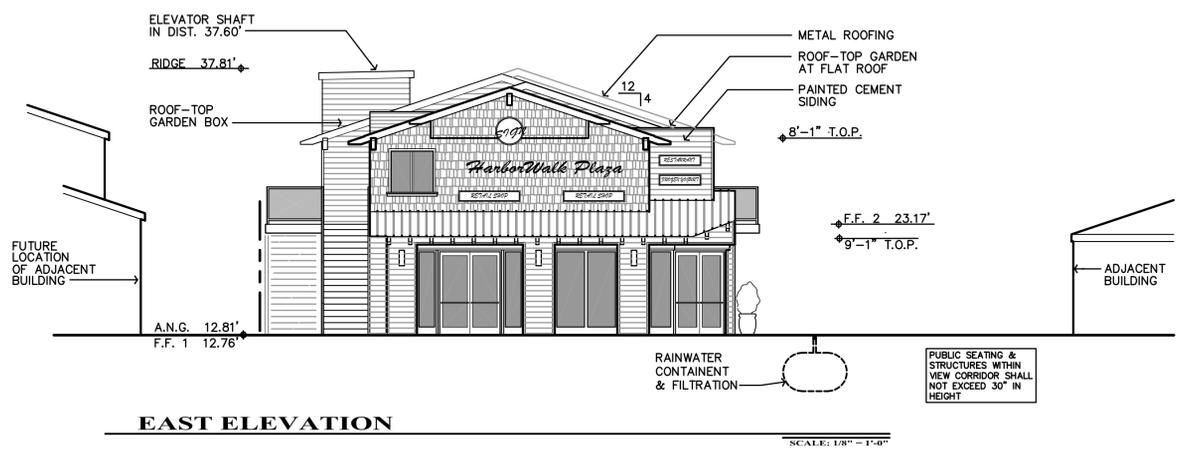
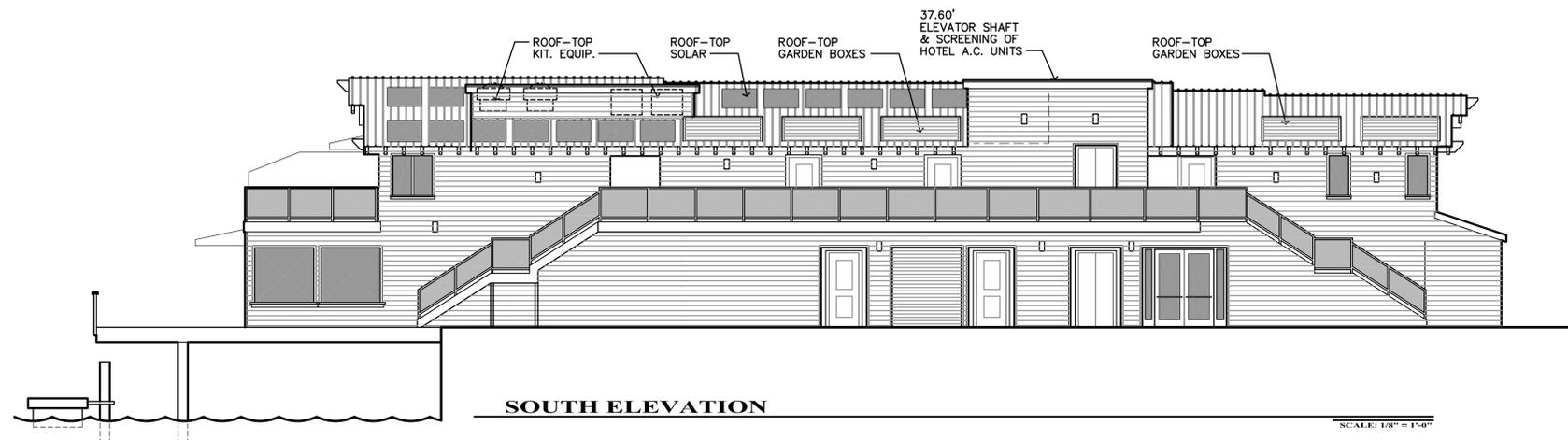
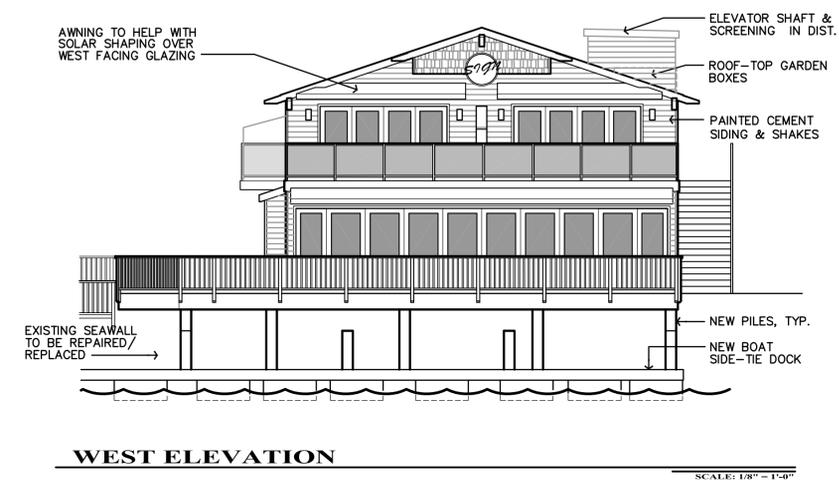
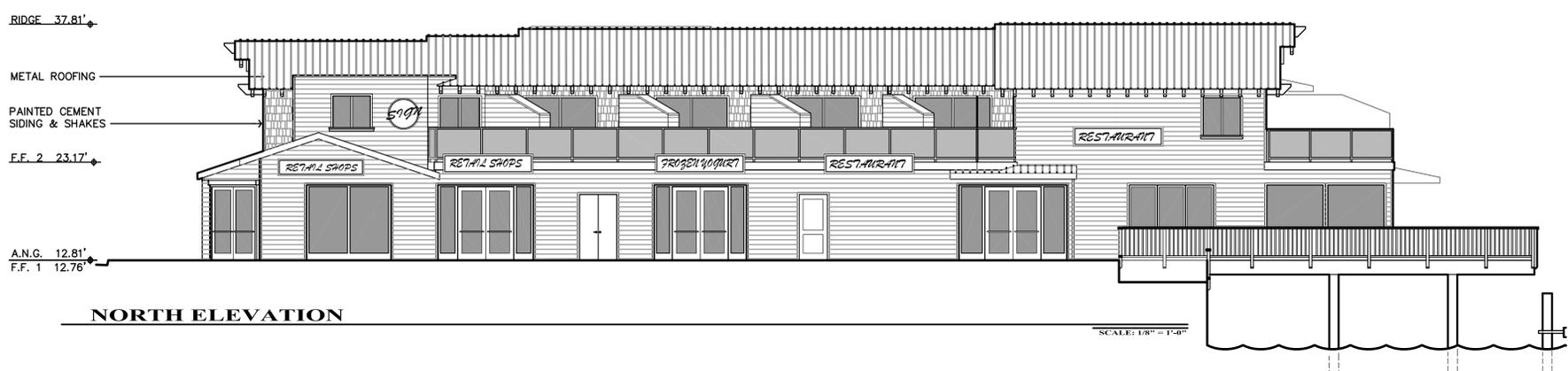
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EXTERIOR ELEVATIONS & BLDG. SECTION

SHEET NO.

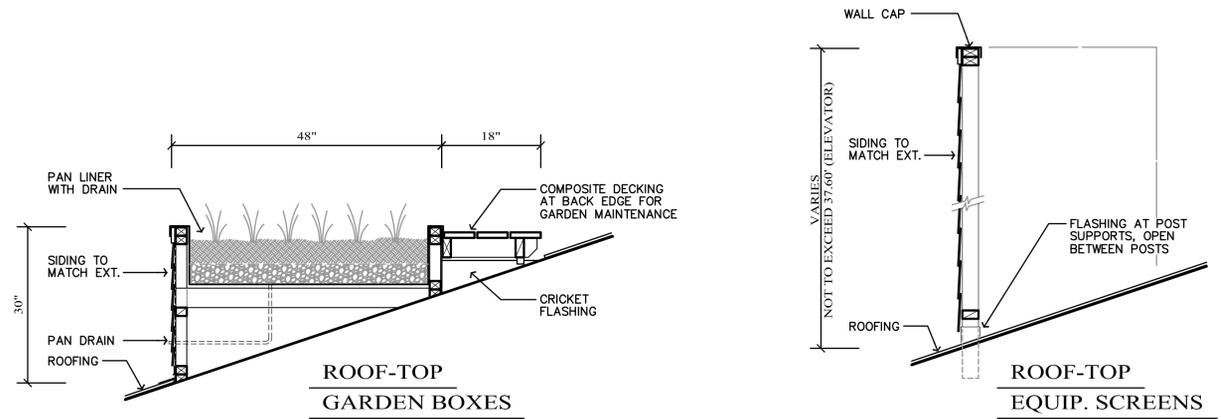
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EXTERIOR LIGHTING: ALL EXTERIOR LIGHTING TO BE NIGHT SKY COMPLIANT BY BEING DOWNWARD FACING AND SHIELDED FROM ABOVE



ROOF-TOP PITCH CALCULATIONS:

TWO-STORY ROOF-TOP AREA:		4,178 SQ. FT.
ROOF-TOP WITH 4:12 PITCH:	89%	3,379 SQ. FT.
ROOF-TOP WITH 1/4":12 PITCH:	11%	439 SQ. FT.



PLANTS	DESCRIPTION	SIZE	WATER USE
☀️	VARIES SUCCULENTS - EXAMPLES SUCH AS ECHEVERIAS, VARIATED AGAVES, ETHEREAL EUPHORBIAS, DWARF ALOES	VARIES	LOW
🌸	OENOTHERA CALIFORNICA (CALIFORNIA PRIMROSE)	4" POT	LOW
🌻	ERIGONUM GRANDE VAR. RUBESCENS (SAN MIGUEL ISLAND BUCKWHEAT)	1 GAL.	LOW
🌼	ERGERON GLAUCUS (SEASIDE DAISY)	1 GAL.	LOW
🌾	FESTUCA CAL. "SERPENTINE BLUE" (CALIFORNIA FESCUE)	1 GAL.	LOW
🌿	MUHLENBERGIA RIGENS (DEER GRASS)	1 GAL.	LOW
◯	GARDEN / PLANTING POT	15 - 25 GALLON	

WATER CONSERVATION

- CORRECTLY LOCATE IRRIGATION VALVE CIRCUITS TO CORRESPOND TO HYDROZONES.
- NO TURF TO BE USED ON PROJECT.
- IRRIGATION VALVE CIRCUITS TO ACHIEVE MATCHED PRECIPITATION RATES THROUGH HYDROZONES.
- USE OF DROUGHT TOLERANT PLANTS IN LANDSCAPE BEDS.
- USE OF DEEP LAYER MULCH IN PLANTING BEDS.
- USE OF DRIP SYSTEM TO CONSERVE WATER.
- USE OF RAIN SENSORS TO TURN-OFF IRRIGATION SYSTEM DURING INCLEMENT WEATHER.
- WATER RE-USE / GRAY WATER SYSTEM

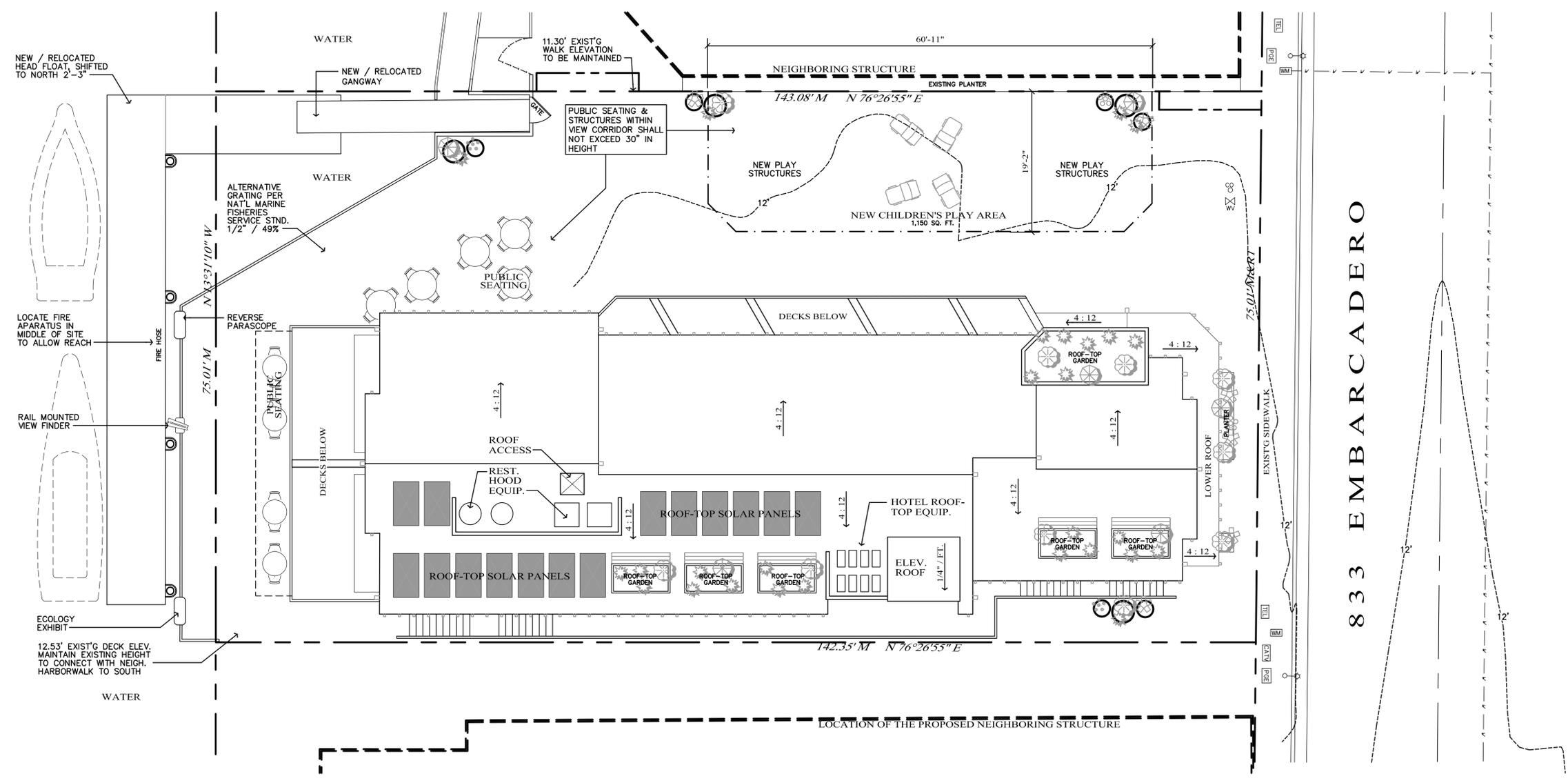
LANDSCAPE CALCULATIONS:

LANDSCAPING AT GRADE:	29 SQ. FT.
LANDSCAPING IN POTS:	52 SQ. FT.
LANDSCAPING IN ROOF-TOP GARDENS:	292 SQ. FT.
	373 SQ. FT.

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ROOF / LANDSCAPE PLAN

SCALE: 1/8" = 1'-0"

CONSULTANTS

PROJECT

HARBORWALK PLAZA
RETAIL, RESTAURANT, HOTEL
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Drawn By	CPP
Dwg. Date	05/28/18
Updated	-
Scale	AS NOTED

REVISIONS

SHEET TITLE
ROOF & LANDSCAPE PLAN

SHEET NO.

A4.1



AGENDA NO: B-4

MEETING DATE: August 21, 2018

Staff Report

TO: Planning Commissioners

DATE: August 13, 2018

FROM: Cindy Jacinth, Senior Planner

SUBJECT: 833 Embarcadero Road: Concept Plan approval of Conditional Use Permit #UP0-509 for demo/reconstruct of existing two-story visitor-serving commercial building known as Off the Hook. The new Harborwalk Plaza project includes existing ground floor restaurant, retail space, and second floor office space to be replaced with a new 7,994 sf two story 25-foot tall building that will include ground floor retail, public restrooms, restaurant, and 8 boutique hotel rooms on the second floor. Project also proposes to replace the existing side-tie dock and gangway, install 10ft bayside lateral access, and redesign the children's play area in courtyard as public benefit.

RECOMMENDATION:

FORWARD A FAVORABLE RECOMMENDATION TO THE CITY COUNCIL TO CONDITIONALLY APPROVE THE PROJECT by adopting a motion including the following action(s):

Adopt Planning Commission Resolution 25-18 which includes the Findings and Conditions of Approval for the project depicted on site development plans dated May 28, 2018 (Exhibit F).

APPLICANT/AGENT: TLC Family Enterprises, Applicant / Chris Parker, CP Parker Architect, Agent

LEGAL DESCRIPTION/APN: City lease sites 87/88 and 87W/88W / APN: 066-322-001

PROJECT SUMMARY: The Applicant is seeking Concept Conditional Use Permit approval to demolish the existing Off the Hook building at 833 Embarcadero and replace with a new two-story 25 foot building consisting of restaurant space, a yogurt shop, public restrooms, and ground floor retail. The second floor would be constructed as an 8-room boutique hotel. The existing side-tie dock is proposed to be replaced with the existing gangway. In addition the open courtyard area on the north side of the building is proposed to be redesigned for enhanced public benefit including a children's play area. This project is located in the WF/PD/S.4 zoning district and in the Coastal Commission Original Jurisdiction.

PROJECT SETTING:

The location is a City lease site (87/88/ 87W/88W) which is occupied with a two-story visitor-serving commercial building known as "Off the Hook".

Adjacent Zoning/Land Use			
North:	Waterfront (WF/PD, S.4) / visitor-serving retail uses	South:	Waterfront (WF/PD, S.4) visitor-serving retail uses
East:	Commercial Visitor-Serving(C-VS, PD/S.4), Commercial, Centennial Plaza, giant Chessboard	West:	Harbor

Site Characteristics	
Overall Site Area	Approx 10,700 sf
Existing Use	City land and water lease – Existing use is visitor-serving commercial on first floor. The existing second floor is office space. On the water lease is an existing side-tie dock system.
Terrain	Land portion previously developed and paved surface
Vegetation/Wildlife	An eelgrass survey was performed on October 8, 2014 which did not find any eelgrass growing in the proposed project area. Previous survey performed in 2010 also did not find evidence of eelgrass habitat.
Access	Embarcadero
Archaeological Resources	No known resources.
Development Standards	
Setbacks: Front Side Rear	Front setback is average of 5' and 10' setback at second floor. Rear setback is 0 feet. Side setback to south of building is 5'10" and north is approx. 37'. 10 foot setback required for lateral access. Project provides 10 foot lateral access and is compliant with all setbacks
Sloping Roof requirement minimum 80% at 4:12	Two-story roof-top area: 4,178sf. 89% of roof area (3,379sf) at 4:12 pitch. Project complies with roof requirement
Height maximum; 25 feet only with finding of significant public benefit	Project proposed 25 feet tall and lists several public benefits. See project discussion section.
View Corridor requirement is 30% of lease site	Lease site is 75 feet wide which equals view corridor requirement of 22.5 feet. Public plaza on south side of building meets this requirement. Tables, benches, seating, and play area within this view corridor area limited to 30 inches maximum in height per the Waterfront Master Plan.

Sloping Roof, 4 in 12 for 80%	Existing roofline. Proposed rear addition 4 in 12 on northwest and 4 in 12 shed roof on southwest.. New flat roof addition area is 18%
Lot Coverage – 1 st floor 70% max. of land portion. 2nd floor is 70% of allowable first floor coverage.	Proposed lot coverage is 70% 2nd floor proposed lot coverage is 70% of proposed first floor.

General Plan, Zoning Ordinance & Local Coastal Plan Designations	
General Plan/Coastal Plan Land Use Designation	Visitor-serving commercial uses
Base Zone District	WF, Waterfront Zoning district
Coastal Land Use Plan	Planning Area 6 - Bayfront
Zoning Overlay District	PD, Planned Development overlay (required to also obtain City Council approval of Concept Plan)
Special Treatment Area	S.4
Combining District/Spec. Plan	N/A
Coastal Zone	Coastal Commission original jurisdiction. Applicant required to obtain Coastal Development permit from Coastal Commission prior to issuance of any building permit.
Parking Requirements (MBMC 17.44): Restaurant dining: 1 space/60 sf Outdoor dining (front): 1 space/120 sf Hotel: 1 space/1 room plus 1 space for each group of 10 rooms Side-tie dock: 1 space per 35' of boat tie-down area	Historic parking credit of 58 spaces per City records. Parking demand for retail, restaurant, outdoor dining, frozen yogurt customer area, children's play area, side-tie boat dock, and hotel uses equals 52 parking spaces. Project complies with parking requirements.
View Corridor Requirement & Significant Public Benefit Finding	The lease site is 75 feet wide which requires a 30% view corridor requirement and a finding of significant public benefit to allow an increase in height up to 25 feet.

PROJECT BACKGROUND:

The existing Off the Hook building lease site history includes previous proposals for conversion to hotel or similar use. In 2000, the City issued CUP 36-99 for a project known then as Smuggler's Inn, but the permits expired. In 2007, a similar project known as the Outrigger was proposed (UP0-153) which would have demolished and replaced the existing

building to build a ground floor commercial building with second floor hotel units, but that project also did not go forward. . The most recent permit history of this lease site is shown in the table below. A review of the overall project showed historic uses associated with retail, restaurant, and office uses as well as previous City correspondence memorializing a historic credit of 58 parking spaces.

Year	Permit Number	Description
2007	UP0-153	Outrigger: 6 units hotel project with ground floor commercial. Project did not move forward.
2004	CUP 21-02	Convert upstairs office space to 3-unit Bed & Breakfast project. Project did not move forward.
2000	CUP 36-99	Smugglers Inn: 3-unit Bed & Breakfast project. Permit expired.

PROJECT DESCRIPTION DETAILS:

The existing building includes a first floor restaurant of 3,667sf and retail space of 1510sf with a second floor office space of 1510sf for a total building size of 6,687sf. The project proposal would replace the building and construct a new two story 7,994 sf building consisting of restaurant space, a yogurt shop, three public restrooms, and retail space on the ground floor, along with an 8 unit hotel on the second floor. The hotel rooms will range in size from 248sf to 449sf.

The City, with grant funding by the Coastal Commission, prepared a memo in December 2017 which analyzed the supply of overnight accommodations in the City to determine whether City policies were in compliance with Coastal Act requirements. The memo concluded that the City has an adequate supply of lower-cost hotels and motels throughout the city. However the unique location of overnight accommodations along both sides of the Morro Bay Embarcadero does not currently provide a low-cost accommodation option. Consistent with other hotel projects recently approved on the City's waterfront and LUP Policy 2.07, the project is conditioned to provide 25% of units at a rate equal to the City's low cost threshold which is also consistent with Coastal Act Section 30213 which seeks to ensure that visitor-accommodation facilities in the coastal zone and in unique locations such as Morro Bay estuary include a component for affordable accommodations. The low cost threshold would be established by setting the Lodging rates as the 85% of the average daily rate of all lodging facilities along both sides of the Embarcadero. (Planning condition 6).

The courtyard area will be redeveloped to include a larger children's play structure area increasing overall public benefit. Hotel guests would check in at the first floor retail space along the Embarcadero.

The existing side-tie dock will be replaced along with the gangway. Plans show the dock

system when reconstructed will be relocated to the north approximately 2-3 feet. Also, as part of the dock reconstruction, 9 wood piles will be removed and 1 concrete pile will remain abandoned in place.

Parking Requirements

As summarized in the above development standards table, the proposed project was evaluated for compliance with the City's parking standards related to retail, restaurant, play area, boat slips, and hotel uses. City records show a recognized historic parking credit of 58 parking spaces. The proposed project would create a parking demand of 52 spaces and is therefore compliant with City parking requirements.

Public Access Improvements/ Harborwalk:

As required by the Waterfront Master Plan, the Applicant has included a list of project public benefits in addition to the required view corridor and bayside lateral access improvements.

Coastal public access signage will be provided and is shown on Plan sheet A1.2 which includes the branding of Morro Bay Harborwalk identified on the sign, consistent with recent Council direction.

Public Benefit:

The project public benefit proposed is an expanded and upgraded children's play area; three public restrooms on both sides of the building, public seating, ecological exhibits for public education; energy feature exhibits, and a view-finder/telescope along the Harborwalk for enhanced views of Morro Rock and the bay. An artist rendering of the children's play area and a sample viewfinder is shown on plan sheet A2.1 (Exhibit F). The public education exhibits are shown on the proposed site plan, which also shows the 10 foot required bayside lateral access. The site plan shows the Applicant proposes outdoor public seating in an area adjacent to the lateral access (Harborwalk). In order to ensure the tables do not encroach into the minimum 10 foot requirement, staff is recommending a condition of approval be added to delineate with railing the outdoor public seating area (Planning condition 4) consistent with the Waterfront Master Plan which encourages outdoor dining, and requires these areas be enclosed by permanent low see-through railings or fences.

As shown on the plans, multiple green features are proposed with this project which include roof-top solar, roof top garden boxes with succulent, rain-water collection/re-use system, grey-water collection/re-use with dual piping for collection and re-use, LED smart lighting systems, and solar shading over west facing glass to reduce energy use along with fire-resistant canvas awnings.

Visual Simulations

The Applicant has submitted two visual simulations which include a view from the Embarcadero and a rear view of the proposed building from the Harborwalk looking south at the building (Exhibit C). In addition, color and materials information was also provided (Exhibit D) which depicts the proposed exterior finishes for the project. These finishes include gray

metal roofing with brown cement siding, and a tan/brown cement shingle. Glass railing are proposed for the second floor hotel balconies. The Waterfront Master Plan design guidelines describe the design goal for the Embarcadero is to enhance the visual experience of visiting the area by bringing about a gradual strengthening of architectural continuity and by encouraging buildings with distinctive visual quality. This design quality or character should reflect the historical and cultural identity of the Embarcadero, of a working fishing community with a variety of character and building types. The project and its proposed materials provide an attractive upgrade to an existing non-descript building. The project is in keeping with the architectural character of the Embarcadero and adds overall ambiance to the waterfront area.



Piling Removal and Seawall Repair:

Included in the project description is reconstruction of the existing side-tie dock system. The existing dock system is proposed to be relocated to the north approximately 2-3 feet. The gangway will also be reconstructed to align with the side-tie docks, as it is currently constructed on the neighboring lease site to the north (known at the Boatyard, 845 Embarcadero). Included in this project scope of work is removal of 9 wood piles and abandonment of 1 existing concrete pile. At the northwest corner of the existing building. The line of the existing seawall is to remain in place, but will be repaired as noted on Plan sheet A1.3 (Exhibit F). A construction plan is provided on plane sheet A1.3 which identifies BMPs and general housekeeping controls and procedures during demolition and construction activities in order to prevent construction debris from entering the bay, and to maintain construction activities within the construction zone. In order to minimize impacts to coastal public access, the applicant proposes a 4 foot wide temporary public access walkway from the street to the bayside to remain open and maintained during construction (Plan sheet A1.3, Exhibit F)

ENVIRONMENTAL:

An eelgrass survey was performed by Tenera dated October 17, 2014 which found no eelgrass growing in the proposed waterfront project area at the Off the Hook building. In addition, a previous dive survey performed in 2010 also did not find any eelgrass habitat. (Exhibit B).

Because the project will be removing 9 wood piles in order to reconstruct the existing side-tie dock system, this project is subject to the requirements of the California Eelgrass Mitigation Policy (CEMP), administered by the National Marine Fisheries Service (NMFS).

CEMP protocols require the applicant to complete a pre-construction survey between 30-60 days prior to start of construction, and a post-construction survey is due 30 days after construction, to determine impact, if any, and corresponding required mitigation. (Planning condition 12). In addition, project construction BMP's have been added to minimize material containment, require piling removal activities be monitored by a qualified biological monitor to ensure impacts to marine mammals are avoided. (See Planning conditions 12-17).

With the above review and implementation of best management practices (BMPs) as incorporated into project conditions, the project would be eligible for a categorical exemption under CEQA, Section 15302, Class 2b where under replacement or reconstruction of commercial structure with a new structure of substantially the same size, purpose, and capacity is allowed for which the proposed Harborwalk Plaza project would qualify for an exemption. In addition, none of the exception found in CEQA Section 15300.2 apply to this project..

PUBLIC NOTICE:

Notice of a public hearing on this item was posted at the site and published in the Tribune newspaper on August 10, 2018, and mailed directly to all property owners and occupants of record within 500 feet of the subject site. The notices invited the public to attend the hearing and express any concerns they may have regarding the proposed project.

CONCLUSION:

The proposed project would demolish and reconstruct an existing two story waterfront commercial building and replace with a new two-story building known as the Harborwalk Plaza. New restaurant and retail space would be constructed on the ground floor, along with 8 boutique hotel units on the second floor which will replace existing 2nd floor office space that is currently underutilized. In addition, the project will provide an important connection to the City's Harborwalk by installing a new 10foot wide section of bayside lateral access between the neighboring lease sites from the north and south. New public access amenities include outdoor public seating, remodeled courtyard area with expanded children's play area, 3 public restrooms, educational and ecological exhibits, and viewfinder/periscope along the Harborwalk. With the removal of the rear outdoor dining area, bay views will be opened up through the view corridor. The proposed height of the building would be 25 feet which is allowed in the Waterfront Master Plan with a finding of significant public benefit via the planned

development overlay (MBMC 17.40.030). The project as proposed does not diminish or detract from existing public views of the water or of Morro Rock. The project as proposed, meets development standards, improves views through the site and provides an interesting and varied design that will enhance visitor and pedestrian experience in that it creates the required bayside lateral access as well as provides for new source of lodging accommodations which is conditioned accordingly.

The project as proposed provides for enhanced public access which meets City goals in the Waterfront Master Plan and will add to the ambiance of the waterfront area. It is consistent with the City's General Plan and Local Coastal Program (LCP) and goals of the Downtown Waterfront Strategic Plan. With the incorporation of recommended conditions, staff recommends that Planning Commission forward a favorable recommendation of this Concept Plan to City Council for approval.

EXHIBITS:

Exhibit A – Planning Commission Resolution 25-18

Exhibit B – Eelgrass survey, Tenera Environmental, October 17, 2014

Exhibit C – Photo simulations

Exhibit D - Color and Materials Board.

Exhibit E – Material Specifications

Exhibit F – Plans/ Reductions received May 28, 2018

RESOLUTION NO. PC 25-18

A RESOLUTION OF THE MORRO BAY PLANNING COMMISSION FORWARDING A FAVORABLE RECOMMENDATION TO THE MORRO BAY CITY COUNCIL FOR CONCEPT PLAN APPROVAL OF CONDITIONAL USE PERMIT (UP0-509) FOR DEMOLITION AND RECONSTRUCTION OF TWO-STORY BUILDING WITH 8 UNIT BOUTIQUE HOTEL, RESTAURANT, RETAIL, PUBLIC ACCESS IMPROVEMENTS, INCLUDING CHILDREN'S COURTYARD PLAY AREA AND RECONSTRUCTION OF NEW SIDE-TIE DOCK SYSTEM AND GANGWAY, AT 833 EMBARCADERO, HARBORWALK PLAZA

WHEREAS, the Planning Commission of the City of Morro Bay conducted a public hearing at the Morro Bay Veteran's Hall, 209 Surf Street, Morro Bay, California, on August 21, 2018, for the purpose of considering Concept Plan approval of Conditional Use Permit #UP0-509; and

WHEREAS, notices of said public hearing were made at the time and in the manner required by law; and

WHEREAS, the Planning Commission has duly considered all evidence, including the testimony of the applicant, interested parties, and the evaluation and recommendations by staff, presented at said hearing.

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Morro Bay as follows:

Section 1: Findings. Based upon all the evidence, the Commission makes the following findings:

California Environmental Quality Act (CEQA)

A. That for purposes of the California Environmental Quality Act, Case No. UP0-509 is categorically exempt under Section 15302, Class 2b where under replacement of reconstruction of commercial structure with a new structure of substantially the same, size, purpose, and capacity is allowed for which the proposed Harborwalk Plaza project would qualify for an exemption. In addition, an eelgrass survey was performed on October 17, 2014 which found no eelgrass growing in the proposed waterfront project area. The project will be subject to marine mammal monitoring during construction with implementation of best management practices (BMPs) as conditioned by Planning conditions 12-17. Additionally, none of the Categorical Exemption exceptions, noted under section 15300.2, apply to the project.

Conditional Use Permit Findings

A. The project will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood in that demolition/reconstruction of mixed use two story building of 8 hotel units and ground floor retail, and restaurant uses with reconstructed dock system at 833 Embarcadero are permitted uses within the zoning district and said structures comply with all applicable project conditions and City regulations and is consistent with the City's Local Coastal Program. In addition, as shown on project plans

- B. The project will not be injurious or detrimental to property and improvements in the neighborhood and the general welfare of the City in that the proposed hotel use, new restaurant, retail, and children's outdoor play area along with reconstructed side-tie dock and gangway will provide a visitor-serving recreational opportunity which will provide additional benefit and improvement to a visitor-serving commercial use and is consistent with the character of the existing development.

Waterfront Master Plan Findings

- A. The proposed project makes a positive contribution to the visual and public accessibility to the bay while increasing and maintaining commercial fishing industry:
- a. Meets the Waterfront plan height limit and maximum building coverage, bulk, and scale requirements in that the proposed project does not exceed the maximum height allowed and interesting articulation breaks up the bulk and scale.
 - b. In the case of granting height greater than 17 feet, the proposed project also provides significant public benefit pursuant to the Planned Development Overlay zone requirements in that the proposed project is creating an expanded and upgraded children's play area, adds three public restrooms on both sides of the building, public seating, ecological exhibits, energy feature exhibits and viewfinder/telescope along the 10 foot Harborwalk with outdoor public seating adjacent to the harborwalk.
 - c. The proposed project provides the amenities identified in the WF Plan, facilitates pedestrian visual and physical access to the waterfront, and takes advantage of outward views and characteristics of the topography in that the courtyard is improved to allow for easier pedestrian access, enjoyment and better bay views through the removal of the rear dining patio. It preserves and enhances the views as seen from street-ends and around the building.
 - d. The proposed project makes a positive contribution to the working fishing village character and quality of the Embarcadero area in that the new project will add to the pedestrian orientation while maintaining the side tie dock and also with the removal of the rear dining patio which will maintain and enhance views of the bay as well as better views of docked boats.
 - e. The proposed project recognizes the pedestrian orientation of the Embarcadero and provides an interesting and varied design that will enhance the pedestrian experience in that the new building will open up to the passing pedestrian through creation of 10 foot bayside lateral access where none currently exists and removal of the rear dining patio for better bay views through the view corridor.
 - f. The project gives its occupants and the public some variety in materials and/or application in that the building will consist of brown cement siding and shingles, gray metal roofing, glass railings at the hotel unit balconies, and rooftop garden boxes.
 - g. The project contains the elements of harmony, continuity, proportion, simplicity, and balance, and its appearance matches its function and the uses proposed in that the new structure will provide more horizontal and vertical articulation, with an enhanced

courtyard with new children's play area, removal of outdoor dining area which will increase bay views, and creation of 10 foot wide bayside lateral access also known as the Harborwalk all of which provides articulation that is consistent with the character of the existing development.

- h. The proposed project does not diminish, either directly or by cumulative impact of several similar projects, the use, enjoyment, or attractiveness of adjacent buildings and provides a visual and pedestrian transition to its immediate neighbor in that the existing and new construction is in keeping with the architectural style, massing, materials, scale, and use of its surroundings.

Architectural Consideration

- A. As required by Ordinance Section 17.48.200 the Planning Commission finds that the architectural treatment and general appearance of all proposed structures and open areas are in keeping with the character of the surrounding areas, are compatible with any design themes adopted by the city, and are not detrimental to the orderly and harmonious development; of the city or to the desirability of investment of occupation in the area.

Section 2. Action. The Planning Commission does hereby forward a favorable recommendation for City Council approval of Concept Conditional Use Permit #UP0-509 subject to the following conditions:

STANDARD CONDITIONS

1. This permit is granted for the land described in the staff report dated March 15, 2017, for the project at 725 Embarcadero depicted on plans dated January 19, 2017, on file with the Community Development Department, as modified by these conditions of approval, and more specifically described as follows: Site development, including all buildings and other features, shall be located and designed substantially as shown on Planning Commission approved plans submitted for UP0-359, unless otherwise specified herein.
2. **Inaugurate Within Two Years:** Unless the construction or operation of the structure, facility, or use is commenced not later than two (2) years after the effective date of this Resolution and is diligently pursued, thereafter, this approval will automatically become null and void; provided, however, that upon the written request of the applicant, prior to the expiration of this approval, the applicant may request up to two extensions for not more than one (1) additional year each. Any extension may be granted by the City's Community Development Manager (the "Director"), upon finding the project complies with all applicable provisions of the Morro Bay Municipal Code (the "MBMC"), General Plan and certified Local Coastal Program Land Use Plan (LCP) in effect at the time of the extension request.
3. **Changes:** Minor changes to the project description and/or conditions of approval shall be subject to review and approval by the Community Development Director. Any changes to this approved permit determined, by the Director, not to be minor shall require the filing of an application for a permit amendment subject to Planning Commission review.

4. Compliance with the Law: (a) All requirements of any law, ordinance or regulation of the State of California, the City, and any other governmental entity shall be complied with in the exercise of this approval, (b) This project shall meet all applicable requirements under the MBMC, and shall be consistent with all programs and policies contained in the LCP and General Plan for the City.
5. Hold Harmless: The applicant, as a condition of approval, hereby agrees to defend, indemnify, and hold harmless the City, its agents, officers, and employees, from any claim, action, or proceeding against the City as a result of the action or inaction by the City, or from any claim to attack, set aside, void, or annul this approval by the City of the applicant's project; or applicants failure to comply with conditions of approval. Applicant understands and acknowledges the City is under no obligation to defend any legal actions challenging the City's actions with respect to the project. This condition and agreement shall be binding on all successors and assigns.
6. Compliance with Conditions: The applicant's establishment of the use or development of the subject property constitutes acknowledgement and acceptance of all Conditions of Approval. Compliance with and execution of all conditions listed hereon shall be required prior to obtaining final building inspection clearance. Deviation from this requirement shall be permitted only by written consent of the Director or as authorized by the Planning Commission. Failure to comply with any of these conditions shall render this entitlement, at the discretion of the Director, null and void. Continuation of the use without a valid entitlement will constitute a violation of the MBMC and is a misdemeanor.
7. Compliance with Morro Bay Standards: This project shall meet all applicable requirements under the MBMC, and shall be consistent with all programs and policies contained in the LCP and General Plan of the City.
8. Conditions of Approval: The Findings and Conditions of Approval shall be included as a full-size sheet in the Building Plans.

BUILDING CONDITIONS:

A. PRIOR TO ISSUANCE OF A BUILDING PERMIT:

1. Building permit plans shall be submitted by a California licensed architect or engineer when required by the Business & Professions Code, except when otherwise approved by the Chief Building Official.
2. The owner shall designate on the building permit application a registered design professional who shall act as the Registered Design Professional in Responsible Charge. The Registered Design Professional in Responsible Charge shall be responsible for reviewing and coordinating submittal documents prepared by others including phased and staggered submittal items, for compatibility with design of the building.
3. The owner shall comply with the City's Structural Observation Program. The owner shall employ the engineer or architect responsible for the structural design, or another engineer or architect designated by the engineer of record or architect responsible for the structural design, to perform structural observation as defined in Section 220. Observed deficiencies shall be reported in writing to the owner's representative, special

inspector, contractor and the building official. The structural observer shall submit to the building official a written statement that the site visits have been made and identify any reported deficiencies that, to the best of the structural observer's knowledge, have not been resolved.

4. The owner shall comply with the City's Special Inspection Program. Special inspections will be required by Section 1704 of the California Building Code. All Special Inspectors shall first be approved by the Building Official to work in the jurisdiction. All field reports shall be provided to the City Building Inspector when requested at specified increments in order for the construction to proceed. All final reports from Special Inspectors shall be provided to the Building Official when they are complete and prior to final inspection.
5. Mitigation measures for natural occurring asbestos require approval from San Luis Obispo County Air Pollution Control District.
6. A soils investigation performed by a qualified professional shall be required for this project. All cut and fill slopes shall be provided with subsurface drainage as necessary for stability; details shall be provided.

BUILDING PERMIT APPLICATION. To apply for building permits submit three (3) sets of construction plans to the Building Division.

7. The Title sheet of the plans shall include:
 - Street address, lot, block, track and Assessor Parcel Number.
 - Description of use.
 - Type of construction.
 - Height of the building.
 - Floor area of the building(s).
 - Vicinity map.

All construction shall conform to the edition of the applicable California Building Code (CBC), California Residential Code (CRC), California Mechanical Code (CMC), California Plumbing Code (CPC), California Electrical Code (CEC), California Energy Code, California Green Building Standards Code (CGBC), and City of Morro Bay amendments in effect when the application for construction permit is submitted to the Building Division.

11. **PLAN REVISIONS:** Building plans shall include a revised site plan clearly delineating the difference between the extent of the lower floor addition and new deck addition above.
12. Fire sprinklers, shall be required by City Codes.

B. CONDITIONS TO BE MET DURING CONSTRUCTION:

BUILDING DIVISION:

1. **SITE MAINTENANCE.** During construction, the site shall be maintained so as to not infringe on neighboring property, such as debris and dust.

2. **ARCHAEOLOGICAL MATERIALS.** In the event unforeseen archaeological resources are unearthed during any construction activities, all grading and or excavation shall cease in the immediate area and the find left untouched. The Building Official shall be notified so that the extent and location of discovered materials may be recorded by a qualified archaeologist, Native American, or paleontologist, whichever is appropriate. The qualified professional shall evaluate the find and make reservations related to the preservation or disposition of artifacts in accordance with applicable laws and ordinances. If discovered archaeological resources are found to include human remains, or in any other case when human remains are discovered during construction, the Building Official shall notify to county coroner. If human remains are found to be of ancient age and of archaeological and spiritual significance, the Building Official shall notify the Native American Heritage Commission. The developer shall be liable for costs associated with the professional investigation.
3. Certification of compliance with the soils report shall be submitted to the Building Division prior to foundation approvals. A final report certifying compliance with the soils report or grading plans shall be submitted to the Building Division prior to final approvals.
4. A licensed surveyor or engineer shall verify pad elevations, setbacks, prior to foundation inspection, and building height prior to framing inspection when determined necessary by the Planning Division.

C. CONDITIONS TO BE MET PRIOR TO FINAL INSPECTION AND ISSUANCE OF CERTIFICATE OF OCCUPANCY:

BUILDING DIVISION:

1. Prior to building division final approval all required inspections from the other various divisions must have been completed and verified by a city inspector. All required final inspection approvals must be obtained from the various departments and documented on the permit card.

Fire Department Conditions:

1. Fire Safety. during Construction and Demolition shall be in accordance with 2016 California Fire Code, Chapter 33. This chapter prescribes minimum safeguards for construction, alteration and demolition operations to provide reasonable safety to life and property from fire during such operations.
2. Automatic Fire Sprinklers. The applicant shall provide fire sprinkler protection of all cantilevered water side elements, restaurant space, retail structure, hotel space and trash area, in accordance with Morro Bay Municipal Code (Section 14.08.090(L)) and 2016 California Fire Code (Section 903).
3. Standpipes. Marinas and boatyards shall be equipped throughout with standpipe systems in accordance with NFPA 303. Systems shall be provided with hose connections located such that no point on the pier or float system exceeds 150 feet from the standpipe hose connection. (CFC 3604.2, 905, and MBMC 14.52.060)

4. Fire Alarm and Detection Systems. Applicant shall provide an approved fire alarm system, in accordance with NFPA 72 and 2013 California Fire Code (Section 907).
5. Knox key box. Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life-saving or fire-fighting purposes, the fire code official is authorized to require a key box to be installed in an approved location (CFC 506). Provide a Knox Box on exterior of the structure, in an approved location. Please obtain a Knox application from Morro Bay Fire Department during business hours.
6. Fire extinguishers. One Provide one wall mounted 2A:10-B:C fire extinguisher, and approved signage, for each 3,000 square feet of light hazard fuel load, Travel distance shall not in accordance with California Code of Regulations, Title 19, Division 1.
7. Carbon monoxide. alarms in new dwellings and sleeping units. An approved carbon monoxide alarm shall be installed in dwellings having a fossil fuel-burning heater or appliance, fireplace or an attached garage. Carbon monoxide alarms shall be listed as complying with UL 2034 and be installed and maintained in accordance with NFPA 720 and the manufacturer's instructions. (CRC R315.2)
8. Address identification. All new and existing single family residence and ADU's shall have their own approved address numbers or building numbers placed in a position to be plainly legible from the street or road fronting the property (CFC 505). Provide approved address numbers 4 inches high with ½ inch stroke in contrasting numbers.
9. Elevator Car to Accommodate Ambulance Stretcher. Where elevators are provided, at least one elevator shall be provided for fire department emergency access to all floors. The elevator car shall be of such a size and arrangement to accommodate an ambulance stretched 24-inches by 84-inches with not less than 5-inch radius corners, in the horizontal, open position and shall be identified by the international symbol for emergency medical services (star of life). The symbol shall not be less than 3-inches high and shall be placed inside on both sides of the hoist way door frame. (MBMC 14.08.090(I))

Provide above language in Site Plan General Notes.

Public Works Conditions:

The following Public Works conditions shall be satisfied prior to Building Plan submittal:

1. Stormwater Management: The City has adopted Low Impact Development (LID) and Post Construction requirements to protect water quality and control runoff flow from new and redevelopment projects. The requirements can be found in the Stormwater management guidance manual on the City's website www.morro-bay.ca.us/EZmanual Projects with more than 2,500sf of new or redeveloped impervious area are subject to these requirements. Complete and submit identified Stormwater Performance Requirements.
2. Construction Staging Area: Due to the Embarcadero being a busy and space restricted area, show location of construction staging area and corridor to project site. Develop

timeline of staging area (i.e. will staging area be moved during different construction phases).

3. Frontage Improvements: The installation of frontage improvements is required. Update any deteriorated frontage improvements and non ADA compliant frontage. An encroachment permit is required for any work within the Right of Way.
4. Sewer Lateral: Indicate and label new or existing sewer lateral and connection. If an existing lateral is used, perform a video inspection of the lateral and submit to Public Works via flash drive or DVD, prior to building permit plan approval. Lateral shall be repaired as necessary and all repairs shall be noted on approved set of plans.
5. Sewer Backwater Valve: Indicate and label sewer backwater valve on plan. A sewer backwater valve shall be installed on site to prevent a blockage or maintenance of the municipal sewer main from causing damage to the proposed project (MBMC 14.24.070).
6. Erosion and Sediment Control Plan: For small projects less than one acre and less than 15% slope, provide a standard erosion and sediment control plan. The Plan shall show control measures to provide protection against erosion of adjacent property and prevent sediment or debris from entering the City right of way, adjacent properties, any harbor, waterway, or ecologically sensitive area.
7. Water Meter: Indicate and label new or existing water meter on plans.
8. Grading and Drainage: Indicate on plans the existing and updated contours, drainage patterns, spot elevations, finish floor elevation and all existing and proposed drainage pipes and structures.
9. Utilities: Show all existing and proposed locations of the sewer lateral, water service, and water and sewer mains on the building plans. Include sizes where appropriate. Note the location of all overhead utilities and construction underground service entrances per the CBC.
10. Encroachment Permits: A standard encroachment permit shall be required for the proposed driveway; the driveway shall comply with B-9 (Driveway Ramps: Size & Location). A sewer encroachment permit shall be required for any repairs or installation of a sewer lateral within the City right-of-way or within a utility easement. If a construction dumpster is used, the dumpster location shall be on private property, unless allowed by an encroachment permit within the City right-of-way.
11. Water Backflow Prevention Device: Verify and label all new or existing water backflow preventers. Devices are required for fire water systems, irrigation systems on a dedicated water meter, systems which may change in character of use (commercial rentals, etc.), gray water systems, or any plumbing system which has cross-connections or the ability to allow water of deteriorated sanitary quality to enter the public water supply. Add note to plan that device is an approved domestic water backflow prevention device.

Add the following Notes to the Plans:

1. Any damage, as a result of construction operations for this project, to City facilities, i.e.

curb/berm, street, sewer line, water line, or any public improvements shall be repaired at no cost to the City of Morro Bay.

2. No work shall occur within (or use of) the City's Right of Way without an encroachment permit. Encroachment permits are available at the City of Morro Bay Public Works Office located at 955 Shasta Ave. The Encroachment permit shall be issued concurrently with the building permit.

Harbor Department Conditions:

1. Applicant shall request in writing to the City to adjust the lease lines as applicable at the appropriate time.

Planning Conditions:

1. A Coastal Development Permit shall be submitted to the Community Development Department prior to issuance of a building permit.
2. Inspection: The applicant shall comply with all City conditions of approval and conditions imposed by the California Coastal Commission and obtain final inspection clearance from the Planning Division at the necessary time in order to ensure all conditions have been met.
3. All utilities shall be undergrounded.
4. Bayside Lateral Public Accessway. The bayside lateral access, also known as the Harborwalk, shall maintain a 10-foot wide coastal access with open unobstructed access at all times with no tables or dining encroachments in order to maximize public access. Any uses that obstruct the lateral access such as private uses or barriers including furniture, planters, ropes, or restaurant seating within the 10 foot lateral access shall be prohibited.
5. Floating dock. The floating dock shall be publicly available for general public pedestrian access and either short-term or long-term use by recreational or commercial boats. Signs discouraging the public from walking on the docks during daylight hours are prohibited. The dock shall be open to the general public during at least daylight hours (i.e. one hour before sunrise to one hour after sunset).
6. Twenty five percent of hotel rooms shall be set at rates equal to the City's area low-cost threshold pursuant to LUP Policy 2.07 or as otherwise approved consistent with the coastal development permit. The low cost threshold would be established by setting the Lodging rates as the 85% of the average daily rate of all lodging facilities along both sides of the Embarcadero
7. The 30% view corridor located along the north side of the building shall be maintained with no furniture item, table umbrellas or hostess stands to exceed 30 inches in height per the Waterfront Master Plan.
8. The Applicant shall participate toward the development of Centennial Plaza. The amount of contribution to be negotiated as part of future lease site negotiations.

9. Precise Plan shall include a specific sign plan with both commercial tenant and public access signs shown, including but not limited to, plans denoting size and material of sign, location of signs and method of attachment.
10. Precise Plan submittal shall include additional detail regarding the proposed children's play area including, but not limited to a color and materials board and photos simulations.
11. Plans shall ensure lateral access at the south end of the lease site is able to accommodate a connection point to future lateral access to the lease site at 801 Embarcadero.
12. Eelgrass – Applicant shall be subject to the California Eelgrass Mitigation Policy (CEMP) which requires that a pre-construction survey shall be completed within 30-60 days prior to issuance of a building permit. Post-construction survey shall be completed within 30 days of construction completion or as otherwise determined by the National Marine Fisheries Service (NMFS) in order to determine amount of impact if any and CEMP-required annual reporting and mitigations. Any eelgrass habitat shall be documented and reported to the Community Development Director. If the report identifies a reduction in eelgrass coverage then a plan shall be prepared to identify the appropriate mitigations necessary and in line with the specifications for mitigation of eelgrass habitat as provided for in the California Eelgrass Mitigation Policy, dated October 2014
13. A Marine Wildlife Contingency Plan shall be developed and approved by the City of Morro Bay prior to the initiation of pile driving activities. This plan shall describe specific methods that will be used to reduce pile-driving noise. Power to the pile driver shall be ramped up to allow marine wildlife to detect a lower sound level and depart the area before full-power noise levels are produced. The plan shall identify a USFWS-approved biologist to monitor all construction within the water-lease area who shall be retained by the applicant. The plan shall describe on-site marine wildlife monitoring and reporting requirements as well as identify specific conditions when the biological monitor shall be allowed to stop work, such as observance of a marine mammal within 100 feet of the project area. The biologist shall be responsible to monitor for compliance with all environmental mitigation measures, and regulatory permit conditions (as applicable). The approved biological monitor shall be present onsite during construction and shall have the authority to stop construction if any individuals of southern sea otter are seen within 100 feet of the project area. Construction will be allowed to resume after sighted otters have left the 100-foot radius of the project area. The species shall not be disturbed or forced from the project site by equipment, noise, or other disruptive activity. The monitor will have discretionary authority to temporarily halt the project if it is determined that the otter, or other marine mammal, could be affected by the project, even if the animal is beyond the 100-foot boundary. All construction crew employees shall be informed on the requirements of this condition.
14. A project-specific Oil Spill Response and Recovery Plan that includes specifics on reporting and response procedures, available on-site equipment and contracted services, and responsibilities shall be completed and approved prior to the initiation of construction activities. Specifically, the project shall include the following Best Management Practices (BMPs) and shall be included on building plans submitted for approval:

- a. No refueling of equipment without adequate containment and spill response equipment. The barge shall have only double contained fuel storage below decks, with the spill containment and clean up kits on-site and easily accessible. Spill containment and clean up kits shall include the following:
 - b. 150 feet Absorbent Boom 200 square feet Absorbent Tarp (for use during pile driving operations)
 - c. Barrel Absorbent Pads
 - d. Container Absorbent Granules
 - e. Rainwater runoff pollution from equipment stored on deck shall be prevented through ongoing equipment maintenance and appropriate double containment.
 - f. The work area shall be contained within a boom to prevent debris from falling into the water.
 - g. All equipment fueling shall take place on the barge, with containment in-place. No refueling between vessels shall occur.
 - h. An Absorption Tarp shall be placed underneath any portable equipment while in use.
 - i. No equipment shall be permitted to enter the water with any petroleum products.
 - j. All equipment used during pile driving operations shall be in good condition without fuel or oil leakage.
 - k. Should any equipment begin to leak, that equipment shall be removed immediately from the barge and repaired or replaced.
 - l. All vessels shall have portable, regularly serviced sanitation equipment. No overboard discharge is permitted.
15. Prior to issuance of a building permit, a pile driving plan and hydroacoustical noise mitigation plan shall be submitted to the Community Development Director to ensure that underwater noise generated by pile driving activities is minimized to the maximum extent feasible and does not exceed: (1) an accumulated 187 dB SEL as measured 5 meters from the source; and (2) peak dB above 208 dB as measured 10 meters from the source as determined by the Fisheries Hydroacoustic Working Group. In the instance anything other than a vibratory hammer is to be used for pile driving activities, the plan shall provide for a hydro-acoustical monitor to ensure that underwater noise generated by pile driving activities does not exceed such limits. The plan shall identify the type of method used to install pilings. Vibratory hammers shall be used where feasible; if another method is used, a bubble curtain shall be employed to contain both noise and sediment. The plan shall also provide for additional acoustical BMPs to be applied if monitoring shows underwater noise above such limits (including, but not limited to, alternative pile driving methods (press-in pile placement, drilling, dewatered isolation casings, etc.) and additional noise dampening measures (sound shielding and other noise attenuation devices).
16. Netting or fencing around and underneath the project site shall be installed to catch and remove debris released during and after construction.
17. To reduce potential turbidity-associated impacts, silt screens should be used when and where they will be effective. The relatively high tidal currents within Morro Bay could reduce the effectiveness of silt screens and should be considered prior to placing of these screens.

PASSED AND ADOPTED by the Morro Bay Planning Commission at a regular meeting thereof held on this 21st day of August, 2018 on the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Chairperson Gerald Luhr

ATTEST

Scot Graham, Secretary

The foregoing resolution was passed and adopted this 21st day of August, 2018.



October 17, 2014

Vi Leage
P.O. Box 5006
San Luis Obispo, CA 93403

Cathy Novak
Cathy Novak Consulting
P.O. Box 296
Morro Bay, CA 93443

Subject: Eelgrass (*Zostera* spp.) and *Caulerpa taxifolia* reconnaissance survey at Off the Hook Restaurant at 833 Embarcadero, Morro Bay, CA 93442

Dear Vi and Cathy:

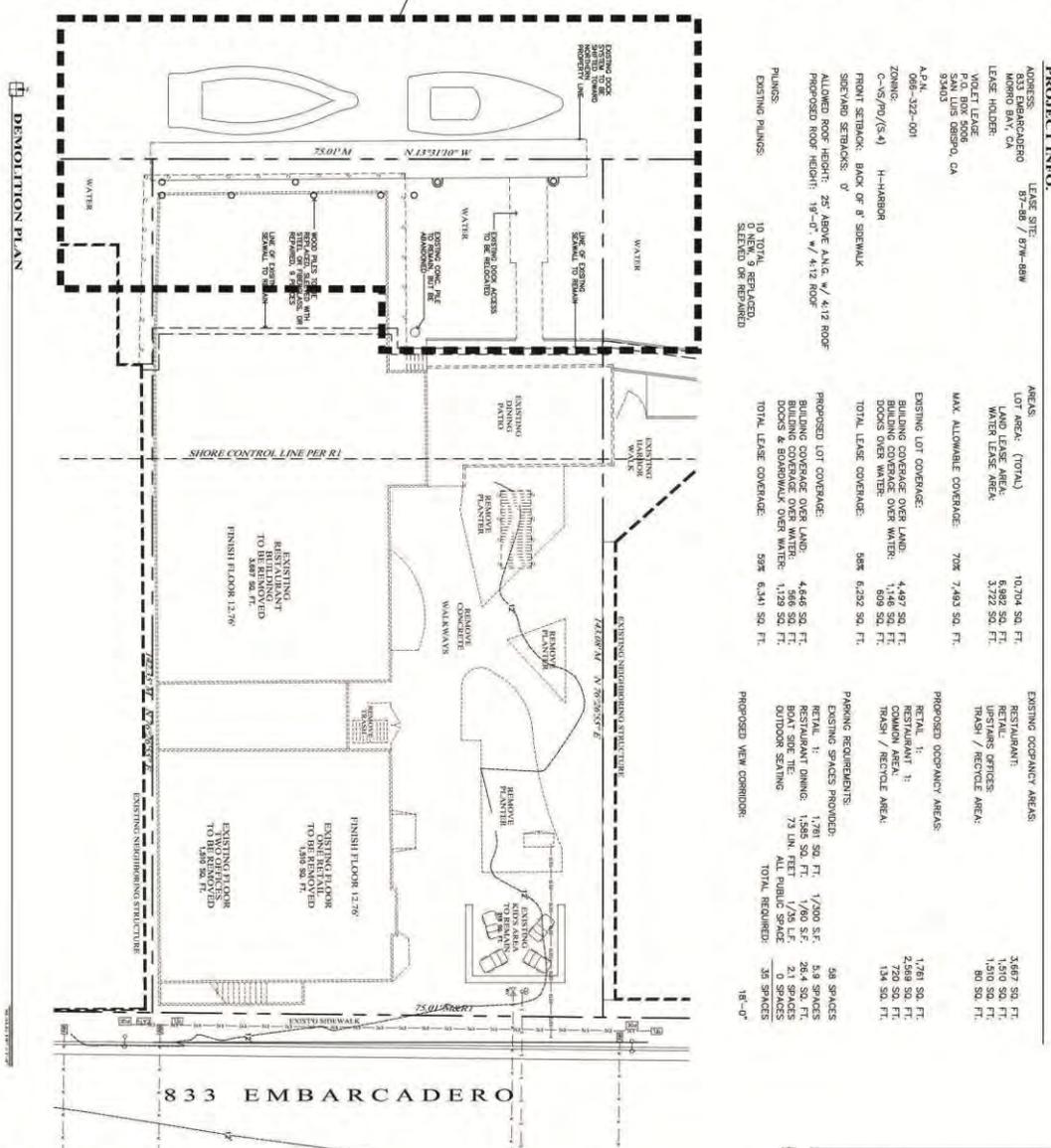
On October 8, 2014 and using SCUBA, Gery Cox and I did not find any eelgrass (*Zostera* spp.) growing in the proposed waterfront project area at the Off the Hook Restaurant (see attached figure). We also did not find any *Caulerpa taxifolia* (invasive green alga) in the same area. *Caulerpa* surveys are often required in waterfront construction projects. Conditions were adequate to search the area thoroughly for both species. A previous dive survey that we completed at the restaurant (then the Outrigger Restaurant) was done in October 2010 where we also did not find any eelgrass or *Caulerpa*. If you have any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink that reads "Scott Kimura".

Project Scientist/Manager, TENERA Environmental

Approximate boundary of the area searched for eelgrass (*Zostera*) and *Caulerpa* on October 8, 2014. None was found.



PROJECT INFO.		AREAS		EXISTING OCCUPANCY AREAS	
ADDRESS:	833 EMBARCADERO	LOT AREA: (TOTAL)	10,204 SQ. FT.	RESTAURANT:	3,667 SQ. FT.
LEASE SITE:	87-88 / 87W-88W	LAND LEASE AREA:	6,982 SQ. FT.	RETAIL:	1,510 SQ. FT.
LEASE HOLDER:	WONG BAY, CA	WATER LEASE AREA:	3,222 SQ. FT.	OFFICE:	1,510 SQ. FT.
VIOLET LEASE:	10/15/14	MAX. ALLOWABLE COVERAGE:	70% 7,143 SQ. FT.	ROSH / RETICLE AREA:	80 SQ. FT.
PROJECT NO.:	10/15/14				
CLIENT:	SAN LUIS OBISPO, CA				
A.P.N.:	088-322-001				
ZONING:	C-3S/PO(S)4	EXISTING LOT COVERAGE:	4,487 SQ. FT.	RETAIL 1:	1,261 SQ. FT.
FRONT SETBACK:	0'	BUILDING COVERAGE OVER LAND:	1,148 SQ. FT.	RESTAURANT 1:	2,589 SQ. FT.
SIDE/YARD SETBACKS:	5' / 5' SIDEWALK	BUILDING COVERAGE OVER WATER:	809 SQ. FT.	COMMON AREA:	720 SQ. FT.
ALLOWED ROOF HEIGHT:	25' ABOVE A.M.C. +/- 4.12 ROOF	DOORS & BOARDWALK OVER WATER:	1,129 SQ. FT.	ROSH / RETICLE AREA:	134 SQ. FT.
PROPOSED ROOF HEIGHT:	19'-0" +/- 4.12 ROOF	TOTAL LEASE COVERAGE:	58% 6,252 SQ. FT.		
FINISHES:	10 TOTAL	PROPOSED LOT COVERAGE:	4,846 SQ. FT.	EXISTING REQUIREMENTS:	58 SPACES
	0 NEW, 0 REPLACED	BUILDING COVERAGE OVER LAND:	586 SQ. FT.	RETAIL 1:	5.9 SPACES
	0 LENDED OR REPAIRED	BUILDING COVERAGE OVER WATER:	1,129 SQ. FT.	RESTAURANT 1:	2.1 SPACES
		DOORS & BOARDWALK OVER WATER:	1,129 SQ. FT.	BOAT SERVICE:	2.0 SPACES
		TOTAL LEASE COVERAGE:	58% 6,251 SQ. FT.	OUTDOOR SEATING:	0 SPACES
				TOTAL REQUIRED:	35 SPACES
				PROPOSED NEW CORRIDOR:	18'-0"



SHEET INDEX
 A1.1 PROJECT INFO, DEMOLITION PLAN
 A1.2 NEW FLOOR PLAN, DEMOLITION PLAN
 A1.3 EXTENSION ELEVATIONS

LEGEND:	
○	EXISTING SET TO BE REPLACED BY FINISH FLOOR FINISHES TO BE REMOVED
○	EXISTING SET TO BE REPLACED BY FINISH FLOOR FINISHES TO BE REMOVED
○	EXISTING SET TO BE REPLACED BY FINISH FLOOR FINISHES TO BE REMOVED

CONSULTANTS

PROJECT: VIOLET LEASE FOR DEMO & REPLACE STRUCTURE

FOR VIOLET LEASE

3810 EMBARCADERO, SAN LUIS OBISPO, CA 93401
 AMBERO LIAW, CALIFORNIA
 BERENICE PEREZ

CONDITIONAL USE PERMIT

PROJECT NO.: 10/15/14
 Issue Date: 08/14/14
 Design Date: 08/14/14
 Scale: AS SHOWN

REVISIONS:

SHEET TITLE: PROJECT INFO, DEMOLITION PLAN
 SHEET NO.: A1.1

REGISTERED ARCHITECT
 C. P. PARKER ARCHITECT
 4100 CALIFORNIA STREET, SUITE 200
 SAN LUIS OBISPO, CA 93401
 (805) 762-1111
 www.cpparker.com

SEAL



Eelgrass (*Zostera marina*) and *Caulerpa taxifolia* Survey

Outrigger Restaurant Improvement Project

October 30, 2006

Prepared for:

Ms. Cathy Novak
P.O. Box 296
Morro Bay, CA 93443

Prepared by:

Tenera Environmental
141 Suburban Rd., Suite A2
San Luis Obispo, CA 93401
805.541.0310

Project Description

This report describes the results of an eelgrass (*Zostera marina*) survey conducted on October 10, 2006 immediately offshore of the Outrigger Restaurant located at 833 Embarcadero in Morro Bay, California (**Figure 1**). The purpose of the survey was to describe the abundance and distribution of eelgrass in this section of shore that is proposed for waterfront modifications.

A portion of the Outrigger Restaurant overhangs water in Morro Bay. The owner of the restaurant leases the property from the City of Morro Bay, which includes portions over the water. The owner wishes to make improvements to the restaurant that includes modifications over and on the water (**Figure 2**). Current plans on and over the water include removing the existing floating dock and ramp. A public boardwalk is proposed directly over the area of the old dock. Lateral access to the boardwalk will be made alongside the restaurant. A new floating dock system is desired to accommodate a greater number of boats, and will extend further offshore than the existing dock. A new ramp will be constructed to access the new dock. Piles would be removed and new piles would be installed where appropriate.

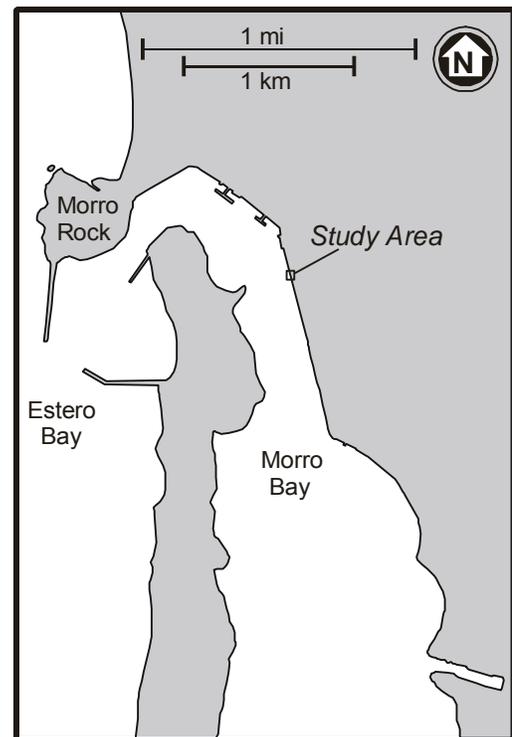


Figure 1. Location of the Outrigger Restaurant Improvement Project.



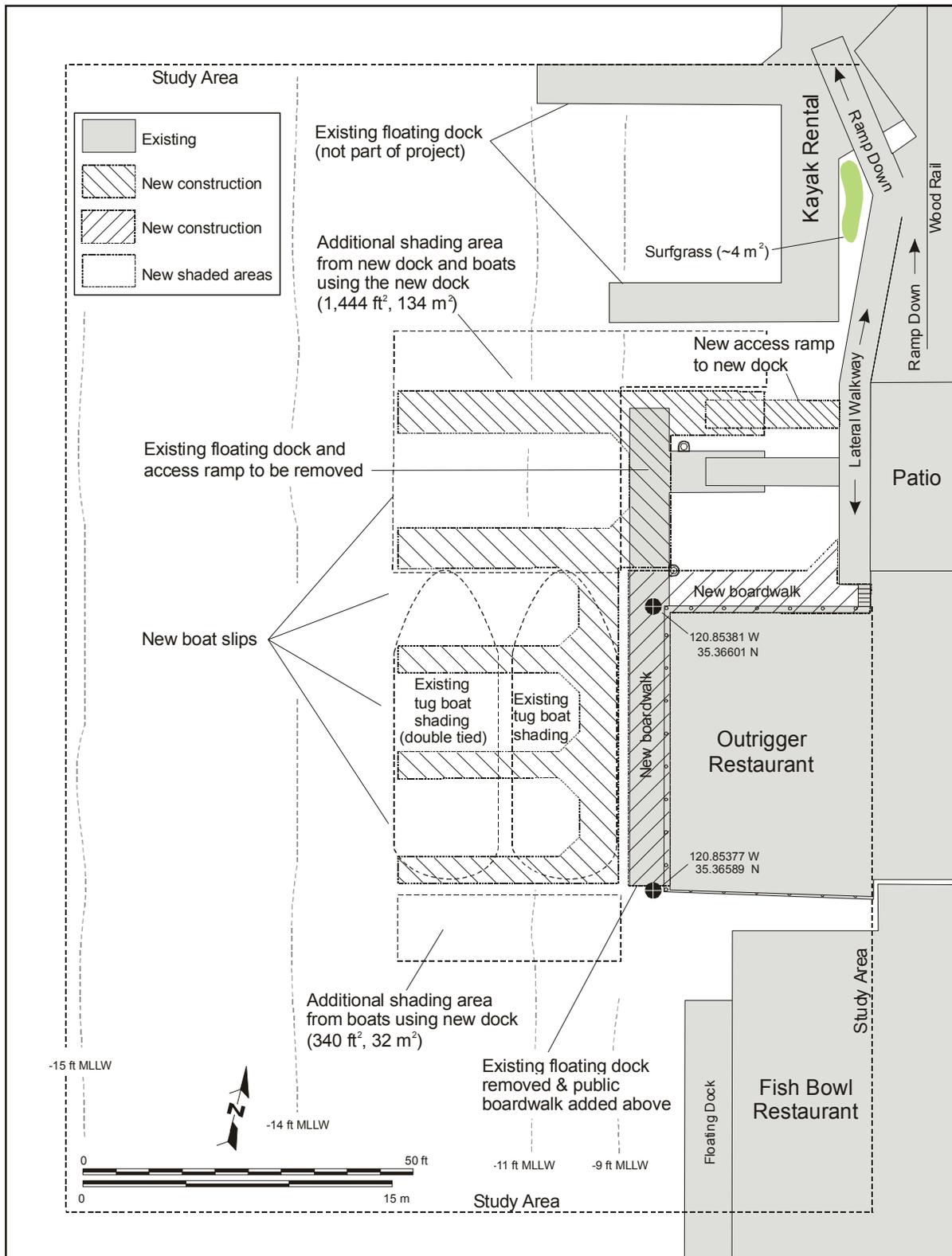


Figure 2. Area of the October 10, 2006 Outrigger Restaurant eelgrass survey, proposed over-the-water modifications, and where eelgrass was found.



Purpose

An eelgrass survey was conducted on October 10, 2006 for the owner of the Outrigger Restaurant as part of the pre-planning stages of over-the-water improvements immediately offshore of the restaurant. The survey consisted of mapping the occurrence of eelgrass and eelgrass habitat and surveying the area for the presence/absence of *Caulerpa taxifolia* (**Figure 2**).

Eelgrass beds are known to occur in the area, and are considered a Special Aquatic Site (SAS) by the U.S. Army Corps of Engineers, California Department of Fish and Game, U.S. Fish and Wildlife Service, and the National Marine Fisheries Service (NMFS). Eelgrass habitat is regulated under Section 404 of the Clean Water Act (CWA), and is also considered Essential Fish Habitat by NMFS. The 1996 amendments to the Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) set the Essential Fish Habitat (EFH) provisions to identify and protect important habitats of federally managed marine species. Surveys are required to map the extent and location of eelgrass in projects that may affect eelgrass.

The survey included a careful search in the project area to determine the presence/absence of *Caulerpa taxifolia*, a highly invasive green algal species that has been introduced into California. *Caulerpa* easily reproduces by fragmentation, and is therefore susceptible to spreading from waterfront construction projects that disturb the seabed.

Methods

Eelgrass was mapped according to specifications of the Southern California Eelgrass Mitigation Policy (Revision 8), adopted by the National Marine Fisheries Service, U.S. Fish and Wildlife Service, and the California Department of Fish and Game. Two biologists equipped with SCUBA completed the survey. The survey occurred during the incoming high-high tide that occurred mid-day on October 10, 2006. Underwater horizontal visibility during the survey was approximately 15 ft (4.6 m).

The survey area accounted for a 50 ft (15 m) perimeter surrounding all areas of proposed construction (**Figure 2**). The along-shore length of the survey area was approximately 174 ft (53 m). The seaward boundary of the study area was approximately 131 ft (40 m) from shore. The survey area included areas underneath floating docks, ramps, and areas underneath the Outrigger Restaurant and Fish Bowl Restaurant, which overhang water.

Meter tapes were deployed underwater at appropriate locations to ensure the area was evenly searched. Where found, patch sizes of eelgrass were estimated using either a quadrat as a measuring device or a meter tape to estimate the dimensions of the eelgrass



patches. Locations of eelgrass were mapped relative to positions from fixed structures (e.g., pilings, corners of docks).

Eelgrass was also sampled for stem (turion) densities and blade lengths. Stem densities were determined in 0.25 m² (2.7 ft²) quadrats placed in pure stands of eelgrass. The blade nearest each corner of each quadrat was measured for length to the nearest inch (2.5 cm).

Predominant species in the survey area were also recorded while mapping eelgrass and searching for the presence of *Caulerpa*.

Results

Habitat Characterization

The shore bank in the survey area consists of a vertical cement wall from ground level down to about the mean high tide level (**Figure 3**). From there and below, boulder rip-rap abuts the wall and slopes down into the subtidal. The toe of the rip-rap in the survey area generally follows the line that is directly below the seaward extent of the buildings and docks. The toe of the rip-rap underneath the Outrigger Restaurant terminates at a depth of approximately -9 ft (-2.7 m) MLLW where the piles that support the restaurant penetrate into the seabed. The natural seabed offshore of the rip-rap throughout the survey area was fine-grain sand and shell hash.

The biota on the boulder rip-rap was largely barnacles (*Chthamalus* spp. and *Balanus* spp.), rough limpets (*Lottia scabra*), hermit crabs (*Pagurus* spp.), tube snails (*Serpulorbis squamigerus*), and encrusting bryozoans.

The natural seabed offshore from the rip-rap was relatively uniform in being largely open space but inhabited with scattered gaper clams (*Tresus nuttali*), polychaete worm burrows (possibly *Axiothella rubrocincta*), and patches of sand dollars (*Dendraster excentricus*).

Although bladder chain kelp (*Sargassum muticum*), an introduced species, has been observed to be common in other areas nearby¹, only a few *Sargassum* plants were observed in the present study area. Similarly, only a few giant kelp plants (*Macrocystis pyrifera*) were observed. The *Sargassum* and *Macrocystis* plants were mainly on the boulder rip-rap between the Outrigger Restaurant and kayak dock (**Figure 2**).



Figure 3. View of the Outrigger Restaurant looking south.

¹ Tenera Inc. 2006. Eelgrass (*Zostera marina*) and *Caulerpa taxifolia* Survey, Otter Rock Cafe, Morro Bay, California. Prepared for Cathy Novak, Morro Bay, Calif. May 31, 2006.



Pier pilings were covered mainly with hydroids, encrusting bryozoans (*Ectoprocta*) of the introduced species *Watersipora subtorquata*, plumose anemones (*Metridium senile*), and strawberry anemones (*Corynactis californica*).

Eelgrass and *Caulerpa* Mapping

A single patch of eelgrass that was approximately 4 m² (43 ft²) in area cover was the only patch found in the survey area, and was between the kayak dock and land (**Figure 2**). The only other eelgrass nearby was outside the study area immediately south of the Fish Bowl Restaurant (area not shown in Figure 2). This second patch of eelgrass was located at the toe of the rip-rap, and was approximately 6 m² (65 ft²) in area cover.

The patch of eelgrass behind the kayak dock was sampled for stem densities and blade lengths in five-0.25 m² quadrats placed randomly in the pure stand of eelgrass (**Table 1**). The patch of eelgrass found outside the study area south of the Fish Bowl Restaurant was also sampled in five-0.25 m² quadrats placed randomly in the pure stand of eelgrass (**Table 1**).

No *Caulerpa* was found. A separate report on the absence of *Caulerpa* was prepared for the National Marine Fisheries Service and provided to Ms. Cathy Novak who represents the owner of the Outrigger Restaurant.

Discussion

Eelgrass Distribution

As anticipated, no eelgrass was found directly underneath docks, ramps, and buildings overhanging the water, including areas underneath docked boats, due to shading. Only a single patch of eelgrass was found in the survey area. It was located in an open space between the kayak dock and land.

Table 1. Results of eelgrass stem density and blade measurements.

	Behind Kayak Dock		South of Fish Bowl Restaurant	
No. Quads Sampled	5		5	
No. Blades Measured	20		20	
	No. Stems / 0.25 m ²	Blade Lengths (cm)	No. Stems / 0.25 m ²	Blade Lengths (cm)
Average	18.4	87.5	37.6	58.9
Maximum	28.0	121.9	53.0	86.4
Minimum	6.0	45.7	27.0	35.6



Also, no eelgrass was found in the survey area on the natural seabed in open water offshore of the docks and buildings. The reason(s) for the absence of eelgrass immediately offshore remain unknown, but possible factors include inadequate light due to depth and/or current velocities in the open water being too high and regular for seeds to take root.



Figure 4. View looking north of two tug boats double tied to the floating dock fronting the Outrigger Restaurant.

Potential Project Impacts

The eelgrass found in the survey should not be affected by the described construction, due to location. The patch of eelgrass next to land behind the kayak dock and the patch of eelgrass south of the Fish Bowl Restaurant are well away from the proposed modifications.

Shading from docks and boats lessens the amount of suitable habitat for eelgrass. The new dock plus boats using the new dock will shade a greater amount of seabed and potential habitat for eelgrass than what is currently shaded by the existing dock and boats using the dock. The area of seabed that was shaded during the survey and the area that will potentially become shaded with the proposed modifications are portrayed in **Figure 2**. During the survey, two tug boats were tied side-by-side to the existing dock (**Figure 4**). Recognizing that the present dock is used in this manner, about 2,784 ft² (166 m²) of additional seabed would become shaded by the new dock and boats using the new dock, compared to how the existing dock is presently used with the double tie-up of tug boats (**Figure 2**).



VIEW FROM THE EMBARCADERO



PROPOSED PROJECT



EXISTING SITE PHOTO

HARBORWALK PLAZA

RETAIL, RESTAURANT, HOTEL

FOR

**LEASE SITE
87-88 / 87W-88W**

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442

VIEW FROM HARBOR WALK



PROPOSED PROJECT



EXISTING SITE PHOTO

HARBORWALK PLAZA

RETAIL, RESTAURANT, HOTEL

FOR

**LEASE SITE
87-88 / 87W-88W**

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442

COLOR AND MATERIALS BOARD



COLOR NORTH ELEVATION



COLOR EAST ELEVATION

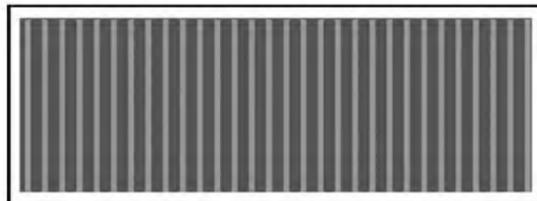
HARBORWALK PLAZA

RETAIL, RESTAURANT, HOTEL

FOR

**LEASE SITE
87-88 / 87W-88W**

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442



Metal Roofing : Gray



Cement Siding : Brown



Cement Shingle : Tan/Brown



White Window



Glass Railing



GFRC (Glass Fiber Reinforced Concrete) Information Sheet

Durable, High Quality GFRC–

Created from safe, non-toxic naturally occurring minerals, Glass fiber reinforced concrete (GFRC) is exceptionally durable, and actually strengthens as it ages. It is an economical material that is recyclable and perfect for the world of play environments because it can be molded into almost any shape to convey any theme.

From dinosaurs and sea creatures, to replicas of famous buildings and archeological ruins, GFRC play events can be crafted to function as freestanding elements, or to easily integrate into traditional play systems.

Features and Benefits of GFRC

- GFRC can be cast to practically any shape, size, color or texture.
- Our GFRC is very strong, as the quality glass fiber used has a higher tensile strength than steel.
- GFRC is durable and weathers very well with little maintenance required.
- GFRC stands up to harsh environments, high humidity, and where salt water is present. Since there is no steel present, GFRC will not corrode, or rust.
- GFRC is made of minerals and will not burn, in fact GFRC acts as a thermal regulator, protecting the material behind it from heat and flame.
- GFRC is relatively lightweight, reducing the structural load and making it easier and less expensive to transport and install.
- GFRC is environmentally friendly. Made with naturally occurring minerals, its environmental impact is much less than conventional concrete, stone or other materials.
- GFRC is beautiful, and can successfully mimic the look and feel of natural stone, wood, architectural terra cotta, and a variety of other textures.





GFRC (Glass Fiber Reinforced Concrete)

CSI Section 11 68 10 Artificial Rock Play Structures

PART 1 GENERAL

1.1 SECTION INCLUDES

- A. Glass fiber reinforced concrete playground fabrications as indicated in the drawings.

1.2 RELATED SECTIONS

- A. Section 02881 - Playground Equipment and Structures
- B. Section 05500 - Metal Fabrications: Supplementary supports for large items.

1.3 REFERENCES

- A. ASTM C 150 - Standard Specifications for Portland Cement; 1999a.
- B. ASTM E 84 - Standard Test Method for Surface Burning Characteristics of Building Materials; 1999.
- C. ASTM G 23 - Standard Practice for Operating Light-Exposure Apparatus (Carbon-Arc Type) With and Without Water for Exposure of Nonmetallic Materials; 1996.
- D. ASTM F1487-11- Standard Consumer Safety Performance Specification for Playground Equipment for Public Use
- E. ASTM F2373-11 - Standard Consumer Safety Performance Specification for Public Use Playground Equipment for Children 6 Months through 23 Months
- F. Consumer Product Safety Council (CPSC) Handbook for Public Playground Safety

1.4 SUBMITTALS

- A. Submit under provisions of Section 01300.
- B. Product Data: Manufacturer's data sheets on each product to be used, including dimensions, finishes, storage and handling requirements and recommendations, and installation recommendations.
- C. Shop Drawings: For custom items, provide drawings showing dimensions, layout, joints, details, and interface with adjacent work; include use zones if critical for proper installation.
- D. Samples: For each custom finish specified, two samples, minimum size 6 inches (150mm) square, representing actual product, color, and patterns.





GFRC (Glass Fiber Reinforced Concrete)

CSI Section 11 68 13 Artificial Rock Play Structures

1.5 QUALITY ASSURANCE

A. Installer Qualifications: Regularly engaged and experienced in the installation of playground structures certified by International Playground Contractors Association (NPCAI).

1.6 DELIVERY, STORAGE, AND HANDLING

- A. Transport, lift, and handle units with care, avoiding excessive stress, and preventing damage; use appropriate equipment.
- B. Store products until ready for installation, in a clean dry area protected from damage; store units upright.

PART 2 PRODUCTS

2.1 MANUFACTURERS

- A. Acceptable Manufacturer: The 4 Kids Inc., 4400 Oneal, Greenville, TX 75404. ASD. Tel: (903)454-9237. Fax: (903) 454-3642. Email: info@the4kids.com.
- B. Substitutions: Not permitted.
- C. Requests for substitutions will be considered in accordance with provisions of Section 01600.

2.2 MATERIALS

- A. Glass Fiber Reinforced Concrete Fabrications: High density concrete made of ASTM C 150 Portland cement, crushed stone, silica sand, and polymers reinforced with continuous filament glass fiber mat and structural reinforcing as required; asbestos free.
 - 1. Color: As selected from manufacturer's selection.
 - 2. Color: To match Architect's sample.
 - 3. Density: 140pcf (2240 kg/cu m).
 - 4. Shell Thickness: 1/2" to 2 inch, nominal
 - 5. Surface Burning Characteristics: Flame spread index of 0, smoke developed index of 5; when tested in accordance with ASTM E 84.

Manufactured by
The 4 Kids
4400 Oneal Street
Greenville, Texas 75401



www.the4kids.com
info@the4kids.com
(903) 454-9237

©2014



GFRC (Glass Fiber Reinforced Concrete)

CSI Section 11 68 13 Artificial Rock Play Structures

6. Weather Resistance: No significant loss of strength or change in appearance after 200 hours accelerated weathering conducted in accordance with ASTM G 23.
7. Compressive Strength: Over 5000 psi (34 MPa).

PART 3 EXECUTION

3.1 EXAMINATION

- A. Do not begin installation until substrates have been properly constructed.
- B. If substrate preparation is the responsibility of another contractor, notify Architect of unsatisfactory preparation before proceeding.
- C. Check field dimensions before beginning installation.

3.2 PREPARATION

- A. Clean surfaces thoroughly prior to installation
- B. Prepare surfaces using the methods recommended by the manufacturer for achieving the best result for the substrate under the project conditions.
- C. Install supplementary temporary and permanent supports as required for proper installation.

3.3 INSTALLATION

- A. Install in accordance with applicable code and manufacturer's recommendations; shim where necessary.
- B. Patch exposed anchor points to match color and texture of unit.

3.4 PROTECTION

- A. Protect installed products until completion of project.
- B. Touch-up, repair or replace damaged products before Substantial Completion.
- C. Do not allow access to the structure until protective ground surfacing is in place, and inspections have been completed.

END OF SECTION

Manufactured by
The 4 Kids
4400 Oneal Street
Greenville, Texas 75401



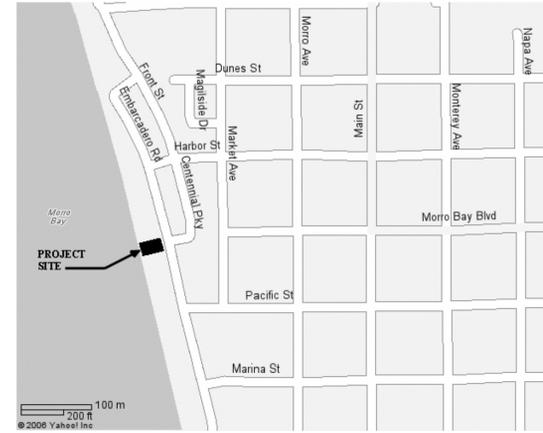
www.the4kids.com
info@the4kids.com
(903) 454-9237

©2014

PROJECT INFO.

ADDRESS: 833 EMBARCADERO MORRO BAY, CA
 LEASE SITE: 87-88 87W-88W
 PROJECT PROPOSER: TLC FAMILY ENTERPRISES TRAVIS LEAGE & CHERISE HANSSON 665 KINGS AVENUE MORRO BAY, CA 93442
 A.P.N.: 066-322-001
 ZONING: WF/PD/(S.4)
 HEIGHTS: AVERAGE NATURAL GRADE: LOW POINT: 12.15' / HIGH POINT: 13.47' A.N.G.: 12.81'
 ALLOWABLE MAX. HEIGHT: 25' ABOVE A.N.G. 37.81'
 PROPOSED FINISH FLOOR 1: 12.76'
 PROPOSED FINISH FLOOR 2: 23.17'
 PROPOSED ROOF HEIGHT: 37.81'
 PROPOSED ELEVATOR ROOF HEIGHT: 37.60'
 OCCUPANCY AREAS: GROUND FLOOR: RESTAURANT: DINING AREA: 1,302 SQ. FT. BAR AREA: 80 SQ. FT. KITCHEN AREAS: 769 SQ. FT. KITCHEN CLEANUP: 222 SQ. FT. COVERED OUTDOOR DINING AREA: (PUBLIC STG.) 180 SQ. FT. OUTDOOR DINING AREA: (PUBLIC SEATING) 287 SQ. FT. FROZEN YOGURT: 262 SQ. FT. RETAIL: 1,565 SQ. FT. COMMON AREAS: 507 SQ. FT. CHILDREN'S PLAY AREA: 1,150 SQ. FT. BOAT SLIPS: 70 LIN. FT. UPPER FLOOR: HOTEL UNITS: 8 UNITS 3,287 SQ. FT. OPEN BALCONIES: 1,051 SQ. FT. COVERED COMMON AREAS: 134 SQ. FT. OPEN OUTSIDE CORRIDOR: 517 SQ. FT.
 REQUIRED SETBACKS: FRONT SETBACK: AVG. OF 5' 10' SETBACK AT SECOND FLR. SIDEYARD SETBACKS: 0'
 ROOF HEIGHT: 25' ABOVE A.N.G. w/ 4:12 ROOF w/ PUBLIC BENEFIT OF CHILDREN'S PLAY AREA
 TWO-STORY ROOF-TOP AREA: 4,178 SQ. FT. ROOF-TOP WITH 4:12 PITCH: 89% 3,379 SQ. FT. ROOF-TOP WITH 1/4":12 PITCH: 11% 439 SQ. FT.
 AREAS: LOT AREA: (TOTAL) 10,704 SQ. FT. LAND LEASE AREA: 6,982 SQ. FT. WATER LEASE AREA: 3,722 SQ. FT. MAX. ALLOWABLE COVERAGE: 1ST FLOOR - 70% OF LAND LEASE: 4,887 SQ. FT. 2ND FLOOR - 70% 1ST FLOOR: 3,421 SQ. FT. PROPOSED LOT COVERAGE: 1ST FLOOR: 4,887 SQ. FT. 2ND FLOOR: 3,421 SQ. FT. PROPOSED HABITABLE AREAS: 1ST FLOOR: 4,707 SQ. FT. 2ND FLOOR: 3,287 SQ. FT. TOTAL HABITABLE AREA: 7,994 SQ. FT.

PARKING: HISTORIC PARKING CREDITS AVAILABLE 58 SPACES
 RETAIL - 1 SPACE PER 300 SQ. FT. OF RETAIL AREA (NO STOR/OFF.) 1,400 SQ. FT. / 300 = 4.7 SPACES
 RESTAURANT - 1 SPACE PER 60 SQ. FT. OF CUSTOMER AREA DINING: 1,302 SQ. FT. / 60 = 21.7 SPACES OUTDOOR DINING: (PUBLIC SEATING) = 0 SPACES
 FROZEN YOGURT: (CUSTOMER AREA) 182 SQ. FT. / 60 = 3.0 SPACES
 CHILDREN'S PLAY AREA - 1 SPACE 100 SQ. FT. OF AMUSEMENT AREA 1,150 SQ. FT. / 100 = 11.5 SPACES
 BOAT SLIPS - 1 SPACE PER EACH 35' OF BOAT TIE DOWN AREA 70 LIN. FT. / 35' = 2 SPACES
 HOTEL - 1 SPACE / UNIT PLUS 1 SPACE PER EACH 10 ROOMS 2 SPACES PER MANAG. UNIT 8 SPACES 0.8 SPACES 0 SPACES
 TOTAL SPACES REQUIRED (51.7) 52 SPACES
 HISTORIC PARKING CREDITS AVAILABLE 58 SPACES



VICINITY MAP

SITE FOOTPRINT AREAS:

TOTAL LOT AREA: 10,704 SQ. FT.
 BUILDING FOOTPRINT: 45% 4,887 SQ. FT.
 CHILDREN'S PLAY AREA: 11% 1,150 SQ. FT.
 BOARDWALK: 7% 744 SQ. FT.
 WATER: 7% 760 SQ. FT.
 FLATWORK / HARDSCAPE: 26% 2,790 SQ. FT.
 PLANTERS / LANDSCAPING: 4% 373 SQ. FT.
 NOTE: LANDSCAPING WILL ALSO BE SPREAD THROUGHOUT SITE IN POTS & ROOF-TOP GARDENS. SEE A4.1

'GREEN' FEATURES

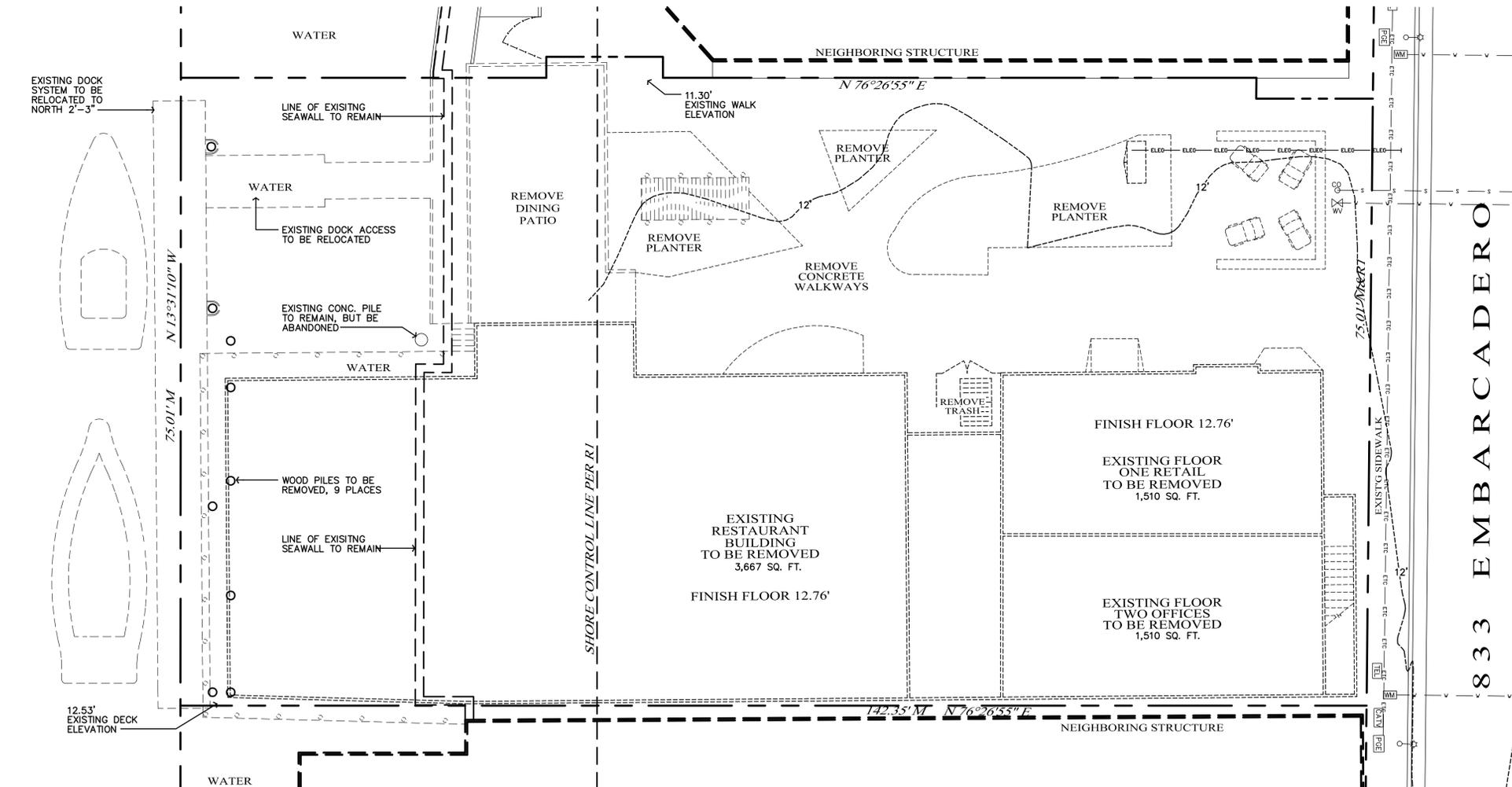
- ROOF-TOP SOLAR
- ROOF TOP GARDEN BOXES - SUCCULENTS
- RAIN-WATER COLLECTION / RE-USE
- GREY-WATER COLLECTION / RE-USE DUAL PIPING FOR COLLECTION AND RE-USE
- LED SMART LIGHTING SYSTEMS EXTERIOR LIGHTING TO BE NIGHT SKY COMPLIANT, DOWNWARD FACING & SHIELDED FROM ABOVE
- SOLAR SHADING OVER WEST FACING GLASS FIRE-RESISTANT CANVAS AWNINGS
- CHILDREN'S PLAY AREA
- PUBLIC RESTROOMS
- PUBLIC SEATING
- ECOLOGICAL EXHIBITS
- ENERGY FEATURE EXHIBITS
- VIEW-FINDER / TELESCOPE

PROJECT DESCRIPTION

THIS PROJECT WOULD DEMOLISH AN EXISTING GROUND FLOOR RESTAURANT (3,667 SQ. FT.) AND RETAIL SPACE (1,510 SQ. FT.), AND A SECOND FLOOR OFFICE SPACE (1,510 SQ. FT.), AND REPLACE THEM WITH A NEW TWO-STORY STRUCTURE CONSISTING OF RESTAURANT SPACE, A YOGURT SHOP, PUBLIC RESTROOMS, AND RETAIL SPACE ON THE GROUND FLOOR, ALONG WITH AN 8 UNIT HOTEL SPACE ON THE UPPER FLOOR. THE EXISTING SIDE-TIE DOCK WILL BE REPLACED ALONG WITH THE GANGWAY. THE COURTYARD AREA WILL BE REDESIGNED, INCLUDING CHILDREN'S TOYS AND PLAY STRUCTURES CREATING A LARGER CHILDREN'S PARK AREA AND PUBLIC BENEFIT (REFER TO PROJECT INFO ABOVE FOR NEW AREA CALCULATIONS) GUESTS OF HOTEL WILL CHECK-IN WITHIN THE RETAIL SPACE ALONG THE EMBARCADERO

SHEET INDEX

- A1.1 PROJECT INFO., DEMOLITION PLAN
- A1.2 PROJECT NOTES & REQUIREMENTS
- A1.3 CONSTRUCTION PLAN
- A2.1 PROPOSED FLOOR PLANS
- A3.1 EXTERIOR ELEVATIONS, SECTION
- A4.1 ROOF & LANDSCAPE PLAN



EXISTING SITE - DEMOLITION PLAN

SCALE: 1/8" = 1'-0"

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 All ideas, designs, arrangements and plans indicated or represented by this drawing are owned by, and property of, C.P. PARKER ARCHITECT and were created, evolved and developed for use on, and in conjunction with, the specific project. None of such ideas, designs, arrangements or plans shall be used by, or disclosed to any person, firm or corporation for any purpose whatsoever without the written permission of C.P. PARKER ARCHITECT.

C. P. PARKER ARCHITECT

CHRISTOPHER P. PARKER ARCHITECT
 630 QUINTANA RD. #330 MORRO BAY, CA 93442-1962
 (805) 772-5700

STAMPS



CONSULTANTS

PROJECT

HARBORWALK PLAZA

RETAIL, RESTAURANT, HOTEL

FOR

LEASE SITE 87-88 / 87W-88W

TLC FAMILY ENTERPRISES TRAVIS LEAGE & CHERISE HANSSON 665 KINGS AVENUE MORRO BAY, CA 93442

DRAWING PHASE

C.U.P.

833 EMBARCADERO MORRO BAY, CALIFORNIA

Project No.	06-110
Drawn By	CPP
Dwg. Date	05/28/18
Updated	-
Scale	AS NOTED

REVISIONS

SHEET TITLE

PROJECT INFO. DEMOLITION PLAN

SHEET NO.

A1.1

FIRE SAFETY REQUIREMENTS

- Fire Safety.** during Construction and Demolition shall be in accordance with 2016 California Fire Code, Chapter 33. This chapter prescribes minimum safeguards for construction, alteration and demolition operations to provide reasonable safety to life and property from fire during such operations.
- Automatic Fire Sprinklers.** The applicant shall provide fire sprinkler protection of all cantilevered water side elements, restaurant space, retail structure, hotel space and trash area, in accordance with Morro Bay Municipal Code (Section 14.08.090(L)) and 2016 California Fire Code (Section 903).
- Standpipes.** Marinas and boatyards shall be equipped throughout with standpipe systems in accordance with NFPA 303. Systems shall be provided with hose connections located such that no point on the pier or float system exceeds 150 feet from the standpipe hose connection. (CFC 3604.2, 905, and MBMC 14.52.060)
- Fire Alarm and Detection Systems.** Applicant shall provide an approved fire alarm system, in accordance with NFPA 72 and 2013 California Fire Code (Section 907).
- Knox key box.** Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life-saving or fire-fighting purposes, the fire code official is authorized to require a key box to be installed in an approved location (CFC 503). Provide a Knox Box on exterior of the structure, in an approved location. Please obtain a Knox application from Morro Bay Fire Department during business hours.
- Fire extinguishers.** One Provide one wall mounted 2A:10-B:C fire extinguisher, and approved signage, for each 3,000 square feet of light hazard fuel load. Travel distance shall not in accordance with California Code of Regulations, Title 19, Division 1.
- Carbon monoxide.** alarms in new dwellings and sleeping units. An approved carbon monoxide alarm shall be installed in dwellings having a fossil fuel-burning heater or appliance, fireplace or an attached garage. Carbon monoxide alarms shall be listed as complying with UL 2034 and be installed and maintained in accordance with NFPA 720 and the manufacturer's instructions. (CRC R315.2)
- Address identification.** All new and existing single family residence and ADU's shall have their own approved address numbers or building numbers placed in a position to be plainly legible from the street or road fronting the property (CFC 505). Provide approved address numbers 4 inches high with ½ inch stroke in contrasting numbers.
- Elevator Car to Accommodate Ambulance Stretcher.** Where elevators are provided, at least one elevator shall be provided for fire department emergency access to all floors. The elevator car shall be of such a size and arrangement to accommodate an ambulance stretched 24-inches by 84-inches with not less than 5-inch radius corners, in the horizontal, open position and shall be identified by the international symbol for emergency medical services (star of life). The symbol shall not be less than 3-inches high and shall be placed inside on both sides of the hoist way door frame. (MBMC 14.08.090(I))

STORMWATER CALCULATIONS

APPENDIX C
PERFORMANCE REQUIREMENT DETERMINATION FORM

The following form shall be completed for all development and redevelopment projects. Projects that are exempt from performance requirements are required to complete Sections 1 & 2 only.

Section 1: General Information	
Project name	HarborWalk Plaza
Project Address	833 Embarcadero
Assessor's Parcel Number(s)	066-322-001
Name of Applicant	TLC Family Enterprises
Applicant email address:	
Applicant phone:	(805) 748-3145
Project Type (e.g. single-family residential, commercial, etc.)	Commercial (Retail, Hotel, Rest.)
Section 2: Area Information	
Total Project Area	6,982 Sq. Ft. - Land Lease
Total Existing Impervious surface area	6,500 Sq. Ft. - To be Replaced
Proposed Gross Impervious Area (list only the surface areas that are being created or replaced)	
a. Rooftops	4,887 Sq. Ft.
b. Driveways	
c. Patios	2,081 Sq. Ft.
d. Parking Lots	
e. Other	
Total Gross Impervious Area	6,968 Sq. Ft.
If Gross Impervious Area <15,000 ft ² , write "EXEMPT". Otherwise continue to Sec. 3	Exempt
Section 3: PR Determination	
Watershed Management Zone (App. B)	Exempt
Net Impervious Area (from page 10)	6,968 Sq. Ft.
Performance Requirements (from Flow Charts)	Sections 1 & 2

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HEIGHT CERTIFICATION

A LICENSED SURVEYOR OR ENGINEER SHALL VERIFY PAD ELEVATIONS AND SETBACKS PRIOR TO FOUNDATION INSPECTION, AND BUILDING HEIGHT PRIOR TO FRAMING INSPECTION. CERTIFICATIONS SHALL BE SUBMITTED TO THE COMMUNITY DEVELOPMENT DEPARTMENT.

PUBLIC WORKS

ANY DAMAGE, AS A RESULT OF CONSTRUCTION OPERATIONS FOR THIS PROJECT, TO CITY FACILITIES, I.E. CURB/BERM, STREET, SEWER LINE, WATER LINE, OR ANY PUBLIC IMPROVEMENTS SHALL BE REPAIRED AT NO COST TO THE CITY OF MORRO BAY.

NO WORK SHALL OCCUR WITHIN (OR USE OF) THE CITY'S RIGHT OF WAY WITHOUT AN ENCROACHMENT PERMIT. ENCROACHMENT PERMITS ARE AVAILABLE AT THE CITY OF MORRO BAY PUBLIC WORKS OFFICE LOCATED AT 955 SHASTA AVE. THE ENCROACHMENT PERMIT SHALL BE ISSUED CONCURRENTLY WITH THE BUILDING PERMIT.



PUBLIC SEATING SIGNAGE

TO BE LOCATED ON THE NORTHERN AND SOUTHERN EDGES OF THE NEW PUBLIC SEATING COUNTER LOCATED AT WEST SIDE OF LEASE SITE.

SIGNAGE SHALL BE 24" WIDE x 18" HIGH METAL SIGN WITH IMAGES MOUNTED FLAT TO STRUCTURE (OR 4x4 POST) WITH WHITE BACKGROUND AND BLUE LETTERING.



PUBLIC BOARDWALK SIGNAGE

TO BE LOCATED AT THE NORTHERN AND SOUTHERN ENTRANCES TO THE HARBORWALK LOCATED AT THE WEST SIDE OF THE LEASE SITE.

SIGNAGE SHALL BE 24" WIDE x 18" HIGH METAL SIGN WITH IMAGES MOUNTED FLAT TO 4x4 POST WITH WHITE BACKGROUND AND BLUE LETTERING.

CONDITIONS OF APPROVAL

**SPACE RESERVED FOR FUTURE
CONDITIONS OF APPROVAL**

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STAMPS



CONSULTANTS

PROJECT

**HARBORWALK
PLAZA**

RETAIL, RESTAURANT, HOTEL

FOR

**LEASE SITE
87-88 / 87W-88W**

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442

DRAWING PHASE

C.U.P.

833 EMBARCADERO
MORRO BAY, CALIFORNIA

Project No.	06-110
Drawn By	CPP
Dwg. Date	05/28/18
Updated	-
Scale	AS NOTED

REVISIONS

SHEET TITLE
**PROJECT NOTES &
REQUIREMENTS**

SHEET NO.

A1.2

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STAMPS



CONSULTANTS

PROJECT

HARBORWALK PLAZA
RETAIL, RESTAURANT, HOTEL
FOR
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REVISIONS

SHEET TITLE
CONSTRUCTION PLAN

SHEET NO.

A1.3

EROSION CONTROL

STRAW WADDLES TO BE INSTALLED AROUND PERIMETER OF PROJECT SITE.
ALL SEDIMENT CONTROLS SHALL BE IN PLACE PRIOR TO THE COMMENCEMENT OF CONSTRUCTION AS WELL AS AT THE END OF EACH WORKDAY. AT A MINIMUM, SILT FENCES, OR EQUIVALENT APPARATUS, SHALL BE INSTALLED AT THE PERIMETER OF THE CONSTRUCTION SITE TO PREVENT CONSTRUCTION RELATED RUNOFF AND/OR SEDIMENT FROM ENTERING THE BAY.

HOUSEKEEPING

THE CONSTRUCTION SITE SHALL MAINTAIN GOOD CONSTRUCTION SITE HOUSEKEEPING CONTROLS AND PROCEDURES. (e.g. CLEAN UP ALL LEAKS, DRIPS, AND OTHER SPILLS IMMEDIATELY; KEEP MATERIALS COVERED AND OUT OF THE RAIN, INCLUDING COVERING EXPOSED PILES OF SOIL AND WASTES; DISPOSE OF ALL WASTES PROPERLY; PLACE TRASH RECEPTACLES ON SITE FOR THAT PURPOSE, AND COVER OPEN TRASH RECEPTACLES DURING WET WEATHER; REMOVE ALL CONSTRUCTION DEBRIS FROM THE BEACH; ETC).

NOTIFICATION

THE PERMITTEE SHALL NOTIFY PLANNING STAFF OF THE COASTAL COMMISSION'S CENTRAL COAST DISTRICT OFFICE AT LEAST THREE WORKING DAYS IN ADVANCE OF COMMENCEMENT OF CONSTRUCTION OR MAINTENANCE ACTIVITIES, AND IMMEDIATELY UPON COMPLETION OF CONSTRUCTION OR MAINTENANCE ACTIVITIES.

DAYLIGHT WORK ONLY

ALL WORK SHALL TAKE PLACE DURING DAYLIGHT HOURS, AND LIGHTING OF THE BEACH AND OCEAN AREA IS PROHIBITED.

CONSTRUCTION EQUIP.

EQUIPMENT WASHING, SERVICING, AND REFUELING SHALL ONLY BE ALLOWED OFFSITE AT INLAND FACILITIES. APPROPRIATE BEST MANAGEMENT PRACTICES SHALL BE USED TO ENSURE THAT NO SPILLS OF PETROLEUM PRODUCTS OR OTHER CHEMICALS TAKE PLACE DURING THESE ACTIVITIES.

DUST CONTROL

TO PREVENT DUST AND WIND BLOWN EARTH PROBLEMS DURING GRADING, CONTRACTOR IS TO KEEP SOIL MOIST BY USING NON-POTABLE WATER.

CONSTRUCTION METHODS

CONSTRUCTION (INCLUDING BUT NOT LIMITED TO CONSTRUCTION ACTIVITIES, AND MATERIALS AND/OR EQUIPMENT STORAGE) IS PROHIBITED OUTSIDE OF THE DEFINED CONSTRUCTION, STAGING, AND STORAGE AREAS.

ALL PUBLIC RECREATIONAL USE AREAS IMPACTED BY CONSTRUCTION ACTIVITIES SHALL BE RESTORED TO THEIR PRE-CONSTRUCTION CONDITION OR BETTER WITHIN THREE DAYS OF COMPLETION OF CONSTRUCTION. ANY NATIVE MATERIALS IMPACTED SHALL BE FILTERED AS NECESSARY TO REMOVE ALL CONSTRUCTION DEBRIS.

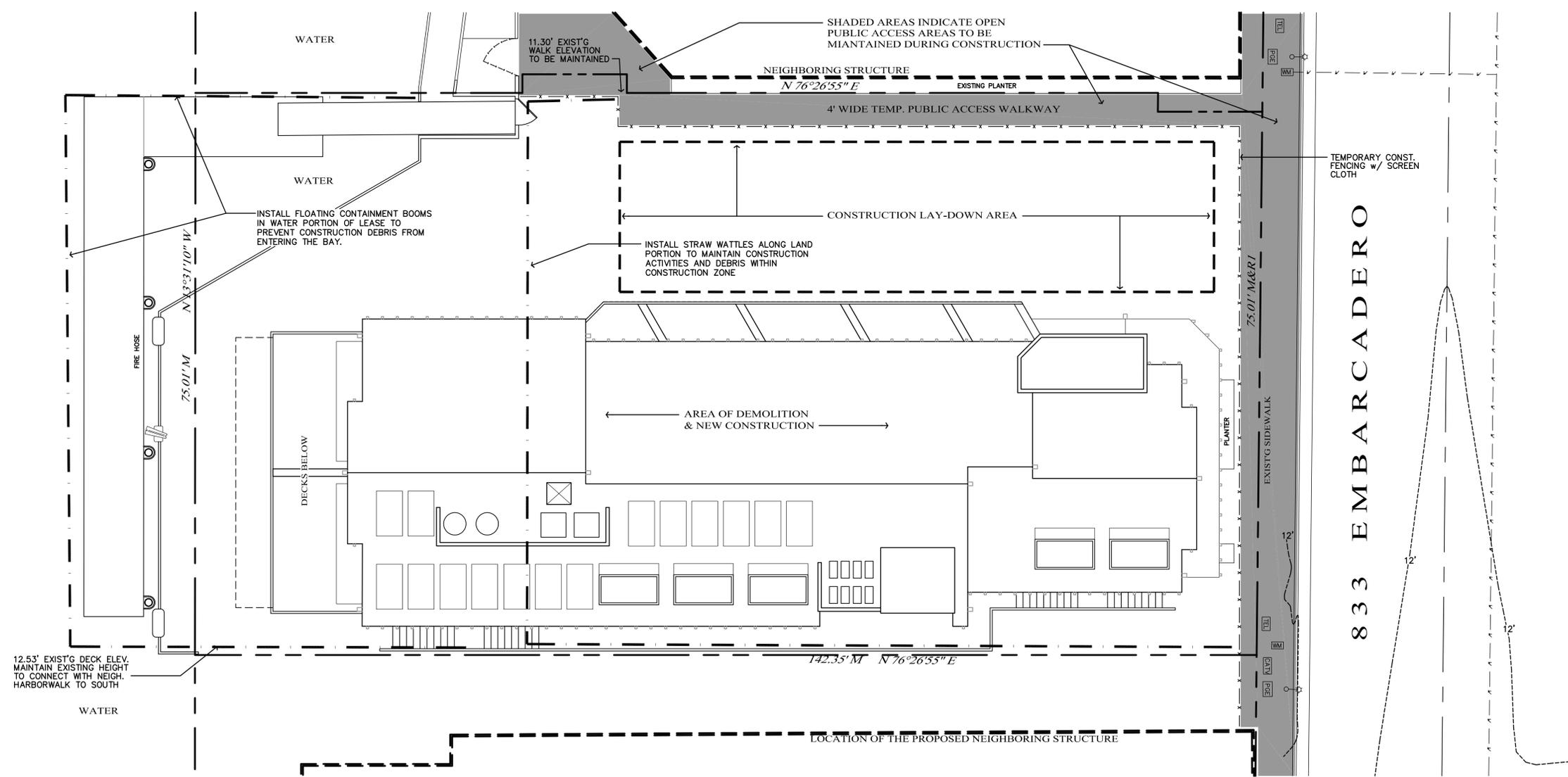
THE PERMITTEE SHALL UNDERTAKE DEVELOPMENT IN ACCORDANCE WITH THE APPROVED CONSTRUCTION PLAN. ALL REQUIREMENTS OF THE APPROVED CONSTRUCTION PLAN SHALL BE ENFORCEABLE COMPONENTS OF THE CDP.

CONSTRUCTION SITE DOC'S

COPIES OF THE SIGNED CDP AND THE APPROVED CONSTRUCTION PLAN SHALL BE MAINTAINED ONSITE IN A CONSPICUOUS LOCATION AT THE CONSTRUCTION JOB SITE AT ALL TIMES, AND SUCH COPIES SHALL BE AVAILABLE FOR PUBLIC REVIEW ON REQUEST. ALL PERSONS INVOLVED WITH CONSTRUCTION SHALL BE BRIEFED ON THE CONTENT AND MEANING OF THE CDP AND THE APPROVED CONSTRUCTION PLAN, AND THE PUBLIC REVIEW REQUIREMENTS APPLICABLE TO THEM, PRIOR TO COMMENCEMENT OF CONSTRUCTION.

CONST. COORDINATOR

A CONSTRUCTION COORDINATOR SHALL BE DESIGNATED TO BE CONTACTED DURING CONSTRUCTION SHOULD QUESTIONS ARISE REGARDING THE CONSTRUCTION (IN THE CASE OF BOTH REGULAR INQUIRIES AND EMERGENCIES), AND THE COORDINATOR'S CONTACT INFORMATION (i.e., ADDRESS, EMAIL, PHONE NUMBERS, ETC.) INCLUDING AT A MINIMUM, A TELEPHONE NUMBER AND EMAIL ADDRESS THAT WILL BE MADE AVAILABLE 24 HOURS A DAY FOR THE DURATION OF CONSTRUCTION, SHALL BE CONSPICUOUSLY POSTED AT THE JOB SITE WHERE SUCH CONTACT INFORMATION IS READILY VISIBLE FROM PUBLIC VIEWING AREAS AT THE SAME TIME AS LIMITING PUBLIC VIEW IMPACTS AS MUCH AS POSSIBLE, ALONG WITH AN INDICATION THAT THE CONSTRUCTION COORDINATOR SHOULD BE CONTACTED IN THE CASE OF QUESTIONS REGARDING THE CONSTRUCTION (IN CASE OF BOTH REGULAR INQUIRIES AND EMERGENCIES). THE CONSTRUCTION COORDINATOR SHALL RECORD THE CONTACT INFORMATION (e.g., NAME, ADDRESS, EMAIL, PHONE NUMBER, ETC.) AND NATURE OF ALL COMPLAINTS RECEIVED REGARDING THE CONSTRUCTION, AND SHALL INVESTIGATE COMPLAINTS AND TAKE REMEDIAL ACTION, IF NECESSARY, WITHIN 24 HOURS OF RECEIPT OF THE COMPLAINT OR INQUIRY.



CONSTRUCTION PLAN

SCALE: 1/8" = 1'-0"

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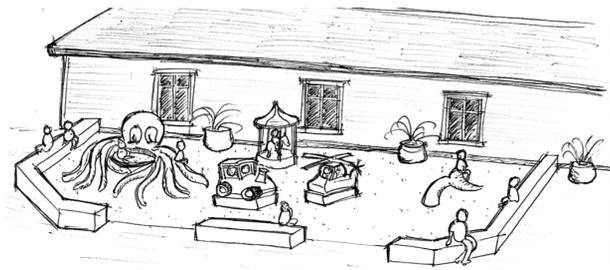
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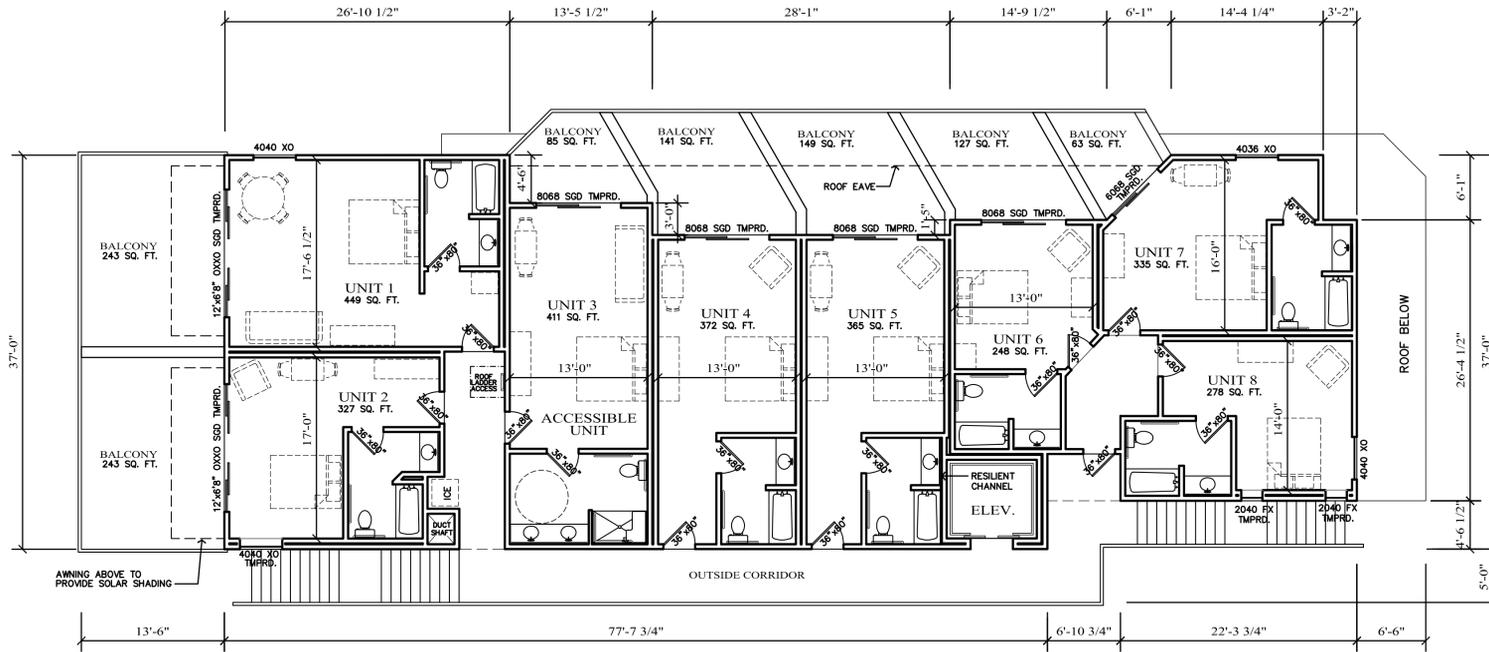
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CONSULTANTS

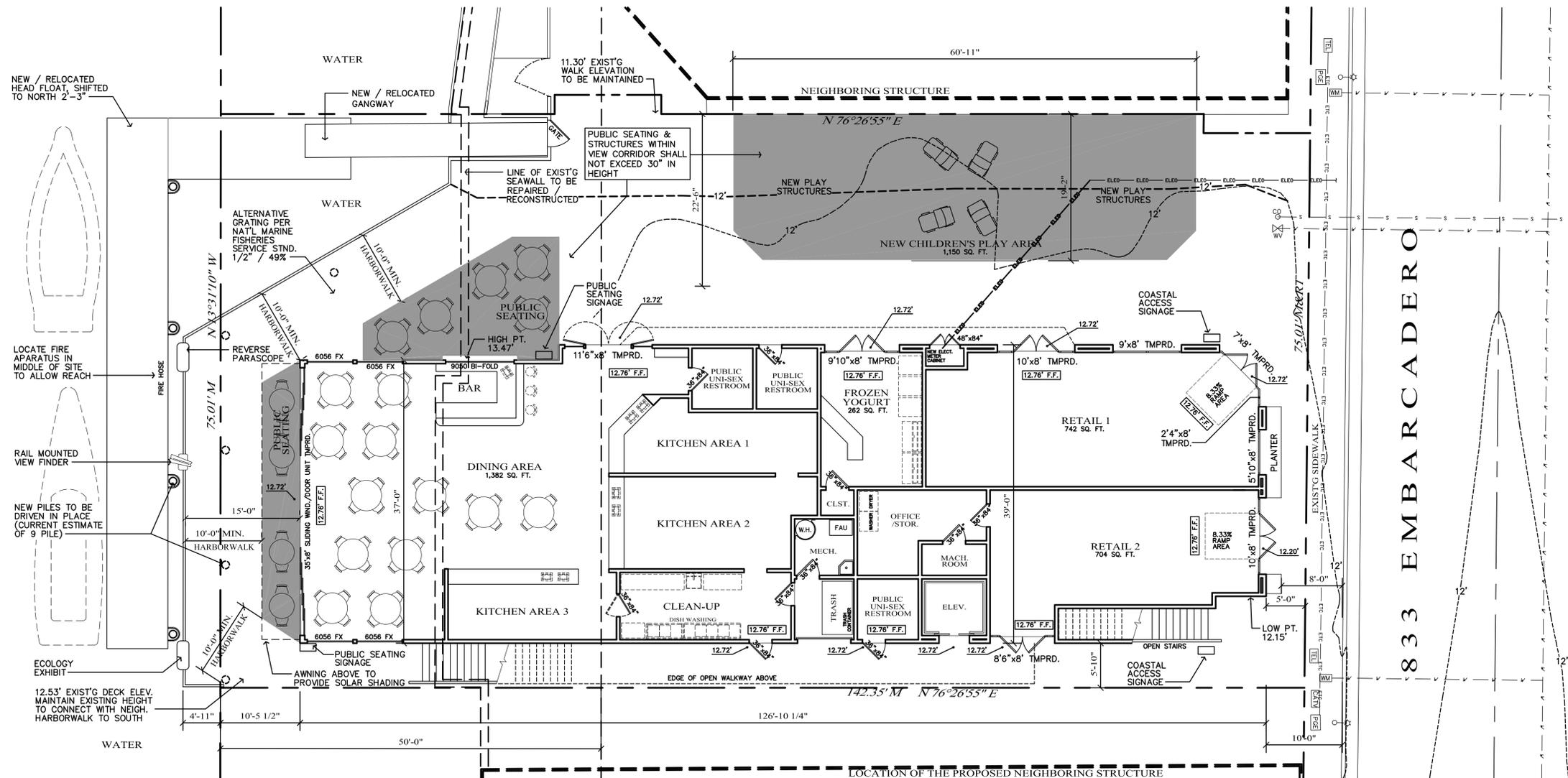


CHILDREN'S PLAY AREA



PROPOSED SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"



PROPOSED SITE / FLOOR PLAN

SCALE: 1/8" = 1'-0"

PROJECT

HARBORWALK PLAZA

RETAIL, RESTAURANT, HOTEL

FOR

LEASE SITE

87-88 / 87W-88W

TLC FAMILY ENTERPRISES
TRAVIS LEAGE & CHERISE HANSSON
665 KINGS AVENUE
MORRO BAY, CA 93442

DRAWING PHASE

C.U.P.

833 EMBARCADERO
MORRO BAY, CALIFORNIA

Project No.	06-110
Drawn By	CPP
Dwg. Date	05/28/18
Updated	-
Scale	AS NOTED

REVISIONS

SHEET TITLE

PROPOSED FLOOR PLAN

SHEET NO.

A2.1

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REVISIONS

SHEET TITLE
EXTERIOR ELEVATIONS & BLDG. SECTION

SHEET NO.

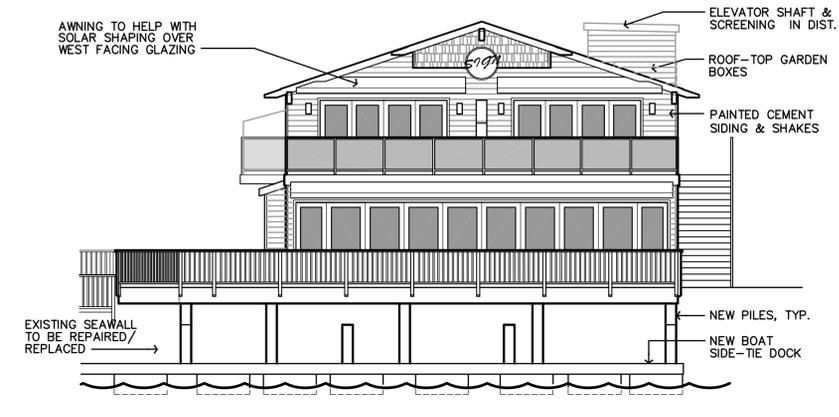
A3.1

EXTERIOR LIGHTING: ALL EXTERIOR LIGHTING TO BE NIGHT SKY COMPLIANT BY BEING DOWNWARD FACING AND SHIELDED FROM ABOVE



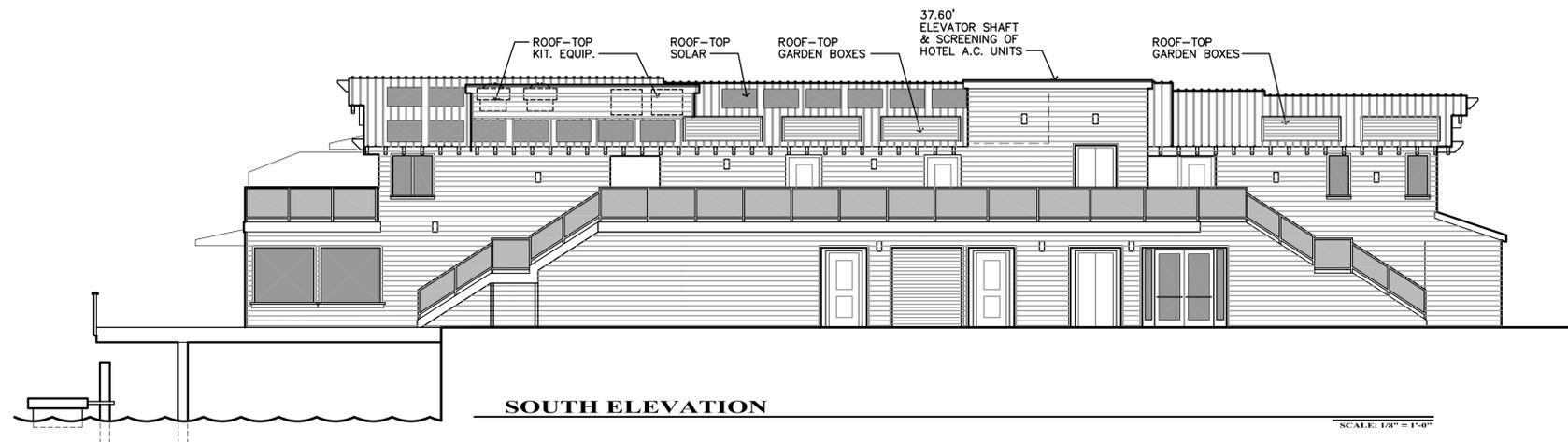
NORTH ELEVATION

SCALE: 1/8" = 1'-0"



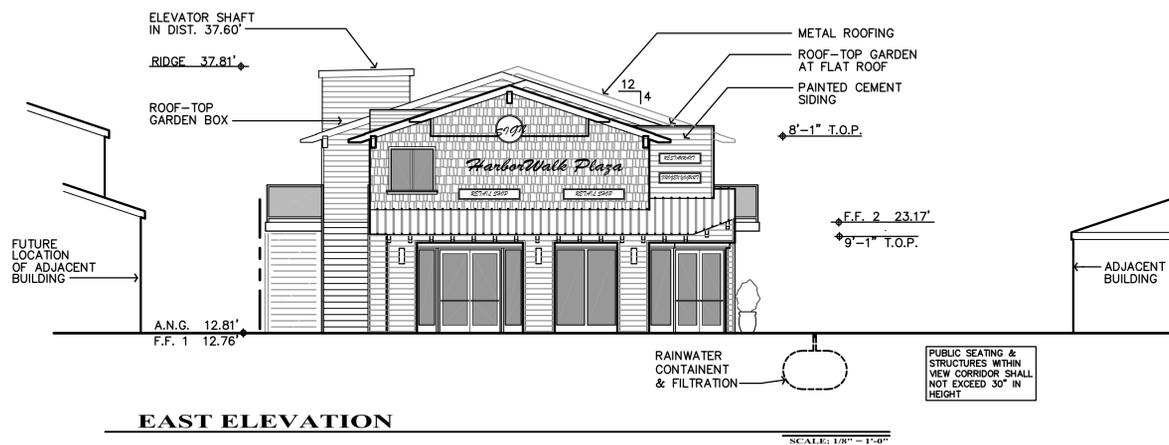
WEST ELEVATION

SCALE: 1/8" = 1'-0"



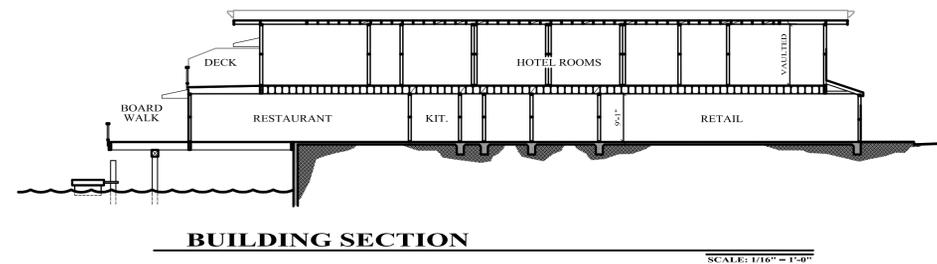
SOUTH ELEVATION

SCALE: 1/8" = 1'-0"



EAST ELEVATION

SCALE: 1/8" = 1'-0"

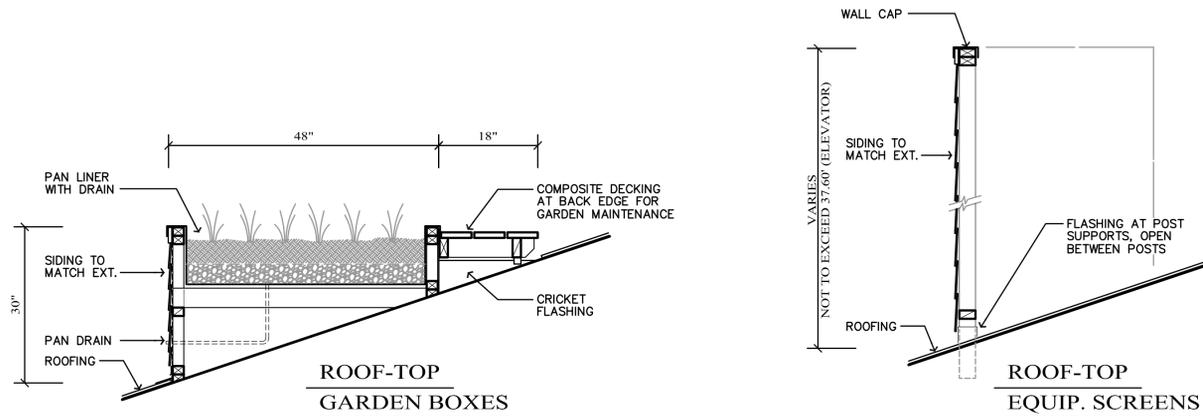


BUILDING SECTION

SCALE: 1/16" = 1'-0"

ROOF-TOP PITCH CALCULATIONS:

TWO-STORY ROOF-TOP AREA:		4,178 SQ. FT.
ROOF-TOP WITH 4:12 PITCH:	89%	3,379 SQ. FT.
ROOF-TOP WITH 1/4":12 PITCH:	11%	439 SQ. FT.



PLANTS	DESCRIPTION	SIZE	WATER USE
☀	VARIES SUCCULENTS - EXAMPLES SUCH AS ECHEVERIAS, VARIATED AGAVES, ETHEREAL EUPHORBIAS, DWARF ALOES	VARIES	LOW
☀	OENOTHERA CALIFORNICA (CALIFORNIA PRIMROSE)	4" POT	LOW
☀	ERIGONUM GRANDE VAR. RUBESCENS (SAN MIGUEL ISLAND BUCKWHEAT)	1 GAL.	LOW
☀	ERGERON GLAUCUS (SEASIDE DAISY)	1 GAL.	LOW
☀	FESTUCA CAL. "SERPENTINE BLUE" (CALIFORNIA FESCUE)	1 GAL.	LOW
☀	MUHLENBERGIA RIGENS (DEER GRASS)	1 GAL.	LOW
○	GARDEN / PLANTING POT	15 - 25 GALLON	

WATER CONSERVATION

- CORRECTLY LOCATE IRRIGATION VALVE CIRCUITS TO CORRESPOND TO HYDROZONES.
- NO TURF TO BE USED ON PROJECT.
- IRRIGATION VALVE CIRCUITS TO ACHIEVE MATCHED PRECIPITATION RATES THROUGH HYDROZONES.
- USE OF DROUGHT TOLERANT PLANTS IN LANDSCAPE BEDS.
- USE OF DEEP LAYER MULCH IN PLANTING BEDS.
- USE OF DRIP SYSTEM TO CONSERVE WATER.
- USE OF RAIN SENSORS TO TURN-OFF IRRIGATION SYSTEM DURING INCLEMENT WEATHER.
- WATER RE-USE / GRAY WATER SYSTEM

LANDSCAPE CALCULATIONS:

LANDSCAPING AT GRADE:	29 SQ. FT.
LANDSCAPING IN POTS:	52 SQ. FT.
LANDSCAPING IN ROOF-TOP GARDENS:	292 SQ. FT.
	373 SQ. FT.

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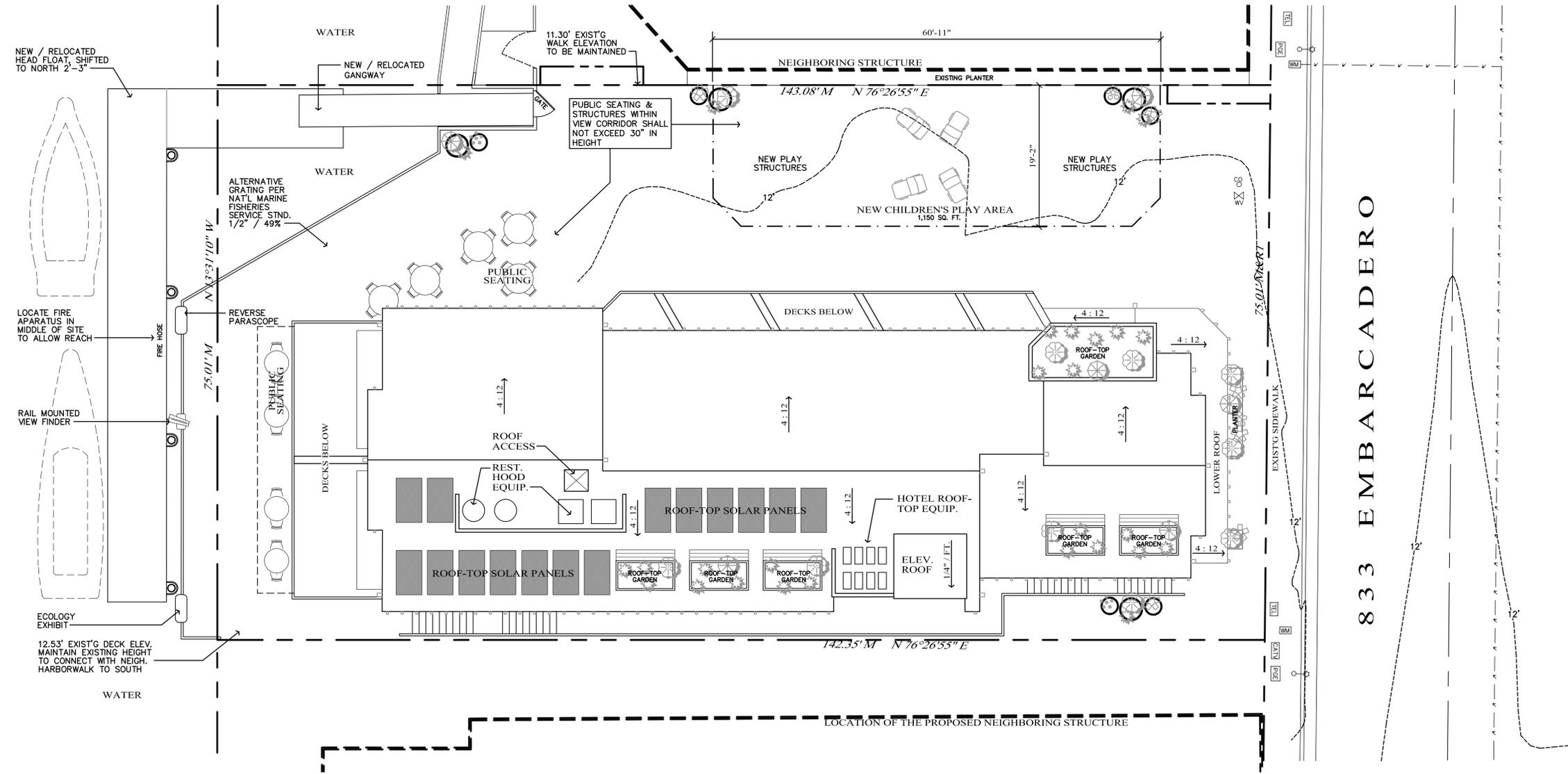
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STAMPS



CONSULTANTS



ROOF / LANDSCAPE PLAN

SCALE: 1/8" = 1'-0"

PROJECT
HARBORWALK PLAZA
RETAIL, RESTAURANT, HOTEL
FOR
LEASE SITE 87-88 / 87W-88W

TLC FAMILY ENTERPRISES
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833 EMBARCADERO
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Drawn By	CPP
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Updated	-
Scale	AS NOTED

SHEET TITLE
ROOF & LANDSCAPE PLAN
SHEET NO.

A4.1



AGENDA NO: C-1

MEETING DATE: October 9, 2018

Staff Report

TO: Honorable Mayor and City Council

DATE: October 2, 2018

FROM: Jennifer Callaway, Finance Director

SUBJECT: Adopt Resolution No. 84-18 Establishing the City of Morro Bay's Accounting and Financial Reporting Policies Related to Financial Management; Unclaimed Property; Fraud, Waste and Abuse; Disposal of Surplus Property and Equipment; Purchase Orders; the Water Reclamation Facility Rate Surcharge Adjustment Policy, and the Proration for Utility Bills and Notification to Customers Policy.

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 84-18, establishing the City of Morro Bay's Accounting and Financial Reporting Policies related to Financial Management; Unclaimed Property; Fraud, Waste and Abuse; Disposal of Surplus Property and Equipment; Purchase Orders; the Water Reclamation Facility Rate Surcharge Adjustment Policy; and the Proration for Utility Bills and Notification to Customers Policy.

BACKGROUND

The Morro Bay City Council has requested financial policies be brought to the City Council for review and discussion. On August 28, 2018, staff brought forward an action plan outlining the process to complete both a fiscal resiliency plan and formation of Accounting Policies and Procedures. On September 25, 2018, Council approved staff's recommended plan, including draft policies for the City's General Fund Emergency Reserve, Internal Service Fund Reserve, Harbor Accumulation Fund Reserve and Morro Bay Tourism Business Improvement District Accumulation Fund Reserve. Council provided staff with feedback and comments on those policies, which will be brought back for consideration and adoption on October 23, 2018.

Staff's timeline presented on August 28, 2018, committed to presentation to Council for consideration of Accounting and Financial Reporting and Procurement policies on October 9, 2018. Staff specifically indicated policies related to the following would be provided:

- Documenting Accounting Policies and Procedures
- Encouraging and Facilitating the Reporting of Fraud and Questionable Accounting and Auditing Practices
- Basis of Accounting versus the Budgetary Basis
- Purchase Card Programs
- Electronic Payment and Collection Systems
- Purchase Orders

DISCUSSION

Financial policies are a key component to a sound fiscal resiliency and according to GFOA, not only a best practice, but also central to a strategic, long-term approach to financial management.

Prepared By: JC

Dept Review:

City Manager Review: SC

City Attorney Review: JWP

Formal, written policies can help governments. Also, the City has received audit findings in the last two fiscal years related to Accounting Policies and Procedures. Therefore, staff recommends both the fiscal resiliency plan and adoption of formal financial policies proceed along a similar trajectory. Staff recommends following GFOA standards in best practices to comply with the audit finding results and develop comprehensive financial policies. GFOA outlines the following seven benefits to adopting formal financial policies:

1. **Institutionalize good financial management practices.** Formal policies usually outlive their creators, and thus promote stability and continuity. They also prevent the need to re-invent responses to recurring issues.
2. **Clarify and crystallize strategic intent for financial management.** Financial policies define a shared understanding of how the organization will develop its financial practices and manage its resources to provide the best value to the community.
3. **Define boundaries.** Financial policies define limits on the actions staff may take. The policy framework provides boundaries within which staff can innovate in order to realize the organization's strategic intent.
4. **Support good bond ratings and thereby reduce the cost of borrowing.**
5. **Promote long-term and strategic thinking.** The strategic intent articulated by many financial policies necessarily demands a long-term perspective from the organization.
6. **Manage risks to financial condition.** A key component of governance accountability is not to incur excessive risk in pursuit of public goals. Financial policies identify important risks to financial condition.
7. **Comply with established public management best practices.** The GFOA through its officially adopted Best Practices endorsement of National Advisory Council on State and Local Budgeting (NACSLB) budget practices and the GFOA Distinguished Budget Presentation Award Program, has recognized financial policies as an essential part of public financial management.

As such, GFOA recommends governments formally adopt financial policies. Per GFOA's recommendation, Accounting and Financial Reporting Policies are policies that establish and guide the use of an audit committee, endorse key accounting principles, and that ensure external audits are properly performed.

Undertaking development of comprehensive accounting and financial reporting policies is a large undertaking and as such staff has initiated the process by drafting seven policies for Council discussion and consideration.

Financial Management Policy

The proposed Financial Management Policy (Exhibit A to Attachment 1) provides guidance to staff on conformance with Generally Accepted Accounting Principles and State regulations.

The policy specifically addresses the City's Basis of Accounting, requirement for annual audits, maintaining a balanced budget on an annual basis and reporting and record keeping. In addition, the policy addresses account authorization and the City's fund accounting system. Final components of the policy address the City's Cost Allocation Plan, Prepaid Expense Policy, Petty Cash and Change Drawer Policies as well as the requirement for daily bank deposits.

Unclaimed Property Policy

The City currently has unclaimed property (approximately 50 accounts payable checks) totaling approximately \$10,000 dating back to 2013. There is currently no defined policy, outside of the Government Code, to provide guidance to staff on proper disposal of said property. The draft

policy provided as Exhibit B to Attachment 1 provides a process and sample documentation to assist staff in proper disposal of unclaimed property that meets the definition under that policy. The draft policy is in conformance with California Government Code Sections 50050 and 50057. With adoption of the policy, staff will proceed with notification and disposal of qualifying property as described in the policy.

Fraud, Waste and Abuse Policy

Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes the need for governments to have a financial reporting system in place that is sufficient to provide reasonable assurance that management can prepare financial statements in conformity with generally accepted accounting principles (GAAP). To meet that objective, a financial reporting system must be designed to detect not only material fraud or abuse, but also any questionable accounting or auditing practices that could jeopardize the integrity of financial reporting. SAS No. 112 instructs independent auditors that inadequate anti-fraud programs and controls constitute, at a minimum, a *significant deficiency* that would need to be reported.

In most cases, potential instances of fraud or abuse and questionable accounting or auditing practices come to the attention of responsible parties thanks to employees or citizens who become aware of such practices. Governments can and should take practical steps to encourage and facilitate such reporting.

California Government Code Section 53807.6 speaks to fraud, waste and abuse in the context of municipalities. The City does not currently have a policy which address fraud, waste and abuse and outlines a process for reporting and investigation such abuse and whistle-blower protection statements. A draft Fraud, Waste and Abuse policy is provided as Exhibit C to Attachment 1 for Council consideration and adoption.

If the Council adopts this policy, then as required by law, the City will meet and confer with the City's labor organizations about the impacts of this policy.

Disposal of Surplus Property and Equipment Policy

It has recently come to staff's attention the City has been disposing of surplus property without prior Council declaration of said property as surplus. Therefore, staff has proposed an amendment to the Morro Bay Municipal Code to permit the City's Purchasing Agent (Finance Director) to trade in, exchange or sell, by auction or other means, surplus property. The draft Surplus Property Policy, provided as Exhibit D to Attachment 1 prescribes the policy and documentation needed to support the trade in, exchange or sale of surplus property to ensure the City receives reasonable value for said property.

Purchase Order policy

The City operates under a decentralized purchasing system, meaning that all departments purchase their own supplies, materials and services independently. Decentralized purchasing systems often occur in smaller organizations where there are not adequate resources to dedicate to a singular purchasing function. Purchase orders are documents generated by a buyer that authorize a purchase transaction. When accepted by the seller or vendor, it becomes a contract binding on both parties. Purchase orders serve an internal control mechanism to encumber funds (set funds aside) until such time and the service or product is received. Purchase orders also provide a mechanism to improve internal accounting and documentation to support approved purchase from vendors who have obtained or provided the required City documentation such as a business tax certificate and evidence of insurance coverage.

During the past two fiscal years (FY 2015/16 and FY 2016/17), the City's annual audit has resulted in findings related to the City's Accounting Policies and Procedures, specifically noting that the City does not required approved Purchase Orders. The City's purchasing process does require purchase orders, but as a matter of practice the City's purchasing module within the Finance System had not been deployed. Over the past several months staff has worked to set-up the purchasing module and deploy the module with a handful of City Departments, including the Fire Department, Public Works Department and Administration functions. Staff's goal is to have all Departments utilizing the purchase order process by the end of the calendar year.

With activation of the purchasing module, a proposed purchase order policy has been drafted and provided as Exhibit E to Attachment 1 for Council consideration. The policy will help guide staff and establish expectations for using purchase orders.

Water Reclamation Facility Rate Surcharge Adjustment Policy

During the summer of 2018 Council directed staff to develop an annual rate review policy regarding rates for the City's water and sewer enterprise funds for Council consideration and adoption. Staff surveyed other California entities through the California Society of Municipal Finance Officers (CSMFO) list serve and received two responses. Both policies provided were simple and generally vague. Staff drafted a policy (provided as Exhibit F to Attachment 1) that would require an annual reporting to the City Council and Community on the revenues generated into the water and sewer funds and the annual expenditures and proposed future expenditures. Council will review the report provided and determine if WRF surcharge (rates) should remain at existing authorized levels or be lowered. This policy is particularly timely, in light of the City applying for the State Revolving Fund (SRF) low-interest loan program in October 2018. The City will likely receive word back from the State in 2019. If awarded an SRF loan, Council could approve an adjustment of approximately \$7/month for single family residences downward from the maximum rates approved in the recent Proposition 218 process.

Proration for Utility Bills and Notifications to Customers Policy

The City's practice has been to bill customers for utility service regardless of duration of service. In many instances, property owners rent out their properties and there are periodic breaks in service from one tenant to the next. In such cases, staff would make every attempt to inform the property owner that if service is switched to their name the property owner will be responsible for a full months' worth of service. To help alleviate customers paying for a full month of service when a utility may only be in their name for a few days, staff drafted a Proration for Utility Bills and Notification to Customers policy (provided as Exhibit G to Attachment 1). The policy establishes a mechanism for prorating utility bills in the instance that a customer signs up for services for less than one week in a given monthly bill cycle. Under the proposed policy, customers will pay the prorated amount of the flat water and sewer base charges based on the number of days the account was active. In addition, customers will be charged for units of water used during the period the account was active. A minimum of \$10 per month will be charged.

CONCLUSION

Having clearly defined financial policies that reflects the City of Morro Bay's values will serve as the foundation for decision-making in tough fiscal times and will aid in preserving the City's long-term fiscal health and vitality. Staff recommends that Council review the proposed policies and adopt Resolution No. 84-18.

ATTACHMENTS

1 – Resolution No. 84-18

Exhibit A – Financial Management Policy

Exhibit B – Unclaimed Property Policy

Exhibit C – Fraud, Waste and Abuse Policy

Exhibit D – Disposal of Surplus Property and Equipment Policy

Exhibit E – Purchase Order Policy

Exhibit F – WRF Rate Surcharge Adjustment Policy

Exhibit G – Proration for Utility Bills and Notifications to Customers Policy

RESOLUTION NO. XX-XX

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTIONS NO. 33-15 IN ENTIRETY, AND APPROVING RESOLUTION NO.
XX-XX ESTABLISHING A GENERAL FUND EMERGENCY RESERVE POLICY, HARBOR
ACCUMULATION RESERVE POLICY, MORRO BAY TOURISM BUSINESS IMPROVEMENT
DISTRICT RESERVE POLICY AND INTERNAL SERVICE FUNDS RESERVE POLICY**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on June 28, 1993, the Morro Bay City Council adopted Resolution No. 55-93, which adopted the Fiscal Year 1993-94 Budget and Appropriations Limit; and

WHEREAS, Section 5 of Resolution No. 55-93 states *“A reserve for emergencies of \$800,000 shall be established out of the City’s General Fund. This amount will be reported in the General Fund’s Equity section of the balance sheet. The City Administrator must receive prior approval from the City Council for any use of these reserve funds;”* and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Section 5 of Resolution No. 55-93; and

WHEREAS, on May 24, 2010, the Morro Bay City Council adopted Resolution No. 27-10, which established the parameters for use of the General Fund (Accumulation) Reserve; and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 27-10 in its entirety; and

WHEREAS, on June 28, 2011, the Morro Bay City Council adopted Resolution No. 42-11, which amended the parameters of Resolution No. 27-10; and

WHEREAS, on June 9, 2015, the Morro Bay City Council adopted Resolution No. 33-15, which rescinded Resolution No. 42-11 in its entirety; and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 33-15 in its entirety; and

WHEREAS, staff recommends the City Council adopt the proposed General Fund Emergency Reserve Policy, which demonstrates the City’s commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards.

WHEREAS, staff recommends the City Council adopt the proposed Internal Service Funds Reserve Policy, which demonstrates the City’s commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the

“General Fund Emergency Reserve Policy,” as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved, and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the “Internal Service Funds Reserve Policy,” as set forth in Exhibit B, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 25th day of September, 2018, by the following vote:

AYES:

NOES:

ABSENT:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

RESOLUTION NO. 84-18

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING THE CITY OF MORRO BAY'S ACCOUNTING AND FINANCIAL REPORTING
POLICIES RELATED TO FINANCIAL MANAGEMENT, UNCLAIMED PROPERTY, FRAUD,
WASTE AND ABUSE, DISPOSAL OF SURPLUS PROPERTY AND EQUIPMENT, PURCHASE
ORDERS, THE WATER RECLAMATION FACILITY RATE SURCHARGE ADJUSTMENT AND
PRORATION FOR UTILITY BILLS AND NOTIFICATION TO CUSTOMERS POLICY**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay wishes to establish Accounting and Financial Reporting policies to direct staff and provide transparency to the Council and community; and

WHEREAS, the Accounting and Financial policies include those regarding (i) financial management, (ii) property notification and disposal of unclaimed property, (iii) fraud, waste and abuse, (iv) disposal of surplus equipment and property, (v) utilization of purchase orders, (vi) annually review of the Water Reclamation Facility surcharge and (vii) proration of utility bills and notification to customers; and

WHEREAS, staff recommended the City Council adopt a Financial Management Policy, Unclaimed Property Policy, Fraud, Waste and Abuse Policy, Surplus Property Policy, Purchase Order Policy, Water Reclamation Facility Rate Surcharge Policy and Proration of Utility Bills and Notification to Customers Policy, all of which demonstrate the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California:

Section 1. The City Council hereby approves:

a. the Financial Management Policy, as set forth in Exhibit A, attached hereto and incorporated herein,

b. the Unclaimed Property Policy, as set forth in Exhibit B, attached hereto and incorporated herein,

c. the Fraud, Waste and Abuse Policy, as set forth in Exhibit C, attached hereto and incorporated herein,

d. the Disposal of Surplus Equipment and Property Policy, as set forth in Exhibit D, attached hereto and incorporated herein,

e. the Purchase Order Policy, as set forth in Exhibit E, attached hereto and incorporated herein,

f. the WRF Rate Surcharge Adjustment Policy, as set forth in Exhibit F, attached hereto and incorporated herein, and

g. the Proration for Utility Bills and Notification to Customers Policy, as set forth in Exhibit G, attached hereto and incorporated herein.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of October, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

JAMIE L. IRONS, Mayor

DANA SWANSON, City Clerk



COUNCIL POLICY

FINANCIAL MANAGEMENT POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, harbor, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion. As such, it is prudent for the City to establish sound financial management policies that conform with generally accepted accounting principles and state regulations.

Purpose

The purpose of this policy is to describe the City's key accounting policies and procedures to provide guidance to City staff and transparency on City policies. The City's accounting records are to be maintained in full accordance with Generally Accepted Accounting Principles (GAAP), as established by the Government Accounting Standards Board (GASB). Government fund types (General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds), agency funds and expendable trust funds are maintained via a modified accrual basis of accounting. Proprietary fund types (Enterprise Funds and Internal Service Funds) and nonexpendable trust funds are maintained via an accrual basis of accounting.

Basis of Accounting

Basis of Accounting refers to the time when revenues and expenditures are recognized in the accounts and reported in the financial statements. The City uses the modified accrual basis of accounting for monthly accounting purposes. Annual financial reports are prepared using the Governmental Accounting Standards Board Statement No. 34 (GASB 34), which is based on full accrual accounting.

Definitions

Modified Accrual: An adaptation of the accrual basis of accounting for government fund types. Revenues and other financing resources are recognized when they become available to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred.

Accrual Basis: Sometimes called "full accrual" basis. A basis of accounting in which revenues are recognized when earned regardless of when they are received, and expenses are recorded at the time the liability is incurred, regardless of when it is paid.

Audits

General financial audits are performed annually by an independent auditor designated by the staff and approved by the Council. Other special purpose audits are conducted from time to time as needed. All employees are required to disclose and furnish information when called upon to do so as promptly as possible, in an open and honest fashion.

Budget

The City maintains a balanced budget on an annual basis. Revenues and expenditures are estimated on the basis of reasonable and conservative assumptions. Funding for current expenditures comes from current revenues, with operating and capital budget items clearly distinguished and reported separately.

The budget is presented to the Council for review and adoption, along with the City's Appropriations Limit and Investment Policy for the approved budget's fiscal year.

Reporting and Record Keeping

The City provides reports to the Council on a quarterly basis indicating the status of the approved operating and capital budgets as well as a summary of the City's investments. In addition, the finance department uploads accounts payable check registries and payment batch detail to the City's website as well as the monthly cross fund reports and cash statements upon completion of the monthly reconciliation process. The cross-fund reports and cash statements provide the cash balances of all funds and investment(s). Additional financial reports are prepared as needed when requested and required by staff and committee volunteers. Annually the city files financial reports with the State Controller's Office and prepares a Comprehensive Financial Report (CAFR).

Financial Institution Account Authorization

The City's cash is pooled from all sources and funds and held in various financial accounts, including Rabobank, Opus Bank, and an investment account with Local Agency Investment Fund (LAIF). For more information on LAIF, please refer to the City's Investment Policy.

Rabobank accounts:

Revenue deposits (including direct deposits from the State of California) and payment of accounts payable drafts (including EFT withdrawals) are transacted with the City's account held at Rabobank. City issued checks are signed, via electronic signature, by the Mayor or Vice Mayor, and the Finance Director or City Manager (or another designated staff member if necessary).

LAIF and OPUS Investment account:

The City's reserves are held with LAIF and Opus bank accounts. Periodically, LAIF requests updated account access authorization for transfers of funds. The account access authorization is updated with LAIF when required and/or as requested by LAIF.

Accounting System – Fund Accounting

The accounts of the City are organized on the basis of fund and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City uses three fund types as follows:

Fund Classification: Governmental Funds

- 1. Fund Type: General Fund.** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- 2. Fund Type: Special Revenue Fund.** These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Fund Classification: Fiduciary Funds

1. **Fund Type: Agency Funds.** These funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

Fund Classification: Proprietary Funds

1. **Fund Type: Enterprise Funds.** These funds are used to account for assets held by the City's enterprise activities, the funds that sell goods and services and lease properties to the general public, such as the City's water, sewer and harbor funds.

Cost Allocation Plan

The annual Citywide Cost Allocation Plan (CAP) identifies the cost of administrative support for all departments and special funds. Use of the plan include:

1. To ensure all direct and indirect costs associated with providing services are included in the calculation of user fees and charges. For example, the CAP is the basis for the indirect cost component of the fully burdened hourly rate used to calculate the cost of City staff providing fee services.
2. To develop the Federally approved A-87 overhead rate.
3. To charge administrative support costs to the enterprise and assessment districts

Prepaid Expenses

Prepaid expenses are goods or services paid for and recorded in advance of their use or consumption in the course of business, which represent expenses for the next fiscal year and, therefore, should properly be reported as a current asset at June 30.

Typical types of prepaid expenses include insurance, annual memberships and subscriptions, and multi-period service contracts. City Departments should analyze expenses, and consider the following items:

- Annual subscriptions or periodicals
- Annual membership dues
- Multi-year equipment service contracts
- Any types of advance paid to a third party or employees

It is the City's policy to amortize prepaid expenses, totaling over \$500, for the portion consumed or used during the current fiscal and record as a prepaid expense the portion that will be consumed during the following fiscal year if \$1,000 or greater. To do that, Departments must identify expenses for goods or services paid in the current fiscal year with future economic benefits as prepaid expenses and other assets. For expenses requiring a purchase order, Departments shall charge the expense for the current fiscal year to the appropriate general ledger expense account and the prorated amount of the expense for the following fiscal year to the prepaid account.

Reporting and Oversight of Prepaid Expenses

At year-end, an analysis should be performed, and entries should be made to record prepaid expenses on the Statement of Net Position (SNP). The Finance Department is responsible for reviewing transactions, invoices and records to ensure that prepaid expenses totaling over \$500 (\$1,000) are accounted for in this manner.

Petty Cash

The City maintains total Petty Cash on hand in the amount not to exceed \$1,100, which is to be used for small reimbursements and expenditures required during day-to-day operations. Examples of items for which petty cash reimbursement may be requested by employees or volunteers are:

- Meal reimbursements
- Mileage reimbursements
- Purchase of miscellaneous kitchen, office and maintenance supplies
- Parking and toll fees

Generally, petty cash reimbursements are to reimburse employees for smaller expenditures (\$50-75) that occur as incidental City-related expenses. Larger reimbursements (over \$75) and/or anticipated fees/registrations are to be processed via the twice-monthly regular accounts payable process.

Petty Cash reimbursement requests must be accompanied with the receipt(s) and are to be submitted to the Department Director or his or her designee for review and approval. Prior approval should be obtained whenever possible to verify the expenditure is needed. Reimbursements over \$75 are to be approved by the City Manager prior to disbursement.

Each City Facility housing a City Department may elect to maintain a Petty Cash fund. Departments electing to do so must maintain their own Petty Cash funds. Each Department's Petty Cash fund is not to exceed \$300. The Finance Director or his or her designee as authority to approve petty cash funds up to \$300, with expenditures from those funds governed by the above.

The Departments are responsible for maintaining adequate funds in the City's Petty Cash and will replenish funds as necessary through a "Petty Cash Reimbursement" submission, which will include all receipts/disbursement slips that are being reimbursed.

Reporting and Oversight of Petty Cash

The Departments are responsible for maintaining adequate funds in the City's Petty Cash and will replenish funds as necessary through a "Petty Cash Reimbursement" submission, which will include all receipts/disbursement slips that are being reimbursed. The Finance Department will maintain a list of authorized Petty Cash Funds and approved amounts as well as count and verify petty cash unannounced at least annually at year-end, and more frequently should it be deemed necessary by the Department Director, Finance Director or City Manager. Discrepancies in the Petty Cash Fund will be reported to the Department Director and City Manager for appropriate action.

Change Drawer

In addition to Petty Cash, the City maintains change drawers in a total amount not to exceed \$800. Cash drawers are maintained and to be used for making change only and are not meant to be reimbursement funds.

Each City Facility housing a City Department that services the general public through cash transactions may elect to maintain a change drawer. Departments electing to do so must maintain their own change drawers. Each Department's change drawer is not to exceed \$400.

The Finance Director or his or her designee as authority to approve change drawers up to \$400.

Reporting and Oversight of Change Drawer

The Departments are responsible for maintaining adequate funds in the Change Drawer. The Finance Department will maintain a list of change drawers and authorized balances as well as count and verify change drawers at least annually at year-end, and more frequently should it be deemed necessary by the Department Director, Finance Director or City Manager. Discrepancies in the change drawer will be reported to the Department Director and City Manager for appropriate action.

The daily transaction activity through the change drawer is balanced daily in conjunction with the daily revenue posting batches and bank deposit preparation. Any cash short or over instances are posted to a cash variance account in the general fund, which can be monitored by the Finance Director or designee.

Daily Bank Deposit

All cash and checks received into the Finance Department are to be processed timely and deposited into the bank institution by the next business day. All checks and cash not yet deposited are to be kept in a locked file cabinet.



COUNCIL POLICY

UNCLAIMED PROPERTY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing public safety, public works, harbor, recreation and building, planning and development services. In addition, the City manages the City's Tourism function promotion Morro Bay as a tourist destination. As such, it is the City's responsibility to establish policies for prudent financial oversight and accountability.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. The unclaimed property policy established guidelines for city staff to properly transact unclaimed property.

Purpose

The purpose of the unclaimed check policy is to provide the proper mechanism to take possession of long-standing unclaimed checks in accordance with government statutes and to ensure the propriety of the related accounting transactions.

Definitions

Unclaimed Money: If money (cash or check) that is not the property of the City remains unclaimed for a period of more than three years, then it shall become the City's property no less than forty-five days and no more than sixty days after an initial public notice is published regarding that unclaimed money (Government Code sections 50050 and 50051).

Unclaimed Money Policy

- A. At any time after the expiration of the three-year period, the City will cause a notice to be published once a week for two successive weeks in a newspaper of general circulation.
- B. Before or on the date of the unclaimed money is to revert to the City, a party may file a claim for all or a portion of the amount of an unclaimed money. The City shall either accept or reject a claim. If the City rejects the claim, then the claimant may file a complaint against the City seeking to recover all or a portion of the money, and serve a copy of the complaint and the summons on the City within thirty days after receiving notice the claim was rejected. If a

complaint is filed, then the City must hold the claimed money until the dispute is resolved (Government. Code section. 50052).

- C. The notice shall include the following information:
 - a. The individual or business name as shown on the issued check, if applicable.
 - b. The check date, number and the amount of money on the issued check, if applicable.
 - c. A statement announcing the money shall become the property of the City of Morro Bay on a date that is not less than forty-five days after the first publication of the notice. (See Exhibit I.)
- D. Proof of publication from the newspaper is to be retained in accordance with the City's records retention policy as proof the City published the required notice for two consecutive weeks.
- E. Upon or prior to publication, a party of interest may file a claim which must include the following information:
 - a. The claimant's name, address and telephone number.
 - b. Social Security Number or Federal Employer Identification Number.
 - c. Proof of identify such as a copy of a driver's license, social security card or birth certificate.
 - d. The amount of the claim.
 - e. The grounds on which the claim is founded. (See Exhibit II).
- F. The City Manager, or his or her designee, may release to the party of the unclaimed money, or its heir, beneficiary, or duly appointed representative, unclaimed money if it is claimed before the date the unclaimed money becomes the City's property, and the claimant submits proof satisfactory to the Finance Director or City Attorney. (Govt. Code Sect. 50052.5.)
- G. When the unclaimed money becomes the property of the City and is in a Special Fund, the City Council may transfer it by resolution to the General Fund. (Gov. Code Sec. 50053.)
- H. Subject to G., above, when unclaimed money reverts to the City's property, the money will automatically be credited to the City's fund from which the money was originally drawn.
- I. Any individual unclaimed check of less than Fifteen Dollars, or any amount if the depositor's name is unknown, which remains unclaimed for a period of at least one year may be reverted, without publication of notice, to the City and credited to the fund from which the check originated. (Government. Code Section 50055)
- J. The responsibilities of the Finance Director may be delegated by the Finance Director to the department that maintains the supporting records of the unclaimed money based on the initial receipt or deposit of that money or both. (Government Code Section 50056.)

K. Disbursement and Money Transfer

1. Except as otherwise provided in this procedure, the Finance Department may release to the claimant of unclaimed money, or its heir, beneficiary, or duly appointed representative, the amount of the unclaimed money:
 - i. If the claim is filed prior to the date the money becomes the property of the City of Morro Bay.
 - ii. If proof substantiating the claim is conveyed in writing, including all items detailed in the item "E" of this policy.
 - iii. After proper documentation is secured, payment request is prepared to release money based upon approved Claim Form.
2. Upon rejection of the depositor's claim by the Finance Department (Exhibit III), the depositor may file a verified complaint seeking to recover all, or a designated part, of the money in a court within San Luis Obispo County. The Finance Department shall be served with a copy of the complaint and summons which must be served within thirty days after the claimant received notice of rejection of that claim. The Finance Department shall withhold the release of the portion of unclaimed money for which a court action has been filed until a decision is rendered by the court.
3. Upon close of business on the forty-fifth (45) day after publication of the first notice, the unclaimed check amounts revert to the City of Morro Bay. When the unclaimed checks become the property of the City of Morro Bay and are in a special fund, the City Council may transfer them to the General Fund. See Exhibit IV.
4. Unclaimed checks of less than Fifteen Dollars that are more than twelve months old will be transferred to the General Fund by the City Council. See Exhibit V.

L. Accounting Transactions

1. If unclaimed money is claimed prior to the date designated in the Public Notice, then the Finance Department will verify the claimant's supporting information and if the claimant satisfies all conditions required under this procedure, the City will issue a new check for the claimed amount to the claimant.
2. Upon the close of business on the forty-fifth day after the initial notice is published, the remaining unclaimed money with a value of Fifteen Dollars or more will revert to the City. Those moneys will be transferred to a miscellaneous General Fund revenue account upon City Council approval. (Exhibit IV)
 - I. Accounts payable checks will be voided, a journal entry will be prepared to reclass the account number from original to non- departmental Miscellaneous Revenue, Unclaimed Property account 100-90-001 480-406. This way the transaction will Debit Cash and Credit the above revenue account without changing the original Expense or Revenue account.

- II. Payroll checks will be voided through the payroll void process. In addition, a journal entry will be prepared to Debit the original expense account and Credit the Miscellaneous Revenue, Unclaimed Property account 100-90-001 480-406.
 - III. The records of voided checks must be retained in Accounting in accordance with the City's records retention policy.
3. As of March 31st, annually, all outstanding checks of less than Fifteen Dollars from Accounts Payable and Payroll will be checked to determine those checks that have issue dates over twelve months. Those amounts will then be set into a resolution for the City Council to approve, transferring these amounts to the General Fund miscellaneous revenue account. Follow steps i,ii, and iii above.

Public Notice

- A. Semi-annually, on or about April 30 and October 31, all unclaimed checks/money of at least Fifteen Dollars will be reviewed to determine those that have an issue/deposit date older than three years. Upon review a determination will be made to proceed if the total unclaimed checks exceed the cost to publish a public notice.
- B. Checks with an issue date older than three years will be given notice and published once a week for two successive weeks in a newspaper of general circulation selected by the City Manager, or his or her designee, concurrently. Those notices shall include the following information:
 - a. The individual or business name as shown on the unclaimed check.
 - b. The amount of the unclaimed check.
 - c. A statement that the unclaimed check shall revert to the City's property on a date that is not less than forty-five (45) days after the notice is first published.
- C. Proof of publication from the newspaper shall be retained in accordance with the City's records retention policy as evidence of meeting the publishing requirements as stated in this policy.

Release and Disbursement

- A. Except as otherwise provided in this policy, the City Manager, or his or her designee, may release to the claimant of an unclaimed money, or its heir, beneficiary, or duly appointed representative, the amount of the unclaimed money, if all of the following are met:
 - a. The claimant files a claim on or before the date the unclaimed money reverts to the City's property;
 - b. The claimant submits sufficient proof substantiating the claim in writing to the City, including the following:
 - i. Claimant's name, address and telephone number;

- ii. Social security number of FEIN;
- iii. Proof of identity; such as a copy of driver's license, state-issued identification card, social security card, or birth certificate;
- iv. The amount of the claim; and
- v. The grounds on which the claim is founded.
- vi. The claimant signs a form approving the City's request to stop.
- vii. Payment of the original unclaimed check and releasing the City from further claim against said amount.

Reporting and Oversight

The Finance Department is responsible for oversight and administration of the unclaimed money process. Reporting of notices for unclaimed money will be provided to City Council during the quarterly budget updates and as needed.

Attachments:

Exhibit I - Sample of Public Notice

Exhibit II - Sample of Unclaimed Money – Claim Form

Exhibit III - Sample of Money Claim Rejection Form

Exhibit IV – Resolution to transfer unclaimed check funds to the General Fund

Exhibit V - Resolution to transfer unclaimed funds of checks less than fifteen dollars (15) each, or any amount, if the depositor's name is unknown to the General Fund

Exhibit I – Sample of Public Notice

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN THAT, the Finance Department of the City of Morro Bay, County of San Luis Obispo, State of California, declares that the following monetary sums have been held by the City of Morro Bay and have remained unclaimed in the funds hereafter indicated for a period of over three (3) years and will become the property of the City of Morro Bay on the xx the day of the Month, Year, a date not less than forty-five (45) days after the first publication of this Notice.

Any party of interest may, prior to the date designated herein above, file a claim with the City's Finance Department which includes the claimant's name, address and telephone number, Social Security Number or Federal Employer Identification Number, amount of claim, the grounds on which the claim is founded. The Unclaimed Money Claim Form can be obtained from the City Hall at 595 Harbor Street, Morro Bay, CA. 93442, or from the City's website at www.morrobayca.gov. Proof of identify such as a copy of a driver's license, social security card or birth certificate must be provided before funds will be released. With any questions, please contact the City of Morro Bay, Finance Department at (805) 772-6222.

This notice and its contents are in accordance with California Government Code Sections 50050-50056.

Check Date	Check Number	Payee Name	Check Amount
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Jennifer Callaway

Finance Director

Exhibit II – Sample of Unclaimed Property – Claim



**CITY OF MORRO BAY
UNCLAIMED PROPERTY – CLAIM FORM**

Return completed form to:

City of Morro Bay

Finance Department,

Accounts Payable

595 Harbor Street

Morro Bay, CA 93442

Pursuant to California Government Code Section 50052, I wish to file a claim for a previously unclaimed check in the amount of \$_____ that was published in the _____ on _____. The grounds on which I file this claim are:

Vendor or Individual Name (Printed)

Taxpayer I.D. or Social Security No.

Vendor or Individual Name (Signature)

Telephone Number

Address

City/State/Zip Code

FOR FINANCE DEPARTMENT ONLY

Exhibit II – Sample of Unclaimed Property – Claim

Proof of Identity Verified (check one):

Driver's License

Social Security Card

Birth Certificate

Verified By: _____ Date: _____

Claim: Approved Rejected Reason for Rejection: _____

Reviewed By: _____ Date: _____

Exhibit III – Sample of Property Claim Rejection Form



**CITY OF MORRO BAY
PROPERTY CLAIM REJECTION FORM**

The City of Morro Bay has rejected the unclaimed property claim of:

Vendor **or** **Individual** **Name:** _____

Taxpayer I.D. **or** **Social Security** **Number:** _____

Address: _____

City/State/Zip Code: _____

Original Check Date: _____

Original Check Amount: _____

The grounds on which this claim has been rejected are:

Exhibit III – Sample of Property Claim Rejection Form

Under California Government Code Section 50052, you have the right to file a verified complaint seeking to recover all, or a designated part, of the money in a court of competent jurisdiction within San Luis Obispo County. A copy of the complaint and the summons issued thereon must be served within thirty (30) days of receiving this notice of rejection. Upon being served, the Finance Director will withhold the disputed amount from being released until a decision is rendered by the court.

Jennifer Callaway
Finance Director

CITY OF MORRO BAY

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORRO BAY, CALIFORNIA, APPROVING THE TRANSFER
UNCLAIMED MONEY FROM THEIR RESPECTIVE SPECIAL
FUND(S) TO THE GENERAL FUND PURSUANT TO
CALIFORNIA GOVERNMENT CODE SECTION 50053**

WHEREAS, the attached list of checks has been outstanding and unclaimed in special funds for more than three years; and

WHEREAS, the City has provided public notice as required in California Government Code sections 50050 and 50051 and the City's Unclaimed Check Policy,

NOW THEREFORE, BE IT RESOLVED, in accordance with California Government Code Section 50053, the unclaimed money on the attached list in the total amount of \$00.00 shall be transferred from the respective special funds(s) to the General Fund's non- departmental revenue account.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at the City Council Meeting held on the xxth day of xxx, by the following vote:

AYES:

NOES:

ABSENT:

, Mayor

ATTEST:

, City Clerk

Exhibit V – Resolution to transfer unclaimed property of checks less than fifteen (15) dollars each, or any amount, if the depositor’s name is unknown to the General Fund

CITY OF MORRO BAY

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, APPROVING THE TRANSFER OF UNCLAIMED MONEYS FROM THEIR RESPECTIVE FUND(S) TO THE GENERAL FUND PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 50055

WHEREAS, the attached list of checks has been outstanding and unclaimed in special fund(s) for more than three years; and

WHEREAS, each of the checks listed on the attached summary is less than Fifteen Dollars or any amount, if the depositor’s name is unknown,

NOW THEREFORE, BE IT RESOLVED, in accordance with California Government Code Section 50055, the unclaimed money on the attached list in the total amount of \$00.00 shall be transferred from the respective funds(s) to the General Fund’s non-departmental revenue account.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at the City Council Meeting held on the xxth day of xxx, by the following vote:

AYES:

NOES:

ABSENT:

, Mayor

ATTEST:

, City Clerk



COUNCIL POLICY

FRAUD, WASTE AND ABUSE¹ POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, harbor, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion.

As such, it is the City's intent to establish policy to ensure elected officials, committee and commission members, volunteers and employees are aware of the following:

1. A constructive culture requires integrity in the administration of the City's resources to ensure public trust. The City is committed to protecting the organization, its operations, its employees and its assets against fraud, forgery, dishonesty, theft and other similar improprieties. Activities of this type will not be tolerated under any circumstances.
2. This policy applies to any irregularity, or suspected irregularity, involving employees, consultants, vendors, contractors, outside agencies, and/or any other parties with a business relationship with the City.
3. Any investigative activity required will be conducted in an objective and impartial manner without regard to the suspected wrongdoer's length of service, position, title, or relationship to the City of any party who might be or become involved in or becomes the subject of such investigation.
4. All employees are responsible for the detection, reporting and prevention of fraud, misappropriations, forgery, dishonesty, theft and other irregularities.

Purpose

To establish the City's commitment to protecting its assets against fraud, waste and abuse. The purpose of this policy is to establish a policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other related dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries.

Definitions

The California Government Code, subdivision 53087.6(f)(2), defines the term "**fraud, waste, or abuse**" as:

¹ For purposes of this policy abuse is as defined herein and is not intended to include harassment, which is governed by other laws and policies.

“Any activity by a local agency or employee that is undertaken in the performance of the employee’s official duties, including activities deemed to be outside the scope of his or her employment, that:

- Is in violation of any local, state, or federal law or regulation relating to: fraud, corruption, malfeasance, bribery, theft of government property, fraudulent claims, coercion, conversion, malicious prosecution, misuse of government property, or willful omission to perform duty,
- Is economically wasteful, or
- Involves gross misconduct.”

Some of these improprieties may be defined as follows:

Fraud – the intentional false misrepresentation or concealment of material fact for the purpose of personal gain for oneself or others; or inducing another to act similarly. Fraud and other similar irregularities include, but are not limited to:

- a. Claim for reimbursement of expenses that are not job related or authorized.
- b. Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.)
- c. Misappropriation of City assets (funds, securities, supplies, furniture, equipment, etc.)
- d. Improprieties in handling or reporting of money transactions.
- e. Authorizing or receiving payment for goods not received or services not performed.
- f. Computer-related activity involving unauthorized alteration, destruction, forgery, or misrepresentation of data or misappropriation of City-owned software.
- g. Misrepresentation of information on documents.
- h. Any apparent violation of Federal, State or Local laws related to dishonest activities or fraud.
- i. Seeking or accepting anything of material value from those doing business with the City including vendors, consultants, contractors, lessees, applicants, and grantees. This shall not include any gifts or other items of material value declared by employees and/or City Council members on annual Statements of Economic Interest as required by the Fair Political Practices Commission. Furthermore, acceptance of any item intended to be a gift to City staff as a whole and not for a specific individual shall not be considered an act of fraud.

Employee or Official – In this context, employee refers to any individual or group of individuals who receive compensation, either full or part-time, from the City. The terms also includes any volunteer who provides services to the City through an official arrangements with the City or a City organization, as well as consultants, vendors, contractors, outside agencies and/or any other parties with a business relationship with the City. In this context Official means any elected or appointed City officer or official.

Management – In this context, management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources.

Investigator – In this context, Investigator refers to any person or persons assigned by the Department Director and Finance Director to investigate any fraud or similar activity.

External Auditor – In this context, External Auditor refers to independent audit professionals who perform annual audits of the City's financial statements.

Fraud, Waste and Abuse Policy

It is the City's intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. Each department of the City is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

If a claim of fraud occurs, then an investigation shall ensue. The Investigator, in conjunction with the City Attorney (unless the claimant or subject of the claim) and representatives of the California Joint Powers Insurance Authority (CJPIA), has the primary responsibility for the investigation of all activity as defined in this policy. If the investigation substantiates inappropriate activities have occurred, then the City Clerk and/or Finance Director (unless one is the claimant or subject of the claim, and in that situation the City Attorney) will issue status reports to the City Manager. Immediately thereafter, the City Manager, in consultation with the City Attorney, will issue status reports to appropriate designated personnel and, if appropriate, to the City Council in accordance with the Brown Act. and possibly to the public, in accordance with applicable law.

Decisions to refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the City Attorney (unless the claimant or subject of the claim and then with legal counsel) and the City Manager, as will final decisions on disposition of the case except to the extent that the initiation of litigation may require approval by the City Council.

Confidentiality

All information received that is related to an allegation of fraud, waste and abuse will be kept confidential to the extent that it can. Any employee who witnesses or has direct knowledge of inappropriate activity shall notify the City Clerk and/or Finance Director immediately, and should not attempt to personally conduct investigations or interviews/interrogations. (See REPORTING PROCEDURE section below.)

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. That is important in order to avoid damaging the reputations of persons under investigation but who are subsequently found innocent of wrongful conduct and to protect the City from potential civil liability. Public disclosure shall be made only in accordance with applicable law.

Authorization for Investigating Suspected Fraud, Waste and Abuse

The City Clerk and/or Finance Director, or authorized representative, will have access to, and authority to examine any and all records, documents, systems and files of the City and/or other property of any City department, office or agency. It is the duty of any officer, employee or agent of the City having control of such records to permit access to, and examination thereof, upon the request of the City Clerk and/or Finance Director or his or her authorized representative. It is also the duty of any such officer, employee or agent to fully cooperate with the City Clerk and/or Finance Director, or authorized representative, and to make full disclosure of all pertinent information. The City Clerk and/or Finance Director shall also be permitted access to any and all

records, documents, systems and files of any City vendor or contractor as allowed by City agreements and contracts.

Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Individuals filing a report concerning a possible violation or suspected violation must be acting in good faith and have reasonable grounds for believing that fraud, waste or abuse has been committed. Allegations that prove to have been made maliciously, or knowingly to be false, will be viewed as a serious matter possibly subjecting the reporting party civil liabilities and/or disciplinary action, up to and including termination.

Any employee, or other interested complainant, who discovers or knows of fraudulent activity will have several options to report. Reporting can occur by:

- Contacting the City Clerk – either in person, by mail, by email or by direct phone call at (805) 772-6205;
- Contacting the Human Resources Analyst – either in person, by mail, by email, or by direct phone call at (805) 772-6207;
- Contacting the Finance Director – either in person, by mail, or by direct phone call at (805) 772-6217;
- Contacting the City Manager - either in person, by mail, by email or by direct phone call at (805) 772-6206;
- Contacting the City Attorney - either in person, by mail, by email, or by phone call at (310) 527-6660; or
- Contacting the Chief of Police - either in person, by mail, by email or by direct phone call at (805) 772-6237.

The following information is necessary to begin and continue processing a complaint/concern:

- The alleged misconduct involves a City employee, a contractor, or a vendor doing business with the City.
- Name of the individual(s) involved.
- Specific information regarding the alleged misconduct e.g. circumstances related to the misconduct, where and when the misconduct occurred, etc.

During the initial review of complainant report(s), the City Clerk and/or Finance Director will hold in confidence information disclosed, including the identity of the caller disclosing the information and the parties identified by the caller as allowed under Government Code §53087.6.

The complainant may remain anonymous to the extent allowed by law. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the City Clerk, Finance Director, or City Manager. No information concerning the status of an investigation will be given out. The proper response to any inquiry is: “There is no information to report at this time.” No reference should be made to “the allegation,” “the crime,” “the fraud,” “the forgery,” “the misappropriation,” or any other specific fraud reference when referring to any report.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.

- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the City Manager, City Clerk or the Finance Director.

Protection from Retaliation

Retaliation against individuals for making good faith reports is prohibited. Employees making good faith reports of misconduct should feel safe and protected from retaliation. The City will provide appropriate support to reporting individuals to protect against retaliation and respond to concerns of retaliation or unfair treatment linked to good faith reporting.

Whistle-Blower Protection

Subject to the limitations of the Code of Professional Conduct and State law applicable to lawyers, employees will be granted whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither the City nor any person acting on behalf of the City shall:

1. Dismiss or threaten to dismiss the employee.
2. Discipline, suspend, or threaten to discipline or suspend the employee.
3. Impose any penalty upon the employee.
4. Intimidate or coerce the employee.
5. Retaliation of any means included to imply to withhold, or actually withhold, support for an appointment, promotion, or change of assignment, or to suggest a poor performance report will be prepared or probation will be failed, as an act of retaliation.

Violations of whistle-blower protections will result in discipline.

Unless one of them is the claimant or subject of the claim, upon conclusion of the investigation, the results will be reported to the City Manager and City Attorney by the Department Director, Finance Director, City Clerk and CJPIA representatives. The City Manager, following review of investigation results, will take appropriate action regarding employee misconduct over which the City Manager has authority. Disciplinary actions can include termination, and referral of the case to an appropriate law enforcement agency and/or District Attorney's Office for possible arrest and prosecution. The City will pursue every reasonable effort, including court ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources. If the claim involves the City Attorney or an elected or appointed official, then the City Manager will report to the City Council for the Council to determine the appropriate action.

Disposition

If the investigation provides probative evidence that the subject matter of the investigation supports a finding this policy was violated, then, unless one of them is the claimant or subject of the claim, the City Clerk and/or Finance Director will work with the City Manager, department director and/or City Attorney to ensure the proper remedial action is taken in accordance with the City's Personnel Rules and Regulations and any other applicable law, rule, or regulation.

Procedures for Reporting and Oversight

The Finance Director is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed periodically and revised as needed. The Finance Director may develop any other policies or procedures as necessary to implement this Policy.

The Fraud, Waste and Abuse Reporting Policy will be distributed to all City employees, consultants, vendors, contractors, agents working for the City and elected officials subsequent to approval. In addition, it will be provided to all new employees, new business partners and those elected in the future. It will also be posted and made available on the City's website.

Management Responsibilities: Management is responsible for being alert to and reporting fraudulent or related dishonest activities in their areas of responsibility. Each manager should be familiar with the types of improprieties that might occur in his or her area and be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in his or her area. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity. If management determines a suspected activity may involve fraud or related dishonest activity, then they should contact their next immediate supervisor not involved in the alleged misconduct and together with that supervisor inform their Department Director (unless the Department Director is alleged to have involvement in the alleged misconduct) and the City Clerk and Finance Director.

**CITY OF MORRO BAY
FRAUD, WASTE AND ABUSE POLICY
ACKNOWLEDGEMENT OF RECEIPT**

By my signature below, I acknowledge I have received, read, and understood the City of Morro Bay's Fraud, Waste and Abuse Policy, and I will abide by its terms. I understand that failure to fully comply with all terms set forth in the Policy may lead to disciplinary action, up to and including termination.

Employee's Name (PLEASE PRINT)

Employee's Signature

Date



COUNCIL POLICY

DISPOSAL OF SURPLUS EQUIPMENT & PROPERTY POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing public safety, public works, harbor, recreation and building and planning development services. In addition, the City manages the City's Tourism function promotion Morro Bay as a tourist destination. As such, it is the City's responsibility to establish policies for prudent financial oversight and accountability.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. The Disposal of Surplus Equipment & Property Policy establishes guidelines to comply with Morro Bay Municipal Code Section 3.08.130 to dispose of City-owned vehicles, equipment, tools, real property, office equipment, machines, furniture and other miscellaneous property.

Purpose

It shall be the responsibility of the operating department to identify surplus property, obtain necessary approvals, and to coordinate arrangements for departmental transfer, bidding, auction or private sale of the items.

The operating department shall also inform the Finance Department, in writing, about the disposition of the property. This notification shall include, at minimum, a listing of the items sold, authorization to surplus received from, the price received for each, the name and address of the buyer (or auctioneer) and the asset tag or other identifying number, such as a vehicle number, if available.

Definitions

Surplus Property – City-owned furniture, equipment, vehicles and tools of no use to the City.

Real Property – Fixed Property, principally land and buildings.

Disposal of Surplus Equipment & Property Policy

An operating department must notify all City Departments, in writing, of the availability of surplus property and offer such property to interested departments prior to initiating any public bidding or other sale of the property. The transfer of surplus property from one department to another having potential use of the property shall be at the sole discretion of the City Manager.

On the date of the adoption of this policy, the Morro Bay Municipal Code (MBMC) section 3.08.130 allows the City's Purchasing Agent (Finance Director) to trade in or exchange supplies and equipment for needed supplies and equipment. In addition, the MBMC is being amended to include language to allow the purchasing agent authority to "sell, by auction or other means to

ensure the City receives proper value.” It is the Department’s responsibility to provide documentation satisfactory to the Purchasing Agent to fulfil those criteria defined below:

Approvals. The following approvals shall be required to declare property as surplus:

1. **Vehicles and Heavy Equipment.** Property in this category shall be declared surplus by the Finance Director given the following information by the operating Department:
 - Evidence the vehicle or heavy equipment is beyond its useful life and would be costlier to repair or unsafe to operate (as deemed and documented by the City’s mechanic). Such documentation should provide support for current blue book or market value of the vehicle or heavy equipment.

2. **Real Property.** Property in this category shall be declared surplus by an action of the City Council and in accordance with state law.

3. **Hand Tools, Office Equipment, Furniture and Fixtures.** The Purchasing Agent authority pursuant to the MBMC is hereby delegated to Department Heads to sell or exchange any and all hand tools, office equipment, materials, furniture, fixtures, and other personal property of the City, used solely by that department, having a salvage value of less than \$500 and which is obsolete or unserviceable, or is surplus to the City, or for which replacement is to be purchased. The Department Head may sell the same for the best price obtainable in the open market or, when he or she deems it advisable, to the highest bidder at a public sale or he or she may exchange the same for other property or for credit on other property. The Department Director must provide approval prior for the sale or exchange of any surplus item having a salvage value of \$500 or more.

In the event the Department Head determines any such obsolete or surplus property has no salvage value, he or she may dispose of it as he or she deems advisable. Under this scenario, the Department Head must document there is no salvage value of the property and provide notification to the Finance Department for accounting records.

4. **Miscellaneous:** The disposal of all property not categorized above shall require the approval of the Purchasing Agent.

Disposal of Surplus Property. All property declared surplus should be disposed of using the following priorities:

- 1 Transfer. Surplus property shall first be offered to all City departments for their potential use.

- 2 Public Sale or Auction. Property not transferred to another department shall be publicly sold using accepted methods or through an approved auction process. If a department chooses to conduct an in-house sale process of equipment, then the department head must submit a written request to the Purchasing Agent indicating the item will be sold in-house, outlining the process for advertising and soliciting proposals as well as an estimate of the item’s value and source of the estimate. Department Heads and Mid

Management employees are not eligible to purchase their department's surplus property. The Finance Department will verify whether the item requires reporting of sales tax. For in-house sales, a contract for sale must be processed and approved through the City Attorney's office and indicate the sale of the item is final and sold "AS IS" with no promises or warranties provided.

Upon sale of the property, notification to Finance Department with name of purchaser and sale amount and sales tax to be reported if applicable must be provided as well as notification to the City Clerk so that that the property may be removed from the City's insurance policy.

3. Dismantled and All remaining items as well as those previously declared nonfunctional, unserviceable and obsolete may be dismantled and discarded using appropriate means.

Reporting and Oversight

The Finance Department is responsible for administration of this policy. If any City employee, officer or official disposes of property in a method not in conformance with this policy, then the City Manager will be notified, and that person will be required to submit written documentation as to why the policy was not complied with. The documentation will be retained in the Finance Department.



COUNCIL POLICY

PURCHASE ORDER POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing police, fire protections, public works, harbor, recreation and building, and planning development services. In addition, the City manages the City's Tourism function promotion Morro Bay as a tourist destination. As such, it is the City's responsibility to establish policies for prudent financial oversight and accountability.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. The purchase order policy established guidelines for purchasing and utilization of the City's purchase order system which financially obligates the City of Morro Bay.

Purpose

The City utilizes a decentralized purchasing system. Any official or employee who is required to purchase materials, supplies or services on behalf of the City for their department shall use purchasing practices set forth in this document. It is the responsibility of each department to solicit selected vendors in order to purchase or contract for services, supplies, and materials in an economic and prudent manner and in accordance with the City of Morro Bay's municipal code. The City desires to procure the best quality in services, supplies, and equipment at the least expense, and expects each department to supervise the inspection of all purchases to ensure conformance with specifications. All purchases are subject to budgetary limitations and department head approval. Departments are strongly encouraged to use local vendors whenever economically feasible.

Definitions

Purchase Orders (POs) – A document generated by the buyer (City) that authorizes a purchase transaction. When accepted by the seller, it becomes a contract binding on both parties. A purchase order sets forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific seller.

Purchase Order Policy

The purchase order provides a means of encumbering funds, which reserves a portion of an appropriation until actual payment is made. Under the purchase order system, it is assumed there will be a time lag between the time the order is placed and the time of delivery. In order to ensure all terms and conditions of the purchase order are met by the vendor, payment is not made by the City until the services and supplies have been received as ordered and an invoice is received from the vendor. All purchase orders must be approved by the department head or designee and properly recorded by the Finance Division before the purchase is made. In order for a purchase order to be approved, the following must be attached to the purchase order and maintained in the City's Finance System:

- Valid Insurance

- Valid Business Tax for the seller
- Executed Contract
- Authorizing Council approval evidence by staff report when appropriate.
- Any relevant resolutions

Purchase Orders originate at the Department level and are approved up through the Department Director. Upon approval from the Department Director, the City Clerk will review and approve when valid insurance is obtained by the City. If the City Clerk does not have a record of valid insurance for the Seller it is the responsibility of the Department to follow-up with the seller to submit valid insurance documents.

Following approval by the City Clerk, the purchase order is then submitted to the Finance Department for review and approval. The Finance Department will approve the purchase order once a current business tax is obtained by the seller and budget authority is confirmed. The Finance Department will also verify that the City's purchasing requirements have been met per the City's municipal code. The Finance Department will retain an electronic copy of the approved PO and provide the Department with an electronic copy to issue to the vendor.

The purchase order shall account for the quoted price inclusive of taxes and shipping and handling costs. The City Manager has authority to authorize a change purchase order if contingencies are needed up to 15% of the purchase price. Therefore, all purchase orders will be valid at face value plus 15%. Any actual purchase price over the P.O. amount plus 15% must be accompanied by a contract amendment.

Confirming Purchase Order – If an emergency arises and it is impossible to obtain a P.O. prior to making the purchase or placing an order, a confirming P.O. should be completed as soon as possible. The P.O. will include all information as above and the word "CONFIRMING" should be typed in the Description. All confirming purchase orders over \$10,000 must be signed by the City Manager or his designee.

Payment – Upon receipt of the goods or services, invoices are coded to and processed against the PO number to release the encumbered funds.

Exemptions - Certain forms of procurement and/or vendors will be exempt from provisions contained above and are listed below:

- Billings from the utility companies (i.e. electric, gas, water, telephone, communication, etc.)
- Billings from government agencies (i.e. post office, county and city fees and charges, school districts, etc.)
- Other specific vendors as approved by the City Manager and Finance Officer whose listing is maintained on file in the Finance Division.
- Emergency projects as provided for in Public Contract Code Sections 22035 and 22050.

Reporting and Oversight

The City's Finance Department is responsible for administration and enforcement of the City's Purchase Order Policy. Should Departments routinely not comply with the Purchase Order Policy, the Finance Department may require Department staff and the Department Director to document the reasons for noncompliance. Such documentation will be reviewed by the City Manager and attached to the PO for documentation.



COUNCIL POLICY

WRF RATE SURCHARGE ADJUSTMENT POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, harbor, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion.

As such, it is the City's intent to establish a policy to ensure community members, elected officials, committee and commission members, volunteers and employees are aware of the following:

The water and wastewater utilities provide drinking water along with wastewater collection and treatment services to its residential, commercial and industrial customers. To cover the costs associated with providing services to its customers, the utility derives revenue from a variety of sources, including water and sewer user rates, reconnection charges, connection fees, and the newly adopted Water Reclamation Facility (WRF) rate surcharges. Those new WRF surcharges are intended to provide revenue needed to design and construct the WRF and ancillary facilities.

The level of future revenue generated in the currently adopted water and sewer rate study is projected through a combination of analyses of historical and future system growth in terms of number of connections and consumption. With revenue derived from the various sources, the utilities meet the cash requirements of operation and maintenance; water supply costs; debt service and reserve payments on bond indebtedness; and recurring annual capital expenditures for replacements, system betterments, and extensions not debt financed.

Operating and Maintenance (O&M) expenses are those expenditures necessary to maintain the system in good working order. Water supply costs are those associated with the purchase and treatment of State water, pumping and treating groundwater. Sewer charges are necessary to provide collection and treatment of the community's wastewater. Routine annual capital expenditures, which include equipment replacements, consist of recurring annual replacements, minor extensions, and betterments which are normally revenue financed. The recently approved WRF surcharge is intended to provide the minimum amount of rate revenue necessary to retire the debt that will be used to finance the construction of the WRF and ancillary facilities

Purpose

To establish the City of Morro Bay's commitment to providing the most cost-effective water and wastewater services for the community; the purpose of this policy is to establish procedures for clarifying how and when the WRF Rate Surcharge will be adjusted and what components of the Water and Sewer Utilities may utilize the WRF Rate Surcharge.

Policy

Water and sewer services are operated as an enterprise fund, which means revenues to support operations and capital improvements must be born by the rate payers. Water and sewer funds are reviewed annually by the City Council at a public hearing as part of the City's annual fee schedule update (approximately March of each year). Upon completion of the review, Council then determines the appropriate rate for service. If rate adjustments are needed, then they are to be implemented at the beginning of the new fiscal year. At no time may Council adjust rates beyond maximum approved rates under Resolution No. 71-18, unless and until another Proposition 218 process is successfully completed. The intent of this rate adjustment policy is to provide for rates to be lower than the maximum approved rates under Resolution No 71-18, conditions permitting.

Procedures

During the annual budget development process the City's Finance Director, in cooperation with the Public Works Director/City Engineer, will analyze expenditures and revenues associated with the WRF project and report to Council the minimum Rate Surcharge, up to the maximum approved by City Council in Resolution 71-18, required to satisfy the debt repayment for the WRF program.

Along with any rate recommendations, this Policy will be reviewed during the City's annual budget process, and updated, if needed, as a result of material changes in the risk exposures or new conditions that required changes in this Policy.



Administrative Direction

Proration for Utility Bills and Notification to Customers

Policy Statement

The City of Morro Bay (City) Public Works Department, Sewer and Water Divisions, are responsible for the collection and treatment of wastewater for over 5,000 customers within the City limits and delivery of potable water to a similar number of customers.

This Proration for Utility Bills Policy (Policy) is designed to establish guidelines to allow for proration of utility bills for customers who initiate and terminate water and/or sewer utilities within a week and properly notify the City.

Purpose

The Policy establishes a mechanism for prorating utility bills in the instance that a customer signs up for services for less than one week in a given monthly bill cycle. The Policy further provides guidance on how to properly notify customers of the proration.

Definitions

Proration – a technique for applying standard billing methods to nonstandard billing periods. Prorating the utility bill for up to one week of service in a monthly cycle, allows the customer to receive a bill for an amount that reflects the portion of the month in which the service was used. Proration will not be extended to customers who use more than one week of services.

Week – seven consecutive calendar days.

Proration of Monthly Utility Bill and Customer Notification of Proration Policy

The City bills utility customers monthly for water and sewer services. When customers sign up for City utility services through customer service representatives via in person, phone, fax or email, they will be notified the City will prorate utility bills for services rendered for one week or less in a given monthly cycle.

The prorated dollar amount will be determined by dividing the flat rate water and sewer charge total monthly bill by the number of days in the month and multiplying that amount by the number of days the account was active. In addition, customers will be charged for units of water used during the period the account was active. The City will assess a ten-dollar monthly minimum for any account that is prorated. Customers whose accounts are live for eight or more days, whether consecutive or not, in a given billing cycle will be charged the full monthly amount for water and sewer services.

Customers will only receive one month of proration on their account. Proration will not be applied to the same Utility service address in consecutive months.



AGENDA NO: C-2

MEETING DATE: October 9, 2018

Staff Report

TO: Honorable Mayor and City Council

DATE: October 1, 2018

FROM: Scott Collins – City Manager

SUBJECT: 2018 City Goals and Objectives Status Update and Adopt Resolution No. 83-18 Establishing a Community Outreach Process for Reviewing City Goals and Objectives and Rescinding Resolution No. 72-15

RECOMMENDATION

City Council receive the status update from the City Manager regarding the 2018 City Council Goals and Objectives, and adopt Resolution No. 83-18 establishing a Strategic Planning Framework Policy and rescinding Resolution No. 72-15.

ALTERNATIVES

None.

FISCAL IMPACT

There is no fiscal impact for this item.

BACKGROUND

The goals and objectives for calendar year 2018 were formally approved by City Council at the July 10, 2018, meeting. Those five goals continue Council priorities established in previous years with one added goal (number 5, below), and are as follows:

- 1) Achieve Economic and Fiscal Sustainability
- 2) Complete WRF Project and OneWater Program
- 3) Improve Infrastructure and Public Spaces
- 4) Review and Update Significant City Land Use Plans
- 5) Improve Communication to the Community

Each of the goals has several objectives and corresponding action items which, if implemented, would help bring the Council goals into reality. In establishing the 2018 Goals and Objectives, City Council was particularly interested in establishing an achievable work plan and stated the Members' desires to receive regular updates as to the status of the action items. The attached spreadsheet serves as a template to review progress toward each of the Council goals and objectives and corresponding action items. For each action item, there are columns for proposed return dates to Council for further consideration/action and status updates. Council approved a total of 32 action items for 2018.

City staff committed to providing quarterly updates to City Council regarding progress on the goals and objectives. Staff presented the first formal update in July. This report serves as the second update.

Prepared By: SC

City Manager Review: _____ City Attorney Review: JWP

In addition, in this report, staff recommends changes to the Strategic Planning Framework Policy (originally adopted by Resolution 72-15) pertaining to community outreach. At this time, the policy does not include direction regarding when and how best to collect public input for the purpose of reviewing and establishing goals and objectives for the City. That issue is discussed first, followed by an update on the City's progress toward achieving Council's 2018 goals and objectives.

DISCUSSION

Current Strategic Planning Framework Policy process

City Council adopted a Strategic Planning and Budget Framework on August 11, 2015. The intent of the framework was to define and connect the strategic aims of the City with its annual budget process. The key components of the framework include:

- **Forecasting:** Annually produce a 10-year budget forecast
- **Goal Setting:** In years following presidential elections, the new Council will review and update the City's 4-year goals. Goals are defined in the framework as broad projects the City wants to accomplish over a long-term (4-6 year) period, usually because they are big enough and broad enough they can't be accomplished in a year or two. An example of a goal is: "Improve Streets".
- **Objective Setting:** In years following non-presidential elections, the new Council will review and approve 2-year fiscal year objectives forming a fiscal year work plan for the City. Objectives, as defined in the framework, are specific, discreet, medium-term (1-2 year) projects that support a City goal, are feasible and achievable if appropriately resourced, and can be directly budgeted against. An example of an Objective related to the Goal "Improve Streets" could be: "Repave 10% of streets in FY16/17 and FY 17/18".

Community Goals Process Overview

The Framework has been useful in identifying the City's goals and objectives and connecting those with resource allocation decisions (i.e. annual budget process) and improvements continue to be made to the process. With several years of experience of working through the process, City Council has reduced the number of goals and objectives over the past few years, to account for available staff resources, focusing on several key issues. One component of area the Framework that remains undefined, however, is community outreach and how public input will be built into the goals and objective review process. With that in mind, staff recommends amending the Strategic Planning Framework process, as outlined in Exhibit A to Resolution No. 72-15, to add a community outreach component. The recommended amendment includes the following provisions (Exhibit A of the resolution attached show the proposed changes in red font):

- Every four years, following the Presidential election (2020, 2024, 2028, etc.), the City will conduct a comprehensive outreach effort to gather community input about the **4-year goals** of the City.
- Following non-Presidential elections (2018, 2022, 2026, etc.), the City will conduct a comprehensive outreach effort to gather community input about the **2-year objectives** of the City.
- In order to capture a broad perspective of the community through input, the City will utilize a variety of tools and venues to help inform City Council's goals and objective setting.

Following adoption of the goals and objectives, the City Council will use them to guide how the City's limited resources (revenues and staff time) will be allocated through the annual budget process. The City will then measure how it is doing in terms of accomplishing the important

community goals and make adjustments in the second year as needed.

Public Input Opportunities

Staff recommends the inclusion of the following outreach tools in the community outreach portion of the strategic planning efforts, in order to encourage board participating in the goals and objectives setting process:

- Community workshops – Staff recommends the City host one or more workshops throughout the community, and to the extent possible, provide a third-party facilitator to assist with the meetings. The workshop(s) shall be geared toward engaging a diverse cross-section of community members in dialogue about what they believe are the community's strengths and areas in need of improvement and providing input on which areas the City should focus its energy and resources.
- Online survey – Survey questions will poll community members on existing goals/objectives, and areas that require City attention that aren't currently identified. While online surveys are typically non-scientific, they do provide opportunities for individuals who are unable to attend community meetings to provide important input.
- Email portal – The City will make available an email address for community members to provide general feedback on the goals/objectives.
- Office hours – Staff will host several office hours dates/times for community members to share their perspectives on City goals/objectives.

The City will promote those engagement opportunities on the City website, social media sites, local media and potentially through a citywide mailer.

Council Review and Goal Adoption Process

Those outreach forums would open in the beginning of the next year proceeding an election, from January through February. Following completion of the outreach process, City staff will aggregate the information collected and share that with City Council. City Council would then host a retreat, open to the public, in late February. The purpose of the retreat is for City Council to use the input gathered from the various forums and surveys to evaluate and determine the City's goal/objectives. Following the retreat, staff will summarize the direction provided by City Council and bring the item back for formal adoption prior to May. The outcome of the process will be incorporated into the upcoming budget process (FY 2019/2020).

Proposed Community Engagement Schedule

The community engagement schedule is proposed to follow as identified below. Following either a presidential election, or non-presidential general election in November:

December

- Advertise upcoming opportunities to engage

January/February

- City host multiple community workshops
- Survey and email portal open
- City staff host office hours

End of February

- City Council goals/objectives retreat

March/April

- City Council review outcomes of retreat and adopt new goal/objectives
- Incorporate outcome of the process into the upcoming fiscal year budget process

Update on 2018 Goals and Objectives

Since the last goals and objectives status report was provided to Council in July 2018, the City has made progress on several of objectives and action items. When combined with work completed in the previous quarter, the City has made progress in all five goals areas. The attached spreadsheet demonstrates completed action items (highlighted in green), items with significant progress completed to date (yellow highlighted items), and other items that may have some work completed to date and will be addressed in the latter part of the calendar year and into next year (no highlight).

Some of the key highlights on completed or nearly completed 2018 action items are as follows:

- Balanced FY 2018/19 Budget, with plans for further analysis and City employee and community outreach to discuss further measures to address CalPERS liability moving into the next budget year.
- Proposed local Cannabis Tax will be placed on the November 2018 ballot for consideration.
- The City Council approved the partnership with the Chamber of Commerce to implement key components of the Morro Bay's Economic Development Strategic Roadmap, including, but not limited to, wayfinding and business outreach.
- The City has made significant progress on the Water Reclamation Facility (WRF) and OneWater programs, including certification of the Final Environmental Impact Review document, approval of the WRF surcharge, and submittal of application for the Environmental Protection Agency's low-interest loan program (WIFIA).
- Council approved the "Adopt Morro Bay" program, to help beautify the community. Staff is working to complete implementation of the program.
- Council approved the first reading of an ordinance to launch a Community Choice Energy program in partnership with the City of San Luis Obispo (final reading on October 9, 2018).

Looking into the remainder of calendar year 2018, staff will prioritize the following items to ensure they are brought back to City Council:

- Now that the City has adopted the FY 2018/19 Budget, the City is preparing for unforeseen fiscal emergencies, such as a recession, and setting a course for long-term financial sustainability through the development of a fiscal emergency plan and financial policies (to be reviewed by City Council throughout FY 2018/19).
- Work continues with the offshore windfarm opportunity. Council may review this item in fall 2018.
- Work continues on the General Plan, Local Coastal Program and Zoning Code Update. Council will take up those critical Planning documents in 2019.
- Council approved a process to review and develop lease site management/financial partnership policies for Council consideration. Staff will bring forward conceptual policies in the fall/winter of 2018.

- Staff will begin work on reviewing existing partnerships that were approved via the existing Partnership policy, and review opportunities for improving consistency of implementing the policy and enhancements to the policy. Staff will bring forward an item for Council consideration sometime in the winter of 2018.
- The Aquarium lease site will be considered by City Council in fall 2018.
- Staff will bring forward a discussion on parking options in 2019.
- City Council conducted a thorough review of the City's tourism efforts. Council directed staff to review options for including vacation rentals and RV Parks into the Tourism Business Improvement District. Additionally, the Council will reconsider the General Fund contribution to tourism currently defined by Resolution No. 03-16. That item will come back to Council in early 2019.

Following City Council review and approval of the 2018 Goals and Objectives, staff will create and place an easy to follow document online so the public can easily find the strategic priorities of the City Council.

ATTACHMENT

1. Resolution No. 83-18
2. 2018 City Council Goals and Objectives Spreadsheet

RESOLUTION NO. 83-18

**RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING THE STRATEGIC PLANNING FRAMEWORK POLICY**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, at the August 11, 2015, City of Morro Bay regular City Council meeting, the Council unanimously approved the Strategic Planning and Budgeting Framework concept presented and directed staff to develop a Strategic Planning Framework policy to be adopted at a future meeting; and

WHEREAS, in accordance with City Council direction, staff prepared a Strategic Planning Framework procedure, which was adopted by City Council via Resolution No. 72-15.

WHEREAS, it is recommended that City Council revise the Strategic Planning Framework, to include a component for community outreach, to ensure broad public engagement in the development of the City's goals and objectives.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Morro Bay, the Strategic Planning Framework Policy is named and established as defined in the attached Exhibit A.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of October, 2018, by the following vote:

AYES:
NOES:
ABSENT:

JAMIE L. IRONS, Mayor

DANA SWANSON, City Clerk



WHITE PAPER
Strategic Planning Framework

Revised October 9, 2018

I. PURPOSE

The purpose of this paper is to describe the City of Morro Bay Strategic Planning framework. This framework, to be adopted by the City Council, provides direction on annual, biennial and quadrennial planning and budgeting tasks and processes the City will follow.

II. OVERVIEW

The City has many plans, including a General Plan (GP), Local Coastal Plan (LCP), Economic Development Strategic Plan (EDSP - under development in 2015/16), Parking Management Plan and other particular plans. Those plans are essential to provide long-term guidance for the City. And, in particular, the GP/LCP provides strategic direction not only in land-use but in many other areas.

However, the City also needs a regular process to set more general goals, and to identify specific, measurable objectives to reach those goals. This process must also ensure those objectives are considered in the annual budgeting process.

This Strategic Planning Framework does that. In general, the City Council will set / refine broad goals every four years. Every two years the Council will identify specific objectives associated with each goal for staff to complete. Every year during the budget process, those objectives will be budgeted against.

In addition to this Strategic Planning Framework, the City is developing fresh Vision, Values and Mission statements that should inform all of our planning efforts, and goal / objective setting in particular.

III. DEFINITIONS

The following definitions are important to understand the City’s Strategic Planning Process:

- **City Mission Statement** – The Mission Statement is a Council-approved statement that describes the basic / essential tasks the City must provide, and a statement toward the purpose of executing these tasks. The mission statement is focused on the purpose of the City Government, not the broader community. The City mission statement might begin something like: “The City of Morro Bay provides Public Safety, Recreation, and other key municipal services in order to”
- **Community Vision and Values Statements.** Community vision and values are also Council-approved, semi-permanent statements, developed with significant community

input, that describe what we want our community to be (Vision) and what ideals our community considers of essential importance (values).

- **City Core Tasks.** Core tasks are functions that we should always be doing well and they should be addressed in our City mission statement. A core task might be: “Maintain City Infrastructure”, or “Provide Public Safety”.
- **City Goals.** Goals are broad projects we want to accomplish over a long-term (4-6 year) period, usually because they are big enough and broad enough they can't be accomplished in a year or two. An example of a goal is: “Improve Streets”.
- **City Objectives.** Biennial objectives are specific, discreet, medium-term (1-2 year) projects that support a more general goal, are feasible and achievable if appropriately resourced, and can be directly budgeted against. An example of an Objective related to the Goal “Improve Streets” could be: “Repave 10% of streets in FY16/17 and FY 17/18”.

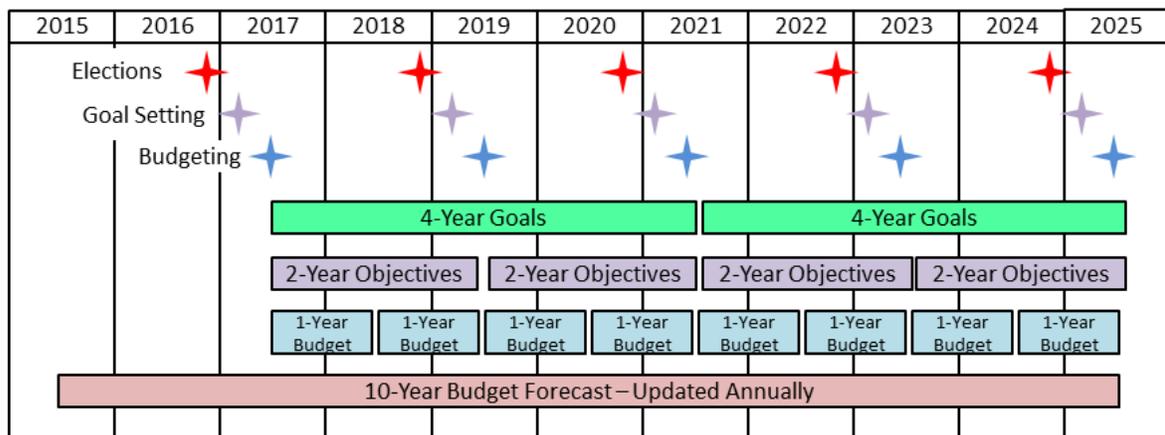
IV. PROCESS

Following is a written description of the City's Strategic Planning Framework depicted below in figure 1.

- The process begins in December of each election year with the seating of a new Council.
- The new Council begins a planning process to set biennial budget objectives for the upcoming two budget years.
- **Following elections, the City will advertise in December upcoming community outreach and engagement opportunities.**
- This objective-setting planning process normally occurs in January and February with two-year objectives set by the last Council meeting in February.
- **In years following an election, in January through mid-February, staff will provide numerous opportunities for the community to engage in the process, by providing input via online survey, email portal, office hours and community forum(s).**
- **In years following an election, City Council will host a public retreat in late-February/early March to review community input gathered through the outreach opportunities and develop goals (following Presidential elections as described below) and objectives (following a non-Presidential election). Council will formally adopt the goals/objectives typically by late March/early April.**
- Council-approved objectives are then used by staff and Council to develop the annual budget in March – May of each year.
- Every four years (Presidential election years) the new Council also reviews and updates the City's Goals. The City should work to ensure goals are items in which real improvement is needed and achievable. Generally, goals should not be “maintain”, but should be “improve”. Any new Council could, of course, resolve to deviate from this Strategic Planning Framework and modify City goals outside of the specified four-year window. However, for organizational efficiency and community stability, the City should strive to keep goals for at least four years, using biennial objective setting and annual budgeting to affect change and adjust priorities.

- On a semi-annual basis, normally in the fall of each year, staff updates the Council on the status of the two-year budget objectives in an Annual Goals Update report and special Council Meeting.
- In March – May each year, the staff and Council develop a 1-year budget for the upcoming fiscal year: July 1 to June 30 of the following year. The two 1-year budgets every 2-year goal/objective period provide the Council ample opportunity to reallocate resources to achieve, or “weight” specific City Goals and Objectives.
- This entire process is underpinned and informed by a continuing 10-year budget forecast process that is updated annually in Jan – Feb. Every other year the 10-year forecast is updated by an external professional consultant. In the off years it is updated internally by staff.

**Transition Plan for the Morro Bay
Strategic Planning and Budgeting Framework**



- Elections – Nov of even years, new Council seated in early January
- Biennial Planning – Every other year in Jan and Feb Council updates 2-year objectives. every 4th year Council also updates 4-year goals.
- Annual Budgeting – Every year in May and Jun Council updates approves a 1-year budget.

Overview. Beginning in December 2016 the City of Morro Bay executes a 4-2-1 Strategic Planning and Budgeting process.

- Following each election, the new council meets in Jan / Feb to establish 2-year objectives supporting each existing City Goal.
- Every four years this process begins in December and includes renewal of the City’s goals.
- The staff then uses the new objectives to inform creation of the City’s annual budget.
- The entire process is underpinned by a 10-year budget forecast that is professionally (externally) updated every other year and internally updated every year.

Figure 1 – Strategic Planning and Budgeting Framework

V. SUMMARY

This Strategic Planning and Budgeting Framework is intended to complement the City’s broader and more specific plans, including the General Plan, Local Coastal Plan, Economic Development Strategic Plan and other land-use and issue-specific plans.

The above mentioned plans coupled with this Goals and Objectives process should serve, taken as a whole, as the City's strategic plan. Following full implementation of the ongoing GP/LCP rewrites in 2017, and 10-year Economic Development Strategic Plan in 2016, the City could consider if an additional, formal, 10-year strategic plan is required.

City Council Goals and Objectives for 2018

Plate: These are the top priority objectives and action items for 2018, and constitute the main work plan for the City in Calendar Year 2018.

Goal #1: Financial Sustainability and Economic Sustainability					
Objective #1: Securing Financial Sustainability through a comprehensive review of costs reduction and revenue enhancement opportunities					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council Date/Completion	Current Status
a)	Develop a cost control and reduction plan to achieve cuts to maintain a structurally balanced budget, including, but not limited to a complete review of staffing levels and non-labor costs in all departments.	All	City Manager, Finance	Council approved balanced budget for FY 18/19. Will bring policies and plan to Council in pieces throughout 2018 and 2019.	Next step is reengage employee budget group, and conduct outreach to community. Developing financial policies and long-term fiscal resiliency plan.
b)	Develop a staff-internal emergency cost reduction plan to inform future fiscal emergencies.	All	City Manager, Finance	Will bring complete policy to City Council for review and adoption in the Fall/Winter 2018.	Council approved process to develop fiscal emergency policy. CFAC, staff budget group has reviewed a component of the policy. Initial portion approved by Council.
c)	Consider for November 2018 ballot a Marijuana Tax with consideration for funding for the Utility Discount Program and other City needs.	City Manager, Public Works, Finance, City Attorney, Planning, Police, Fire	City Manager	Council approved a ballot measure for November 2018.	Will go to Morro Bay voters in November 2018 for consideration.
d)	Evaluate opportunities for new or expanded revenue sources, including but not limited to: paid parking, other tax measures and a review of City fees.	All	City Manager, Finance	The parking discussion will take place in the in the Fall 2018.	Some analysis complete on paid parking. No progress on other items.
Objective #2: Consider the proposed strategies in the Economic Development Strategic and Waterfront and Downtown Strategic Plans and act on those most likely to generate revenues in the near term.					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council Date/Completion	Current Status
a)	Bring to Council for information, consideration and possible implementation a review of circulation and parking management plans, wayfinding, and other options for the Waterfront and Downtown and other business districts.	Planning, Public Works, Harbor, City Manager, Finance, Tourism	Planning	This will be an on-going priority for staff. Parking item to come to Council in the Fall 2018.	Some analysis complete on parking; the wayfinding plan will be developed with the four business areas as part of the MOU with the Chamber of Commerce.
b)	Evaluate Memorandum of Understanding (MOU) with the Morro Bay Chamber of Commerce and other arrangements to further economic development objectives.	City Manager, Planning, Tourism, Harbor	City Manager	Council authorized the CM to enter into an agreement with the Chamber for these services in June 2018.	City and Chamber will begin business outreach in July 2018.
c)	City Council review proposal to modernize the Morro Bay Aquarium Site structure and operations.	City Manager, Planning, Harbor, City Attorney	Harbor	Item likely to come to City Council in Fall/Winter 2018.	On-going meetings with new Aquarium CEO.
d)	Establish Financial Partnership policy, and Lease site evaluation/audits on a 3-year rotating basis.	Harbor, Planning, City Manager, Finance	Harbor	Item will come to City Council in Fall 2018.	Packaged item to City Council, rolled into the Lease Management Policy update.
e)	Offshore Windfarm opportunity/proposal development and review.	Harbor, Planning, City Manager	Harbor	Item will come to City Council in October 2018.	Economic analysis complete. Outreach to federal agencies and fishermen community continues.
Objective #3: Miscellaneous Action Items Related to Financial Sustainability and Economic Development					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Overall evaluation of tourism, including Vacation Rentals & RV Parks Tourism Business Improvement District (TBID) Assessment options, ADR, overall tourism effort and effectiveness since the transition to the City, hotelier involvement, board functionality, and the annual financial report. Also include information on the partnership with VisitSLO BID.	Tourism, City Manager	Tourism	Staff will come back to City Council in the Fall/Winter of 2018 with recommendations regarding Vacation Rentals and performance metrics.	City Council reviewed TBID in May 2018, as part of the budget process.
b)	Improve internal management of homeless related issues (how the City coordinates internally and with partners on homeless issues).	Police, Fire, Public Works, City Manager	Police	Mostly an internal operational issue, though staff will bring items to Council as appropriate.	Staff reviewing best practices in homeless management.
c)	Community Choice Energy feasibility study.	City Manager	City Manager	Council to consider adoption of CCE ordinance in October 2018.	Feasibility study complete. Council approved JPA, and staff is working on the CCE Implementation Plan (pending ordinance approval from Morro Bay and SLO Councils).

City Council Goals and Objectives for 2018

Goal #2: Water Reclamation Facility (WRF) and OneWater Review and Implementation

Objective #1: Water Reclamation Facility Project Review and Implementation

Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Assign a budget for the WRF.	Finance, Public Works	Finance	Will provide Council with regular updates on the WRF budget.	Completed for FY18/19 Budget.
b)	Take appropriate selection action and bring to Council for approval, a contract for the design-build construction delivery of the new WRF.	Public Works	Public Works	Staff will return to Council for a contract review in Fall 2018.	Council directed staff to negotiate with the preferred proposer in June 2018.
c)	Following CEQA guidelines, bring the WRF Environmental Impact Report (EIR) to Council for approval and certification.	Public Works, Planning, City Attorney	Public Works	No further Council action required at this time.	Final EIR certified by City Council in August 2018.
d)	Complete water/sewer rate study and bring to Council for Prop 218 process consideration any rate increase requirements to fund the proposed WRF	Public Works, Finance, City Manager	Public Works/Finance	No further Council action required at this time.	Council approved the WRF surcharges following the Prop. 218 process completion.
e)	Complete and submit the State Revolving Fund loan application with the State Water Control Board and Water Infrastructure Finance and Innovation Aact (WIFIA) loan application with the U.S. Environmental Protection Agency (EPA) for the WRF project to secure subsidized loan financing for the project. Review and consider other state and federal funding.	Public Works	Public Works	No further Council action required at this time.	WIFIA loan submitted to the EPA in July 2018. Council approved submittal of application for SRF. SRF application will be submitted in October 2018. Following up with other agencies on grant opportunities.
f)	Complete the acquisition of the preferred site for the WRF project.	Public Works, Planning, City Attorney	Public Works	Will bring purchase agreement to Council in the Fall 2018.	Staff seeking appraisal for the South Bay Blvd. preferred location.
g)	Review and update the Utility Discount Program and develop and implement a communication plan to increase public awareness of the water and sewer rate subsidization program for low-income individuals and families.	Public Works, Finance	Public Works	Staff directed to bring the item back for another consideration in July or August 2018.	Council adopted resolution for the Utility Discount Program at its June 13, 2018 Special meeting.
h)	Hire and onboard new Program Manager for the WRF project.	City Manager, Public Works	City Manager	Council to review the Program Management Budget sometime in Fall 2018.	City contracted with Carollo Engineers as Program Manager in April 2018.

Objective #2: OneWater Review and Implementation

Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Bring to Council for consideration a "OneWater" plan for the City that considers all water resources – from storm water to groundwater to wastewater – as a single "water resource."	Public Works	Public Works	PWAB and Council to review the final plan in Fall 2018.	City Council reviewed OneWater Team water supply options and draft master plan for CIP projects.
b)	Engage business community and broader community in dialogue about water issues, including state water.	City Manager, Public Works, Tourism	Public Works	Will be an ongoing effort.	Water is part of broader outreach on the WRF project.

Goal #3: Public Infrastructure and Facility Maintenance and Improvement

Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Inventory, evaluate and refresh existing programs for volunteer groups to assist in providing routine maintenance in the City, while soliciting and facilitating additional volunteer group support for routine maintenance and small capital projects.	Public Works, Harbor, City Manager, Recreation	Public Works	No further Council action required.	City Council approved the "Adopt a Thing" policy in June 2018. Staff is beginning implementation of the program.
b)	Complete the approved RFQ process for a marine services facility (boatyard) and bring to Council for information and consideration of next steps prior to any decision on feasibility study.	Harbor, Planning, City Manager, Public Works	Harbor	Council consideration of financial feasibility Request for Proposal (RFP) submittals in Fall/Winter 2018.	City Council approved Request for Proposal for financial feasibility study in August 2018.
c)	Council review of "Adopt a Thing" policy and staff implementation of the policy and creation of the program.	Public Works, Harbor, Recreation, City Manager	Public Works	No further Council action required.	City Council approved the "Adopt a Thing" policy in June 2018. Staff is beginning implementation of the program.

City Council Goals and Objectives for 2018

Goal #:4 Land Use Plans and Zoning Policies Updates					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Complete the General Plan/Local Coastal Plan rewrite.	Planning, City Manager	Planning	Staff will bring draft plans to Council for formal consideration in September 2018.	Coastal Commission staff is reviewing an administrative draft of the document.
b)	Complete the zoning code update, which includes a review of the Short-term Vacation Rental Policy and Secondary Unit (more commonly known as ADU or "Granny Unit") Ordinance.	Planning, City Manager, City Attorney, Finance	Planning	Staff will bring entire proposed zoning code update to City Council in 2019 (including the Secondary Unit ordinance). Vacation Rental ordinance will likely come forward to Council in 2019.	The zoning code is broken into 5 modules. Module 1 is complete (i.e. reviewed by Planning Commission). Module 2 is being updated based on recent PC input. An administrative draft of module 3 is being reviewed by staff. Module 3 includes the vacation rental policy.

Goal #:5 Improved Communication and Miscellaneous Priorities					
Objective #1: Improve Community Outreach and Communications					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Conduct an assessment of the City's communication and outreach effectiveness.	All	City Manager	No anticipated discussion with City Council at this time.	Professional review of city's communication and outreach efforts would cost approximately \$20k - \$30K.
b)	Improve website, including adding Water Reclamation Facility updates on the front of the website.	All	City Manager	Unlikely to bring any items forward to Council. Staff will continue to make efforts to keep the website updated and information relevant to the community.	On-going effort by City staff, as time allows.
c)	Enhance accountability of goals, objectives, measurements, progress and completion with consistency, and communicate progress on Council's Strategic Goals and Objectives.	All	City Manager	Staff is bringing a status report of the 2018 Goals and Objectives to City Council at the July 10, 2018 Council meeting.	Staff is developing a public friendly Goals and Objectives document to place on the City website.
Objective #2: Miscellaneous Action Items					
Item #	Action Items	Departments Involved	Lead Department	Anticipated Council date/Completion	Current Status
a)	Create greater efficiencies and coordination with partners (community organizations)	City Manager, Recreation, Tourism, Public Works, Harbor	Recreation	Council to consider the Partnership Policy in Fall 2018.	Staff reviewing the Partnership Policy and related administrative policies.
b)	Implement Marijuana Ordinance.	All	City Manager	Council approved the ordinance, no further Council action required.	Staff in taking in applications, will initiate review process in the Fall 2018.



AGENDA NO: C-3

MEETING DATE: October 9, 2018

Staff Report

TO: Honorable Mayor and City Council **DATE:** September 27, 2018
FROM: Jennifer Callaway, Finance Director
SUBJECT: Introduction and First Reading of Ordinance No. 617 Amending Section 3.08.130 of the Morro Bay Municipal Code relating to Authority to Sell Surplus Supplies and Equipment; and Approval of Sale of Surplus Water Department Vehicle

RECOMMENDATION

Staff recommends the City Council review Ordinance No. 617, accept public comment, and make a motion introducing through first reading Ordinance No. 617, by number and title only, amending Section 3.08.130 of the Morro Municipal Code (MBMC) relating to authority to sell surplus supplies and equipment. Staff also recommends the Council approve the sale of the Vehicle, as described below.

ALTERNATIVES

Council may elect not to introduce Ordinance No. 617 or approve the sale of the Vehicle.

FISCAL IMPACT

The sale price for the Vehicle is \$30,000. Mechanically, the Vehicle is usable, but the salt air has taken its toll and its overall condition is fair, at best. Taking the Vehicle to auction would likely result in a sales price of \$18,000 to \$20,000.

BACKGROUND/DISCUSSION

For many years the City's surplus supplies and equipment have been disposed of by sale through auctions arranged by staff and without Council approval. It was recently determined, MBMC section 3.08.130 only allows the City's Purchasing Agency (Finance Director) to trade in or exchange those supplies and equipment for need supplies and equipment. To confirm the City's long-time practice of staff selling surplus supplies and equipment, an amendment to that Section is proposed. The amendment will add the underlined language in the attached proposed Ordinance No. 617 to accomplish that.

That Ordinance will require a second reading and not be effective for 30 days after that. The Wastewater Division currently has a surplus vehicle it has arranged to sell, following the City's past practice. So that sale can proceed prior to the effective date of Ordinance No. 617, staff is also requesting Council to authorize the sale of a 2002 VacCon Combination Sewer Truck with VIN #2FZAATAK12AJ76357, Model V350LHA (the "Vehicle").

CONCLUSION

Staff recommends the City Council introduce Ordinance No. 617, by reading the number and title

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Prepared By: JC

Dept Review: _____

City Manager Review: SC

City Attorney Review: JWP

only and approval of the sale of the vehicle, as discussed above.

ATTACHMENT

1. Ordinance No. 617

ORDINANCE NO. 617

**AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF MORRO BAY, CALIFORNIA, AMENDING
SECTION 3.08.130 OF THE MORRO BAY MUNICIPAL CODE
RELATING TO SALE OF SURPLUS CITY SUPPLIES AND EQUIPMENT**

THE CITY COUNCIL
City of Morro Bay, California

**NOW, THEREFORE, the City Council of the City of Morro Bay does ordain
as follows:**

SECTION 1: Section 3.08.130 of the Morro Bay Municipal Code is hereby amended to read as follows:

3.08.130 - Surplus supplies and equipment.

All using agencies shall submit to the purchasing agent, at such times and in such forms as he shall prescribe, reports showing all supplies and equipment which are no longer used or which have become obsolete or worn out. The purchasing agent shall have authority to sell, by auction or other means to ensure the city receives proper value, or exchange for or trade in on new supplies and equipment, all supplies and equipment, which cannot be used by ~~the any agency or which have become unsuitable for city use.~~

SECTION 2. This Ordinance shall take effect 30 days after its adoption. The City Clerk, or her duly appointed deputy, shall attest to the adoption of this Ordinance and shall cause this Ordinance to be published and posted in the manner required by law.

INTRODUCED at a regular meeting the of the City Council of Morro Bay, held on the ___ day of October, 2018, by motion of Council Member _____, seconded by Council Member _____.

PASSED AND ADOPTED on the ___ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

APPROVED AS TO FORM:

JOSEPH W. PANNONE, City Attorney