



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, May 25, 2021 – 5:30 P.M. Held Via Teleconference

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

- Hunger Awareness Day Proclamation Presented to the SLO Food Bank
- Proclamation Honoring Outgoing Del Mar Elementary Principal Janet Gould

PUBLIC COMMENT

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this Meeting will be conducted telephonically through Zoom and broadcast live on Cable Channel 20 and streamed on the City website (click [here](#) to view). Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Veterans' Hall will not be open for the meeting.

Public Participation:

In order to prevent and mitigate the effects of the COVID-19 pandemic, and limit potential spread within the City of Morro Bay, in accordance with Executive Order N-29-20, the City will not make available a physical location from which members of the public may observe the meeting and offer public comment. Remote public participation is allowed in the following ways:

- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the City Council at council@morrobayca.gov prior to the meeting and will be published on the City website with a final update one hour prior to the meeting start time. Agenda correspondence received less than an hour before the meeting start time may not be posted until after the meeting.*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.*

Please click the link below to join the webinar:

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRFUQT09>

Password: 135692

- Or Telephone Attendee: 1 (408) 638-0968 or 1 (669) 900 6833 or 1 (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press *9 to "Raise Hand" for Public Comment

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 APRIL 13, 2021 CITY COUNCIL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE MAY 11, 2021 CITY COUNCIL SPECIAL MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 APPOINTMENT OF MAYOR PRO TEMPORE HELLER AS COUNCIL LIAISON AND MAYOR HEADING AS THE ALTERNATE TO REACH'S SLO ADVISORY COMMITTEE; (MAYOR)

RECOMMENDATION: Receive the revised list of Discretionary Appointments which provides for the appointment of Mayor Pro Tem Jeff Heller as Council Liaison and Mayor Heading as the alternate to REACH's SLO Advisory Committee (and otherwise the list of Discretionary Appointments remains the same).

- A-4 PROCLAMATION DECLARING JUNE 4, 2021 TO BE "HUNGER AWARENESS DAY"; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-5 PROCLAMATION RECOGNIZING THE OUTGOING PRINCIPAL OF DEL MAR ELEMENTARY JANET GOULD FOR HER YEARS OF SERVICE; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

B. PUBLIC HEARINGS

- B-1 ADOPTION OF RESOLUTION NO. 20-21 FOR PLAN MORRO BAY CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT AND ADOPTING FINDINGS OF FACT, A STATEMENT OF OVERRIDING CONSIDERATIONS, MITIGATION MONITORING REPORTING PROGRAM AND THE GENERAL PLAN / LOCAL COASTAL PROGRAM UPDATE; (COMMUNITY DEVELOPMENT)

RECOMMENDATION: Staff recommends the Council adopt Resolution No. 20-21 certifying the Final Environmental Impact Report and adopting the Related Documents and adopting Plan Morro Bay: General Plan/ Local Coastal Program Update.

C. BUSINESS ITEMS

- C-1 REVIEW WRF QUARTERLY UPDATE REPORT AND PROVIDE DIRECTION AND INPUT AS DEEMED APPROPRIATE; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Receive the Q3 2021 WRF Quarterly Update Report and provide direction and input, as Council deems appropriate.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, June 8, 2021 at 5:30 p.m.** via teleconference.

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 805-772-6205 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 UPON REQUEST BY CALLING THE CITY CLERK'S OFFICE AT 805-772-6205.

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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City Council conducted this meeting in accordance with Section 3 of California Governor Newsom's Executive Order N-29-20 issued on March 17, 2020 in response to the present State of Emergency in existence due to the threat of COVID-19. This meeting was held via teleconference for all participants.

PRESENT:	John Headding	Mayor
	Dawn Addis	Council Member
	Laurel Barton	Council Member
	Robert Davis	Council Member
	Jeff Heller	Council Member
ABSENT:	None	
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Katie Lichtig	Interim Finance Director
	Scot Graham	Community Development Director
	Steve Knuckles	Fire Chief
	Jody Cox	Police Chief
	Eric Endersby	Harbor Director
	Aaron Miller	Police Officer

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None

CLOSED SESSION REPORT – City Attorney Neumeyer stated no reportable action was taken by the City Council in accordance with the Brown Act.

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

https://youtu.be/SquE-yQI_OU?t=181

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

https://youtu.be/SquE-yQI_OU?t=791

PRESENTATIONS

https://youtu.be/SquE-yQI_OU?t=920

- SB 1383 Presentation by IWMA Executive Director, Brooks Stayer

PUBLIC COMMENT

https://youtu.be/SquE-yQI_OU?t=2008

Ruth Ann Angus, Morro Bay, asked the Council to consider making a public statement and request Congress to ban the sale of assault weapons to the public. As a member of the National Non-Violent Cities Project, she requested Morro Bay support any legislation that would control gun violence in this country.

Michelle Garner, San Luis Obispo County Chapter of Moms Demand Action, urged the Council to proactively address the issue of gun violence by educating the community on safe storage regulations and the California Red Flag Law.

Betty Winholtz, Morro Bay, asked that the City publish information on the City website regarding regulations that prohibit tree trimming during nesting season. She also requested an update on the sewer work along Quintana Road.

Dan Sedley, Morro Bay, asked when the Council will go back to in-person meetings and objected to the use of public speaking time at council meetings as a forum for political parties.

Andrea spoke on behalf of Morro Bay resident, Jen Ford, regarding Agenda Item C-2, requesting the Council to take action to create a safer community in all ways possible within the City's control.

District Representative Caitlin Cox read a statement on behalf of Congressman Carbajal regarding Agenda Item C-2, in support of pragmatic policies to prevent gun violence and save lives, the California red flag law to temporarily disarm individuals in crisis, expanded background checks and measures to prevent those with troubling histories from obtaining a firearm, legislation that will ensure all gun transactions are safe and legal, and to promote responsible gun ownership through safety training and education on secure storage.

Mayor Heading closed public comment.

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

- A. CONSENT AGENDA
https://youtu.be/SquE-yQI_OU?t=3273

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 FEBRUARY 9, 2021, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 APPROVAL OF MINUTES FOR THE FEBRUARY 23, 2021, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-3 RESOLUTION OF INTENTION TO RE-ESTABLISH THE MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT, TO HELP FUND SALES, MARKETING, AND COMMUNICATION PROGRAMS FOR MORRO BAY LODGING BUSINESSES AND VACATION RENTAL BUSINESSES, PURSUANT TO THE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994; (CITY MANAGER)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 16-21 declaring its intention to form the (new) Morro Bay Tourism Business Improvement District (MBTBID) and fixing the time and place of a public meeting on April 27, 2021 to allow public testimony regarding the formation of the (new) MBTBID and the levy of assessments, and of a public hearing on June 8, 2021 at

which time the Council proposes to form the (new) MBTBID and to levy the proposed assessment.

- A-4 ADOPTION OF RESOLUTION NO. 17-21 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE CLOISTERS PARK AND OPEN SPACE - LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Adopt Resolution No. 17-21 ordering the preparation of an Engineer's Report detailing the expenses projected for Fiscal Year 2021/22 for the maintenance of the Cloisters Park and Open Space under the provisions of the "Landscaping and Lighting Act of 1972."

- A-5 ADOPTION OF RESOLUTION NO. 18-21 INITIATING PROCEEDINGS TO LEVY THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA - LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 18-21 ordering the preparation of an Engineer's Report detailing the expenses projected for Fiscal Year 2021/22 for the maintenance of the North Point Natural Area under the provisions of the "Landscaping and Lighting Act of 1972."

- A-6 CONSIDERATION OF AMENDMENT TO AN EXISTING CONTRACT WITH GHD, INC. FOR ADDITIONAL ARCHEOLOGICAL PRE-CONSTRUCTION INVESTIGATIONS AND MITIGATION SERVICES AND ADDITIONAL PRELIMINARY DESIGN FOR THE PROJECT AUTHORIZATION AND ENVIRONMENTAL DETERMINATION (PA&ED) PHASE FOR INTERSECTION IMPROVEMENTS AT STATE ROUTE (SR) 41/SR 1/MAIN STREET; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council approve, and authorize the City Manager to sign, Amendment No. 2 to the existing amended agreement with GHD Inc, for Additional Archeological Pre-Construction Investigations and Mitigation Services and additional preliminary design for the Project Authorization and Environmental Determination (PA&ED) phase for Intersection Improvements at SR 41/SR 1/Main Street and extend the contract through June 30, 2022.

Mayor Headding opened public comment for the Consent Agenda.

https://youtu.be/SquE-yQI_OU?t=3296

Betty Winholtz, Morro Bay, spoke to Item A-6, requested clarification as to whether the remaining \$100,000 from original study would be applied to finish this study, status of the City's application and an update on the low-income housing project.

The public comment period was closed.

Mayor Headding pulled Item A-6.

MOTION: Council Member Addis moved approval of Items A-1 through A-5 on the Consent Agenda. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

- A-6 CONSIDERATION OF AMENDMENT TO AN EXISTING CONTRACT WITH GHD, INC. FOR ADDITIONAL ARCHEOLOGICAL PRE-CONSTRUCTION INVESTIGATIONS AND

MITIGATION SERVICES AND ADDITIONAL PRELIMINARY DESIGN FOR THE PROJECT AUTHORIZATION AND ENVIRONMENTAL DETERMINATION (PA&ED) PHASE FOR INTERSECTION IMPROVEMENTS AT STATE ROUTE (SR) 41/SR 1/MAIN STREET; (PUBLIC WORKS DEPARTMENT)

https://youtu.be/SquE-yQI_OU?t=3462

Staff responded to questions raised during public comment.

MOTION: Mayor Heading moved approval of Items A-6. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

B. PUBLIC HEARINGS - None

C. BUSINESS ITEMS

C-1 DIRECTION REGARDING PRINCIPLES FOR USES OF LOCAL VOTER APPROVED TRANSACTION AND USE TAXES (COMMONLY REFERRED TO AS MEASURES Q AND E) AND AUTHORIZE THE CITY MANAGER TO USE THE AFOREMENTIONED PRINCIPLES IN PROPOSING USES OF AMERICAN RESCUE PLAN ACT OF 2021 (ARP) PROCEEDS AND CONSIDER POTENTIAL CAPITAL PROJECTS TO SUBMIT FOR FEDERAL EARMARK FUNDING; (FINANCE DEPARTMENT/CITY MANAGER)

https://youtu.be/SquE-yQI_OU?t=3836

City Manager Collins and Interim Finance Director Lichtig provided the report and revised proposed principles for allocation of Measure Q and E revenues, as follows:

- a. Maintain public safety services by funding staff positions that are most closely aligned with the purposes of the Measures Q and E. Expenses include costs associated with Morro Bay Fire Department, Morro Bay Police Department and Morro Bay Harbor personnel and equipment, in addition to the Fire Headquarter Debt service and the Fire Engine loan repayment;
- b. Maintain or enhances cleanliness and safety of public space such as parks, waterfront and the beach by funding personnel, supplies, expenses and equipment to support City operations in departments including Public Works Consolidated Maintenance and Harbor Department;
- c. Invest in infrastructure and equipment such as street paving, storm drains, and vehicle replacements that support City services. This priority may include increasing capacity to implement the backlog of unfunded capital projects.
- d. Ensure financial health of the City by maintaining appropriate reserves to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.

Mayor Heading confirmed the proposed utilization of funds were consistent with the language in both Measures Q and E. Ms. Lichtig read the Measure E ballot language into the record, "To protect the City of Morro Bay's financial stability, local property values and City services, such as maintaining Morro Bay's local Fire/Police Departments, 24/7 paramedics, 911 emergency response, health emergency/disaster preparedness; keeping beaches, public areas safe/clean; retaining/attracting businesses; and other general City services, shall the measure establishing 1 cent sales tax providing approximately \$2,000,000 annually until ended by voters be adopted, requiring independent audits, public oversight, all funds used locally?"

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

Betty Winholtz, Morro Bay, expressed her concern the proposed use of Measure Q funds was inconsistent with what citizens were told would be the priorities in 2006.

Erica Crawford, Morro Bay Chamber of Commerce, shared the Chamber is supportive of principles 1 and 2 in the staff report, and compensating City employees at competitive rates to retain and attract top performers. Regarding the principles for use of Measure Q and E funds, they suggest the City consider outsourcing projects where capacity is limited or where it is beneficial to do so from a standpoint of expediency and time. Based on recommended strategies to ensure a solid recovery following the COVID-19 pandemic, the Chamber offered support for earmarks in the realm of the WRF and water sustainability, waterfront issues, and wayfinding signage installation.

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

MOTION: Mayor Headding moved the Council 1) Direct the City Manager to implement a streamlined process for allocating Local Voter Approved Transaction and Use Taxes (commonly referred to as Measures Q and E) in accordance with Ordinance No. 635 and propose allocations of Measures Q and E revenue consistent with the revised principles A thru D that were that were presented by Ms. Lichtig; 2) Authorize the City Manager to present proposed uses of the American Rescue Plan Act of 2021 (ARP) consistent with the revised Measures Q and E Principles and guidance issued from the U.S. Department of Treasury; and 3) Receive input regarding Federal earmarks and agreement with the concepts that were presented by staff. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

C-2 DISCUSS LOCAL FIREARM SAFETY AND REGULATION; PROVIDE DIRECTION TO STAFF; (CITY ATTORNEY)
https://youtu.be/SquE-yQI_OU?t=7821

City Attorney Neumeyer provided the report and, along with Police Chief Jody Cox and Police Officer Aaron Miller, responded to Council inquires.

The public comment period for Item C-2 was opened.

Rita Casaverde spoke in support of Council action, advocacy and education.

Dan Sedley, Morro Bay, spoke regarding constitutional rights and expressed concern about the cost of potential lawsuits.

The public comment period for Item C-2 was closed.

Following discussion, there was consensus to develop a safe storage policy based on the San Francisco example or something similar, increased community education around firearm safety, consideration of a one-time gun buy-back program based on available resources, advocacy at the state and federal level, support for increased off-duty mass and active shooter training, and public education regarding gun violence restraining orders. Council Member Heller was supportive of a gun buy-back program.

MOTION: Council Member Addis moved to direct staff bring back a policy on safe storage laws, staff do public firearm safety education program for the public, that Morro Bay Police Department has supplemental officer mass active shooter training, that we authorize advocacy at the state and federal level, that staff mounts education program on Gun Violence Restraining

5

Order awareness. The motion was seconded by Mayor by Heading and carried 4-1 by roll call vote with Council Member Heller opposed.

MOTION: Council Member Heller moved to direct staff to bring back additional information on a buyback program. The motion was seconded by Mayor Heading and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
None

E. ADJOURNMENT

The meeting adjourned at 9:16 p.m.

Recorded by:

Dana Swanson
City Clerk

City Council conducted this meeting in accordance with Section 3 of California Governor Newsom’s Executive Order N-29-20 issued on March 17, 2020 in response to the present State of Emergency in existence due to the threat of COVID-19. This meeting was held via teleconference for all participants.

PRESENT:	John Headding	Mayor
	Dawn Addis	Council Member
	Laurel Barton	Council Member
	Robert Davis	Council Member
	Jeff Heller	Council Member

ABSENT: None

STAFF:	Dana Swanson	City Clerk
	Greg Kwolek	Public Works Director
	Scot Graham	Community Development Director
	Eric Endersby	Harbor Director
	Rob Livick	City Engineer

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding established a quorum and called the meeting to order at 3:30 p.m. with all members present.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

Mayor Headding opened public comment; seeing none, the public comment period was closed.

SPECIAL MEETING AGENDA ITEM:

I. ADVISORY BODY INTERVIEWS

Planning Commission

<https://youtu.be/hElng1x4aP0?t=311>

- One (1) vacancy for the remainder of a term ending January 31, 2025

The following applicant was interviewed for the Planning Commission position: Mike Rodriguez.

MOTION: Council Member Addis moved to appoint Mr. Mike Rodriguez to the Planning Commission for the remainder of a term ending January 31, 2025. The motion was seconded by Council Member Heller and carried 5-0 by roll call vote.

Harbor Advisory Board

<https://youtu.be/hElng1x4aP0?t=783>

- One (1) Marine-Oriented Business for the remainder of a term ending January 31, 2025
- Two (2) Alternates to the Morro Bay Commercial Fishing Organization (“MBCFO”) for the remainder of a term ending January 31, 2025

The following applicant was interviewed for the Marine-Oriented Business Representative position: Mary Witkowski.

MOTION: Council Member Addis moved to appoint Mary Witkowski to the Harbor Advisory Board as a Marine-Oriented Business Representative for the remainder of a term ending January 31, 2025. The motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

The following applicants were interviewed for the alternates to the Morro Bay Commercial Fishing Organization (MBCFO) position: Lori French and Peter Griffin.

MOTION: Mayor Headding moved to appoint Lori French and Peter Griffin to the Harbor Advisory Board as alternate representatives of the Morro Bay Commercial Fishermen's Organization ("MBCFO") for the remainder of a term ending January 31, 2025. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

Public Works Advisory Board ("PWAB")

<https://youtu.be/hElng1x4aP0?t=1636>

- Two (2) vacancies for the remainder of a term ending January 31, 2025
- One (1) vacancy for the remainder of a term ending January 31, 2024

Clerk Swanson announced Robert Nava was unable to attend due to a family emergency but was interested in being considered for appointment by the Council.

The following applicants were interviewed for the Public Works Advisory Board: Cal Myers, Laurie Beale, Steven Francis and Ted Schade.

The Council Members and Mayor each announced their three selected candidates and the Clerk tallied the votes: Ted Schade received five votes, Steve Francis received four votes (Addis, Davis, Heller and Headding), Laurie Beale received four votes (Addis, Barton, Davis and Headding), Cal Myers received one vote (Barton) and Robert Nava received one vote (Heller).

Mr. Schade was appointed to fill a current vacancy for term ending January 31, 2025. Having both received four votes, Mr. Francis offered to take the shorter term ending January 31, 2024. Ms. Beale was appointed for a term ending January 31, 2025.

ADJOURNMENT

The meeting adjourned at 4:36 p.m.

Recorded by:

Dana Swanson
City Clerk



AGENDA NO: A-3
MEETING DATE: May 25, 2021

Council Report

TO: City Council **DATE:** May 19, 2021
FROM: John Heading, Mayor
SUBJECT: Appointment of Mayor Pro Tempore Heller as Council Liaison and Mayor Heading as the alternate to REACH's SLO Advisory Committee

RECOMMENDATION

Receive the revised list of Discretionary Appointments which provides for the appointment of Mayor Pro Tem Jeff Heller as Council Liaison and Mayor Heading as the alternate to REACH's SLO Advisory Committee (and otherwise the list of Discretionary Appointments remains the same).

DISCUSSION

In previous years, the City Council has authorized contributions to, and assigned a Council Member as liaison to, the Economic Vitality Corporation of San Luis Obispo County (EVC) for economic development services. In the 4th quarter of 2020, EVC and REACH, a Regional Economic Action Coalition, entered into discussions to merge. Effective April 2021, the two entities officially merged leaving REACH as the only regionally focused economic development entity.

REACH was formed as a regional economic development entity because of the closure of the Diablo Canyon Power Plant (DCPP), the work of "Project Hourglass," and the desire to unite public, private, and civic leaders across the Central Coast.

With the merger with EVC, REACH will continue to initiate many of the key activities of the EVC as well as being the lead for the DCPP coordination within the region. In addition to the focus on DCPP, REACH is also engaged in the regional business attraction efforts within their new data toll, job creation and training, as well as creating opportunities for the City to engage with other stakeholders in the region through their REACH Council, SLO Advisory, and the Practitioners Network.

Should the City choose to partner with REACH, the City will be involved in REACH's advisory body, including appointing one designee from the City Council to serve on the SLO Advisory Committee. Given Mayor Pro Tem Heller's previous role as Council liaison to the EVC, I recommend designating him as the City's representative on the REACH's SLO Advisory Committee and myself as the alternate representative.

Prepared By: JHeading/DS Dept Review: _____
City Manager Review: SC City Attorney Review: CFN

Representatives to serve on County or Regional Discretionary Boards

The City Council Policies and Procedures Section 6.1 (“County or Regional Representation”) states:

“Annually the Mayor shall make appointments to a variety of County and/or regional committees and boards. One Member of the Council shall serve as a voting representative and one member shall serve as alternate. To the best of their ability, Voting Delegates shall reflect the majority view of the Council as a whole, rather than their own personal opinions.”

Consistent with Council Policies and Procedures Section 6.1, the Mayor may seek input from City Council regarding appointments to County and/or Regional Boards, but ultimately, the Mayor is responsible for the appointment of these positions.

ATTACHMENT

1. City Council Discretionary Appointments, Liaison Assignments and Council Sub-Committees for 2021.

Dawn Addis

Liaison

CITY COUNCIL LIAISON ASSIGNMENTS (2021)

PLANNING COMMISSION (meets 1st and 3rd Tuesday of every month; 6:00pm; Vets Hall)
Jeff Heller Liaison

HARBOR ADVISORY BOARD (meets the 1st Thursday of the month, except January, April and July; 5:30pm; Vets Hall)
Dawn Addis Liaison

RECREATION AND PARKS COMMISSION (meets the 3rd Thursday of the month in odd-numbered months; 6:00pm; Vets Hall)
Laurel Barton Liaison

PUBLIC WORKS ADVISORY BOARD (meets the 3rd Wednesday of the month except July, November and December; 5:30pm; Vets Hall)
Red Davis Liaison

MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT BOARD (meets the 3rd Thursday of the month except July, November and December; 9:00am; Vets Hall) AND SAN LUIS OBISPO COUNTY TOURISM MARKETING DISTRICT ADVISORY COMMITTEE (meets semi-annually on the first Thursday of May and December at Embassy Suites, 333 Madonna Rd., SLO)
Red Davis Liaison

CITIZENS OVERSIGHT / FINANCE COMMITTEE (meets the 3rd Tuesday of the month except March, June, July, September and October: 3:00pm; Vets Hall)
John Headding Liaison

CITY COUNCIL SUB-COMMITTEES (2021)

COUNCIL SUBCOMMITTEE ON EMPLOYEE GRIEVANCES (meets as needed)
John Headding Member
Dawn Addis Member

WATER RECLAMATION FACILITY / JPA SUB-COMMITTEE
John Headding Member
Jeff Heller Member

MORRO BAY POWER PLANT
John Headding Member
Dawn Addis Member

CHEVRON PROPERTY
Red Davis Member
John Headding Member

U.S. COAST GUARD
Jeff Heller Member
Dawn Addis Member

ESTERO BAY ALLIANCE OF CARE ("EBAC")
Laurel Barton Member
Red Davis Member

BOEM INTERAGENCY TASK FORCE MEMBER ON WIND ENERGY
John Headding Member
Red Davis Member

ADVISORY BOARD APPOINTMENT PROCESS REVIEW (added 2/9/2021)

John Headding

Member

Dawn Addis

Member

**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY
DECLARING JUNE 4, 2021 TO BE
“HUNGER AWARENESS DAY”**

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

WHEREAS, the SLO Food Bank is the leading hunger relief organization in the county;
and

WHEREAS, the SLO Food Bank was founded in 1989, and has provided 32 years of
hunger relief throughout the community; and

WHEREAS, the SLO Food Bank provides the backbone infrastructure for hunger relief
and is the primary source of quality and affordable food for over 80 partner nonprofit agencies
that feed the hungry; and

WHEREAS, the SLO Food Bank and its coalition partners deliver nutritious food to those
in need to every community in the county, from Nipomo to San Miguel, on the coast from Los
Osos to San Simeon, and to points east including Creston, Shandon, and California Valley; and

WHEREAS, the SLO Food Bank provides millions of pounds of only the most wholesome
nutrition which advances and promotes important public health outcomes; and

WHEREAS, the SLO Food Bank is coordinating a countywide promotion called Hunger
Awareness Day on June 4th this year; and

WHEREAS, the SLO Food Bank believes that the people of our county will rally in a one
day push to donate funds needed to alleviate local hunger; and

WHEREAS, people giving donations on, June 4, 2021, can raise the funds needed to help
alleviate hunger.

NOW THEREFORE, BE IT RESOLVED that I, Mayor John Headding and the City Council
of the City of Morro Bay, declare June 4, 2021, as Hunger Awareness Day in 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 25th day of
May 2021

JOHN HEADDING, Mayor
City of Morro Bay, California

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**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY RECOGNIZING
THE OUTGOING PRINCIPAL OF DEL MAR ELEMENTARY
JANET GOULD FOR HER YEARS OF SERVICE**

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

WHEREAS, Janet Gould has served as a classroom teacher and principal in the San Luis Coastal Unified School District for nearly 25 years; and

WHEREAS, Janet is recognized as a leader and one who inspires all members of the school staff and the entire student body; and

WHEREAS, Janet has the ability to communicate effectively with parents and the community to engage them in the learning environment; and

WHEREAS, Janet's leadership over the past 14 years at Del Mar Elementary has built her an outstanding team of professional educators and has made Del Mar Elementary a compassionate, welcoming and safe place for children; and

WHEREAS, during Janet's tenure as Principal, Del Mar Elementary was recognized in 2018 and 2020 as one of California's most exemplary and inspiring public schools by the California Distinguished Schools Program; and

WHEREAS, Janet has a true passion for her career, and is committed to her amazing staff, parents and students; and

WHEREAS, the entire City of Morro Bay team will greatly miss Janet's leadership as principal at Del Mar Elementary; and

WHEREAS, we wish Janet great success on her new role in the District as Executive Director of Student Support Services.

NOW, THEREFORE, BE IT RESOLVED, the Morro Bay City Council does hereby recognize and thank Janet Gould for her years of service as Principal at Del Mar Elementary 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 25th day of May, 2021

JOHN HEADDING, MAYOR
City of Morro Bay, California

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AGENDA NO: B-1

MEETING DATE: May 25, 2021

Staff Report

TO: Honorable Mayor and City Council

DATE: May 18, 2021

FROM: Scot Graham, Community Development Director
Cindy Jacinth, Senior Planner

SUBJECT: Adoption of Resolution No. 20-21 for Plan Morro Bay Certifying the Final Environmental Impact Report and Adopting Findings of Fact, a Statement of Overriding Considerations, Mitigation Monitoring Reporting Program and the General Plan / Local Coastal Program Update

RECOMMENDATION

Staff recommends the Council adopt Resolution No. 20-21 certifying the Final Environmental Impact Report **and adopting the Related Documents** and adopting Plan Morro Bay: General Plan/ Local Coastal Program Update.

ALTERNATIVES

1. The City Council may move to direct staff to make additional edits to the Plan Morro Bay document.
2. The City Council may direct the Planning Commission to re-review and provide additional review in response to public comments received or Council desired changes.

FISCAL IMPACT

Direct costs = approximately \$1,170,000 were spent over the entirety of the update process, which began in 2015 (\$662,000 is grant funded by Coastal Commission and Ocean Protection Council)
Indirect (staff time) = approximately \$300,000

COUNCIL REVIEW:

This public hearing was continued from the May 11, 2021 and April 27, 2021 City Council meetings for review and consideration of [Plan Morro Bay: General Plan/ Local Coastal Program Land Use Plan](#) and the [Final Environmental Impact Report](#) and related documents. Please refer to the May 11, 2021 and April 27, 2021 staff reports for previous discussion of the document, the Environmental Impact Report, and public correspondence and edits.

At the May 11th Council meeting, the Council continued review of Plan Morro Bay, starting with the Circulation Element and completing review of the remainder of the document. This review included directing staff to make changes to the document in five areas:

1. Revise Land Use Element to delete Implementation Action (IA) LU-13 and revise IA LU-17 removing the requirement to allocate 25% of waterfront hotel units as low-cost visitor-serving accommodations.
2. Revise Circulation Element to include description of Class IV separated bikeways

Prepared By: CJ

Dept Review: SG

City Manager Review: SC

City Attorney Review: JP

3. Revise Circulation Element IA CIR-4 to add Enhanced Infrastructure Financing District (EIFD) as an example of the type of financing mechanism that could be used for future circulation improvements.
4. Revise Conservation Element Policy C-4.1 to update to current legislation by deleting reference to 2020 and adding reference to SB 1383 in IA C-7.
5. Revise Open Space Element page 4-85 to update text to reflect current status of Eagle Rock.

In addition, Rincon Consultants revised/updated their EIR revision letter for 3300 Panorama to reflect the correct lot size and correct land use designation. The updated letter is dated May 12, 2021 (Attachment 2) and concludes the revision to the land use for the 10.06-acre lot would not increase the environmental effects described in the Final EIR; and, therefore, the overall impact conclusions or mitigation set forth in the Final EIR and related documents need no revision.

CONCLUSION

Staff recommends the Council adopt Resolution No. 20-21 to certify the FEIR and adopt the (i) Findings of Fact, (ii) a Statement of Overriding Considerations, (iii) a Mitigation Monitoring and Reporting Program and (iv) Plan Morro Bay: the General Plan/ Local Coastal Program Update. Staff also recommends the Council direct staff to submit to the Coastal Commission an application for LCP amendment to certify Plan Morro Bay.

ATTACHMENTS

1. City Council Resolution No. 20-21
2. Updated EIR Revision letter by Rincon Consultants dated May 12, 2021
3. PowerPoint Presentation

ONLINE LINKS:

1. [Final Plan Morro Bay, City Council version May 2021](#)
2. [Staff Report and Attachments for May 11, 2021 City Council meeting](#)
3. [Staff Report and Attachments for April 27, 2021 City Council meeting](#)
4. [Adoption Hearing Draft Plan Morro Bay, City Council version April 2021](#)
5. [Comment summaries /matrices of document edits of Hearing Draft](#)
6. [Planning Commission staff report and attachments, March 16, 2021 hearing](#)
7. Comment summaries for Public Draft Public Hearings
 - a. [GPAC Comments on Public Draft](#)
 - b. [Planning Commission and Public Comments on Public Draft](#)
 - c. [Coastal Commission comments on Public Draft](#)
8. [Final Environmental Impact Report, February 2021](#)
9. [EIR Appendices](#)

RESOLUTION NO. 20-21

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
CERTIFYING THE FINAL ENVIRONMENTAL IMPACT
REPORT AND ADOPTING (i) FINDINGS OF FACT, (ii) A
STATEMENT OF OVERRIDING CONSIDERATIONS, (ii) A
MITIGATION MONITORING & REPORTING PROGRAM
AND (iv) PLAN MORRO BAY: GENERAL PLAN/LOCAL
COASTAL PROGRAM UPDATE PROJECT**

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

WHEREAS, on November 7, 2017 the City issued a Notice of Preparation of an Environmental Impact Report (EIR) for the General Plan/ Local Coastal Program Update project, also known as Plan Morro Bay (Project) for a 30 day period from November 7, 2017 to December 7, 2017; and

WHEREAS, a public scoping meeting was held on November 21, 2017 at the Veteran's Memorial Building at 209 Surf Street in Morro Bay;

WHEREAS, on October 16, 2020, a Notice of Availability of the Draft EIR (SCH#2017111026) for the Project was posted with the State Clearinghouse. It was also circulated to federal, state, and local agencies and interested parties requesting a copy. Copies of the Draft EIR were also made available to the public at the following location:

- City of Morro Bay Plan Morro Bay website: www.morrobayca.gov/planmb
- City Community Development Department: 955 Shasta Avenue, Morro Bay

WHEREAS, the Draft EIR was prepared and circulation for a 45 day public review period from October 19, 2020 to December 4, 2020; and

WHEREAS, on February 8, 2021, (i) Responses to Comments were prepared for all comments received on the Draft EIR and posted to the City website and (ii) a Final EIR for the Plan Morro Bay General Plan/ Local Coastal Program Update project (SCH#2017111026) which incorporates the DEIR and responses to written comments on the DEIR, was completed and released for public review;

WHEREAS, duly noticed public hearings for the Public Draft of Plan Morro Bay were held by Planning Commission on August 7, 2018, August 23, 2018, September 4, 2018, December 4, 2018, and December 18, 2018; and

WHEREAS, duly noticed public hearings for the Adoption Hearing Draft were held by Planning Commission on October 20, 2020, November 4, 2020, November 17, 2020, December 1, 2020, and December 15, 2020; and

WHEREAS, the Planning Commission of the City of Morro Bay conducted a public hearing via video conference on March 16, 2021 for the purpose of considering a favorable recommendation to the Morro Bay City Council for adoption of Plan Morro Bay: General Plan/Local Coastal Program Update project and recommendation to certify the Final Environmental Impact Report (FEIR) (“Project”); and

WHEREAS, the City Council of the City of Morro Bay (the “City”) conducted a public hearings via video conference on April 27, 2021, May 11, 2021, and May 25, 2021, for the purpose of considering the favorable recommendation by the Planning Commission and for purposes of adoption of Plan Morro Bay: General Plan/Local Coastal Program Update project and certification of the Final Environmental Impact Report (FEIR) (“Project”); and

WHEREAS, pursuant to the Governor's Executive Order N-29-20 issued on March 17, 2020 in response to the present State of Emergency in existence due to the threat of COVID-19, the City of Morro Bay Planning Commission is authorized to hold public meetings via teleconferencing and all requirements in the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived; and

WHEREAS, notice of the public hearing was provided at the time and in the manner required by law; and

WHEREAS, the City Council has duly considered all evidence, including the written and oral staff report, presentation, public testimony on the FEIR and the Project, and whether the FEIR should be certified and whether the Project should be approved; and

WHEREAS, the written staff report regarding the FEIR and the Project are found to be true and accurate in all respects and is incorporated herein by this reference;

WHEREAS, prior to the final consideration and any possible approval of any and all physical aspects of the Project, as analyzed by the FEIR, the City Council and all City legislative bodies involved with the Project will consider the FEIR and the City Council recommends all other governmental agencies and legislative bodies that must review or approve, if at all, the Project do the same; and

WHEREAS, the City Council has completed review of the FEIR and related materials.

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

Section 1: The foregoing recitals are true and correct and incorporated herein.

Section 2: Based on substantial evidence, both written and oral, from the public meeting and in the record of proceedings, and the City Council’s independent judgment, the City Council makes the following findings and takes the following actions with respect to the FEIR:

- A. The City Council has independently reviewed and considered the FEIR, including the comments received on the FEIR during the public review, and the responses to those comments.
- B. The FEIR reflects the City's and the City Council's independent judgment and is found and determined to have been completed in compliance with CEQA, and is adequate for the Project.
- C. The FEIR is found and determined to have demonstrated, with implementation of the mitigation measures described in the FEIR, the Project, if approved by the City Council and all other required governmental agencies and legislative bodies, will have no significant effect on the environment, except as discussed in Section 2. F., below.
- D. The FEIR is found and determined to have satisfied the requirements of CEQA and a Mitigation Monitoring and Reporting Program (MMRP) has been prepared to ensure effective implementation and enforcement of all adopted mitigation measures for the Project.
- E. The MMRP for the Project is hereby adopted, in order to mitigate or avoid significant effects on the environment, and further, the City Council:
 - 1. commits the MMRP will be included, as conditions of approval, expressly or by reference, for all approvals, if any, of the Project by the Morro Bay City Council, Planning Commission and other City legislative bodies and staff and
 - 2. recommends all other governmental agencies and legislative bodies that must review, approve, or issue permits for, the Project do so as well.
- F. As analyzed and determined in the FEIR, the project would result in significant and unavoidable impacts to air quality and transportation that would not be reduced to less than significant levels even with mitigation. Based on that analysis, as required by CEQA section 15093, a statement of overriding considerations (SOC) has been prepared.

Section 3: The documents and other materials that constitute the record of proceedings upon which adoption of this Resolution is based, are in the custody of the City of Morro Bay, Community Development Department, Planning Division, 955 Shasta Avenue, Morro Bay, CA 93442. The custodian of those documents is Scot Graham, Community Development Director.

Section 4: Based upon all the foregoing, pursuant to CEQA, the City Council adopts

- A. the CEQA Findings of Fact, attached hereto as part of Attachment 1, and incorporated herein by this reference,
- B. the SOC, attached hereto as part of Attachment 1, and incorporated herein by this reference
- C. the MMRP, attached hereto as Attachment 2 and incorporated herein by this reference.

SECTION 5: Based upon all the foregoing, the City Council hereby certifies the FEIR.

SECTION 6: Based upon all the foregoing, the City Council hereby approves the Project and directs staff to pursue obtaining all necessary governmental permits, real property interests, financing, design, construction activities, and other related actions for the Project.

SECTION 7: This resolution will become effective immediately upon adoption.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this ___ day of _____, 2021 on the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John Headding, Mayor

ATTEST

Dana Swanson, City Clerk

FINDINGS OF FACT

Morro Bay General Plan and Local Coastal Program (LCP) Update Project

The City of Morro Bay (City) has prepared a Final Environmental Impact Report (FEIR) pursuant to the requirements of the California Environmental Quality Act (CEQA) (Public Resource Code Section 21080[d]) and the *State CEQA Guidelines* (14 California Code of Regulations Section 15063) evaluating potential environmental effects that may result from the proposed Morro Bay General Plan and Local Coastal Program (LCP) Update Project, also known as Plan Morro Bay (project). These Findings of Fact have been prepared for the project pursuant to *State CEQA Guidelines* Sections 15091 and 15093.

Certification of Final EIR

In accordance with *State CEQA Guidelines* Section 15090, the City, as lead agency for the project, certifies:

- (a) The FEIR for the project has been completed and processed in compliance with the requirements of CEQA;
- (b) The FEIR was presented to the Morro Bay City Council, and as the decision-making body for City, the Morro Bay City Council reviewed and considered the information contained in the FEIR prior to approving the project;
- (c) The FEIR reflects the City's independent judgment and analysis.

With the adoption of these findings, the City has exercised independent judgment in accordance with Public Resource Code (PRC) subdivision 21082.1(c) while retaining its own environmental consultant, i.e., directing the consultant in preparation of the entire FEIR as well as reviewing, analyzing, and revising material prepared by the consultant.

These Findings of Fact have been prepared in accordance with CEQA and *State CEQA Guidelines*. The purpose of these Findings of Fact is to satisfy the requirements of PRC section 21081 and Sections 15090, 15091, 15092, 15093, 15094, and 15097 of the *State CEQA Guidelines*, in connection with the approval of the Morro Bay General Plan and Local Coastal Program (LCP) Update Project.

Before project approval, the FEIR must be certified pursuant to Section 15090 of the *State CEQA Guidelines*. Additionally, the City must make one or more of the following findings in its Findings of Fact, accompanied by a brief explanation of the rationale, pursuant to Section 21081 and Section 15091 of the *State CEQA Guidelines*, for each identified potentially significant adverse impact:

- (1) Changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effects as identified in the FEIR.
- (2) Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.
- (3) Specific economic, legal, social, technological, or other considerations, including provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or project alternatives identified in the FEIR.

The City has made one or more of the specific written findings above regarding each potentially significant impact associated with the project. Those findings are presented here, along with a presentation of facts in support of the findings. The proposed mitigation measures identified as feasible and within the City's authority to implement for the approved project become express conditions of approval that the City commits and binds itself to upon project approval. These requirements are referenced in the Mitigation Monitoring and Reporting Plan (MMRP) adopted concurrently with these Findings of Fact and will become effective and implemented, as applicable, through project implementation (i.e., pre-construction, construction, post-construction, operation and routine maintenance).

Section 15092 of the *State CEQA Guidelines* states after consideration of an EIR, and in conjunction with the Section 15091 findings identified above, the lead agency may decide whether or how to approve or carry out the project. The lead agency may approve a project with unavoidable significant adverse environmental effects only when it finds that specific economic, legal, social, technological, or other benefits of the project outweigh those effects. Section 15093 of the *State CEQA Guidelines* requires the lead agency to document and substantiate any such determination in a "Statement of Overriding Considerations" as a part of the record.

As required by CEQA, the City Council expressly finds the FEIR for the Morro Bay General Plan and Local Coastal Program (LCP) Update reflects the City's independent review and judgment. In accordance with the provisions of CEQA and the *State CEQA Guidelines*, the City adopts these Findings of Fact as part of its certification of the FEIR. A brief explanation of the rationale for each finding is provided in Chapters 4, 5, 6 and 7.

Organization of CEQA Findings of Fact

The content and format of these CEQA Findings of Fact are designed to meet the latest CEQA Statutes and Guidelines. This document is organized into the following sections:

Chapter 1, Project Description describes the location, project overview, project objectives, and the required permits and approvals for the project.

Chapter 2, CEQA Review and Public Outreach describes the steps the City has undertaken to comply with the *State CEQA Guidelines* as they relate to public input, review, and participation during the preparation of the Draft and Final EIR.

Chapter 3, Impacts Determined to be Less than Significant provides a summary of those environmental issue areas where no reasonably foreseeable impacts would occur and those impacts determined to be below the threshold of significance without the incorporation of mitigation measures.

Chapter 4, Less-than-Significant Environmental Impacts with Mitigation provides a summary of potentially significant environmental impacts for which implementation of proposed feasible mitigation measures would avoid or substantially reduce the environmental impacts to less-than-significant levels.

Chapter 5, Significant and Unavoidable Environmental Impacts provides a summary of potentially significant and significant environmental impacts for which no feasible mitigation measures are identified, or for which implementation of proposed feasible mitigation measures would not avoid or substantially reduce the environmental effects to less-than-significant levels. This section also provides specific written findings regarding each significant impact associated with the project.

Chapter 6, Project Alternatives provides a summary of the alternatives considered for the project and provides specific written findings regarding each alternative associated with the project.

Chapter 7, Statement of Overriding Considerations discusses economic, legal, social, technological, and/or other benefits, including City-, region- or state-wide environmental benefits, of the project against the significant and unavoidable environmental impacts of the project.

Record of Proceedings

The documents and other materials that constitute the record of proceedings upon which the City's project approval is based are located at the City offices: 955 Shasta Avenue, Morro Bay, CA 93442. The City is the custodian of such documents and other material that constitute the record of proceedings. The record of proceedings is provided in compliance with PRC subdivision 21081.6(a)(2) and Subdivision 15091(e) of the *State CEQA Guidelines*.

Program Level Analysis

A program EIR (*State CEQA Guidelines* section 15168) is an EIR which may be prepared on a series of actions that can be characterized as one large project and are related either:

- 1) Geographically,
- 2) A logical parts in the chain of contemplated actions,
- 3) In connection with issuance of rules, regulations, plans, or other general criteria to govern the conduct of a continuing program, or
- 4) As individual activities carried out under the same authorizing statutory or regulatory authority and having generally similar environmental effects which can be mitigated in similar ways.

The FEIR for the project provides an analysis of potential impacts of all construction, operational and routine maintenance actions and activities reasonably foreseeable with implementation of the project. The FEIR is as an informational document for use in the City's review and consideration of the project. As a programmatic document, the FEIR presents and discloses a region-wide assessment of the environmental impacts of the project.

CHAPTER 1

Project Description

The City, as the lead agency, is adopting the project as described in the Draft EIR and amended in the Final EIR. The following is a brief overview of the project description.

1.1 Project Location

The City's General Plan addresses all land within the city limits and surrounding areas, including the sphere of influence (SOI). The City has a total planning area of over 14 square miles. The area inside the city limits is approximately 5 square miles. The remaining nine square miles in the planning area are not currently part of the city. While properties outside the city limits are currently under the jurisdiction of the County of San Luis Obispo, they relate to Morro Bay's identity and character, and are therefore included in the General Plan and LCP Update planning area.

1.2 Project Overview

The project analyzed in the FEIR is the City's General Plan and Local Coastal Program (LCP) Update, also known as Plan Morro Bay. The project is a comprehensive update of the City's 1988 General Plan and 1984 LCP. Each element of the plan addresses different aspects of the community and identifies measurable actions to guide residents, decision-makers, businesses, and City staff toward achieving the vision. Goals established within the General Plan and LCP Update are intended to help the community enhance and maintain its identity as a seaside community that values its charming, artistic town character, working waterfront, and healthy environment and lifestyle, while guiding the city toward a more sustainable future. The General Plan and LCP Update establishes overarching City policies and priorities that describe how the community intends to use and manage its physical, social, and economic resources.

The LCP consists of the City's Land Use Plan, Local Implementation Plan, portions of the Zoning Code, land use and zoning maps, and implementing actions. As a package, these components implement the Coastal Act at the local level in Morro Bay. The adopted and certified LCP forms the legal standard of review for issuance of Coastal Development Permits within the city's coastal zone and is legally binding on the City. The LCP may be amended to stay up to date with State laws and to continue to reflect the vision of the community.

The California Governor's Office of Planning and Research recognizes the relationship between General Plans and LCPs for coastal cities and recommends that both requirements be addressed

by integrating the General Plan and the LCP. An integrated plan allows the community to apply the vision and requirements for both documents in a comprehensive manner, facilitating a unified and efficient approach to complying with both California general plan law and the California Coastal Act. Because parts of the city are located outside of the coastal zone, with the remainder and majority of the city located in the coastal zone, the City has found it appropriate to follow OPR's recommendation and integrate the updated General Plan and LCP.

The land use classifications included in the General Plan and LCP define the basic categories of land use allowed in the city and are the basis for the zoning districts established in the Morro Bay Municipal Code, which contain more specific regulations and standards governing development on individual properties. Implementation of land use policies established by the General Plan and LCP Update would alter the development capacity associated with the planned distribution of land uses described in the Land Use Element, resulting in anticipated increases in residential and non-residential levels of development.

The City's population is estimated to be approximately 12,062 people in the year 2040. The General Plan and LCP Update does not specify a maximum population for the City. However, any growth in the City must be consistent with Measure F, a voter-approved growth management ordinance that limits the city to 12,200 residents. Full buildout of the General Plan and LCP Update would result in an estimated 881 new dwelling units in the City. The maximum possible number of residential units is determined by the maximum densities allowed for each land use designation and the amount of land area within that designation. However, this maximum number of units is unlikely to be reached because every residential parcel in the City would need to be developed to its maximum potential density, which is not anticipated for all parcels under actual buildout conditions due to site constraints and other factors.

To maintain consistency with the General Plan and LCP Update, the project also includes a comprehensive Zoning Code Update, which includes the Coastal Implementation Plan. Amendments included as part of the project include:

- Updating the allowed uses in all zones as necessary for consistency with the General Plan Land Use Designations.
- Establishing new zoning district(s) as necessary to implement the General Plan and LCP Update.
- Updating other development standards as necessary to implement the General Plan and LCP Update. This will include maximum height, setbacks, design standards and other standards.
- Updating administration and permitting to integrate coastal permit processes.

1.3 Project Need and Objectives

State law (Government Code sections 65300 through 65303.4) sets forth the requirement for each municipality to adopt and periodically update its General Plan, and sets the requirement that a General Plan contain the following mandatory subject areas, or "elements", including Land Use,

Circulation, Housing, Open Space, Conservation, Noise, Safety, and Environmental Justice. California adopted Senate Bill 1000 on September 24, 2016 requiring cities to develop an Environmental Justice element, or related environmental justice goals and policies to reduce the unique or compounded health risks in “disadvantaged communities.” Cities are required to incorporate environmental justice goals and policies into their general plan when they update two or more general plan elements on or after January 1, 2018. State law also allows for optional elements that can be organized or combined at the City’s discretion. The General Plan and LCP Update includes the required subjects/elements as well as two additional elements, Community Design and Economic Development. The environmental justice content required by SB 1000 is included in the Environmental Justice Element of the General Plan and LCP Update.

The General Plan and LCP Update is intended to function as a policy document to guide land use decisions within the city planning area through the year 2040. The vision for the city over the next 20 to 30 years was developed with community input, and in order to realize the community’s vision for the Morro Bay community, the City focuses on the following objectives identified in the General Plan and LCP Update:

- **Natural Environment.** Sustainably preserve our estuary, shoreline, and open green spaces, and ensure our parks and recreation spaces are healthy, resilient, and accessible to all.
- **Heritage & Identity.** Welcome visitors while maintaining our small-town character and honoring our maritime heritage.
- **Jobs & Housing.** Provide for a range of affordable housing options and living wage jobs resulting in a higher quality of life.
- **Economic Vitality.** Support our diverse and sustainable economy for both new and existing locally owned businesses, including community-supporting tourism.
- **Infrastructure & Amenities.** Maintain and provide modern, resilient infrastructure and public amenities.
- **Mobility & Access.** Provide safe and accessible streets, trails, and multimodal transportation options which conveniently connect people and places throughout town and to surrounding destinations.
- **Good Governance.** Maintain our government which is supportive, collaborative, equitable, and responsive to the needs of all segments of the population.
- **Resident Services.** Provide a range of public services that support a diverse and multigenerational community.

1.4 Discretionary Actions

An EIR is a public document used by a public agency to analyze the potentially significant environmental effects of a proposed project, to identify feasible alternatives, and to disclose possible ways to substantially reduce or avoid such impacts to the physical environment (CCR, Title 14, section 15121). As an informational document, an EIR does not recommend for or

against approval of a project. The main purpose of an EIR is to inform governmental decision makers and the public about the potential environmental impacts of a proposed project.

The information and analysis in the FEIR will be used by the Morro Bay Planning Commission, City Council, and the general public. The California Coastal Commission would be a responsible agency for certification of the General Plan and LCP Update, Zoning Code Update, and Coastal Implementation Plan included in the project. Although not responsible agencies under CEQA, several other agencies have review authority over aspects of the project or approval authority over other projects that could potentially be implemented in accordance with various objectives and policies included in the General Plan and LCP Update. These agencies and their roles are listed below.

- The State Geologist is responsible for the review of the City’s program for minimizing exposure to geologic hazards and for regulating surface mining activities.
- The California Department of Transportation (Caltrans) has responsibility for approving future improvements to the state highway system, including State Route 1 (SR 1) and State Route 41 (SR 41) West.
- The California Department of Fish and Wildlife (CDFW) has responsibility for issuing take permits and streambed alteration agreements for any projects with the potential to affect plant or animal species listed by the State of California as rare, threatened, or endangered or that would disturb waters of the State.

CHAPTER 2

CEQA Review and Public Outreach

The City has complied with CEQA and the *State CEQA Guidelines* during the preparation of the FEIR for the General Plan and LCP Update. In accordance with Section 15082 of the *State CEQA Guidelines*, an initial Notice of Preparation (NOP) was circulated to local, state, and federal agencies and to other interested parties in November 2017. Copies of the NOP and project documents were made available on the City website (www.morrobay.gov); at the Morro Bay Public Library (625 Harbor Street, Morro Bay); at City Hall (595 Harbor Street, Morro Bay); and in the Community Development Department (955 Shasta Avenue, Morro Bay). In response to the NOP, comments were received from various organizations and interested parties. The NOP, scoping meeting material and reports, and comments received on the NOP are included in Appendix A of the FEIR.

The Draft EIR was circulated for public review and comments from October 2020 through December 2020, initiating a 45-day public review period pursuant to CEQA and its implementing guidelines. The document and Notice of Completion (NOC) was distributed to the California Office of Planning and Research, State Clearinghouse. Relevant agencies also received copies of the document. A Notice of Availability (NOA) was distributed to interested parties, which informed them of where they could view the document and how to comment. The purpose of the 45-day review period was to provide interested public agencies, groups and individuals the opportunity to comment on the contents and accuracy of the document.

During the public comment period, copies of the Draft EIR were made available for review at the following locations:

- City of Morro Bay website (www.morrobay.gov); and
- Morro Bay Community Development Department (955 Shasta Avenue, Morro Bay).

The FEIR has been completed and includes written and verbal comments received on the Draft EIR, responses to the comments, and changes made to the Draft EIR.

CHAPTER 3

Impacts Determined to be Less than Significant

The following potential environmental impacts of the General Plan and LCP Update are less than significant and do not require mitigation measures.

3.1 Agricultural Resources

The General Plan and LCP Update would not result in impacts to or conflict with zoning of agricultural or forestry resources. All of the agricultural land in Morro Bay is located in the coastal zone and is protected under the Coastal Act. The General Plan and LCP Update would not convert or conflict with existing zoning for agricultural resources in the planning area. Policies in the Land Use, Open Space, and Public Safety Elements of the General Plan and LCP Update would protect the existing agricultural resources in the planning area and ensure that adverse impacts to such resources are avoided or minimized to a less than significant level. The General Plan and LCP Update planning area does not contain any lands zoned for forest land or timberland production and the General Plan and LCP Update would not conflict with existing zoning for, or cause rezoning of, forest land, timber land or conversion of forest land to non-forest use. Impacts to agricultural and forestry resources would be less than significant. (FEIR p.6-1.)

3.2 Aesthetics

The General Plan and LCP Update would not result in adverse effects on scenic vistas or scenic resources. Policies identified in the General Plan and LCP Update would help preserve existing scenic vistas by requiring identification, designation, and protection of viewsheds and scenic vistas and by requiring new development to incorporate design features that protect or enhance existing scenic views and vistas. New development or redevelopment facilitated by the General Plan and LCP Update would also be subject to the updated standards in the City Zoning Code that regulate signage, design, and protection of visual resources in the city. Compliance with the City's updated Zoning Code requirements and the goals and policies proposed in the General Plan and LCP Update would protect scenic resources, including historic buildings, upon development and redevelopment facilitated by a project. As a result, impacts to scenic vistas and scenic resources would be less than significant. (FEIR p. 4.1-11 – 4.1-13.)

The General Plan and LCP Update would not substantially degrade the existing visual character or quality of the city and its surroundings. Development facilitated by the General Plan and LCP Update would result in visual changes to the community and would be governed by the goals and

policies as well as the associated updates to the standards contained in the City's Zoning Code. These plans and community standards have been developed with the goal of retaining Morro Bay's visual character, while providing visual enhancements in the city. Compliance with existing standards and General Plan and LCP Update goals and policies would ensure redevelopment or new development complements the existing visual character and quality of Morro Bay. Impacts to the visual character of the city would be less than significant. (FEIR p 4.1-13 – 4.1-17.)

The General Plan and LCP Update would not create new sources of substantial light or glare that would adversely affect day or nighttime views in the area. Implementation of General Plan and LCP Update Conservation Element policies would ensure the updated Zoning Code establishes standards to prevent glare and protect the character of the city from inappropriate levels of lighting. Future development facilitated by the General Plan and LCP Update would be required to submit a lighting plan that complies with updated Zoning Code standards. Future discretionary development in the City would require independent environmental review that would evaluate project-specific light and glare effects and subsequent mitigation, if required, to comply with standards for lighting and building materials to prevent glare. Impacts associated with new sources of light and glare would be less than significant. (FEIR p. 4.1-18.)

3.3 Air Quality

The General Plan and LCP Update would not expose sensitive receptors to substantial pollutant concentrations. The General Plan and LCP Update would allow for development of new residences and other sensitive receptors in proximity to industrial uses, which could result in exposure of sensitive receptors to elevated concentrations of TACs. Compliance with existing applicable regulations, San Luis Obispo Air Pollution Control District (SLOAPCD) permitting requirements, and General Plan and LCP Update policies would minimize risks associated with criteria pollutant and TAC emissions. The General Plan and LCP Update would not generate levels of traffic that would expose sensitive receptors to substantial pollutant concentrations, or result in new development that would expose sensitive receptors to hazards associated with naturally occurring asbestos. Impacts associated with exposure of sensitive receptors to substantial pollutant concentrations would be less than significant. (FEIR p. 4.2-21 – 4.2-24.)

The General Plan and LCP Update would not result in other emissions (such as those leading to odors) adversely affecting a substantial number of people. Implementation of the General Plan and LCP Update, and future projects, would be required to comply with SLOAPCD regulations prohibiting nuisance emissions (including odors). Impacts associated with other nuisance emissions, including odors, would be less than significant. (FEIR p. 4.2-25.)

3.4 Biological Resources

The General Plan and LCP Update would not have a substantial adverse effect on any riparian habitat or other sensitive natural community and would not have a substantial adverse effect on state or federally protected wetlands. Wetlands and waterways may be subject to USACE,

RWQCB and/or CDFW jurisdiction(s), as well as subject to the CCA. Compliance with the requirements of the CWA, Porter-Cologne, California Fish and Game Code, and CCA would be required for any project proposed under the General Plan and LCP Update. New development or redevelopment facilitated by the General Plan and LCP Update would also be subject to the standards in the Municipal Code relating to sensitive natural communities, ESHA, wetlands, and riparian areas in the city. Compliance with City's updated Municipal Code requirements and the goals and policies proposed in the General Plan and LCP Update would protect wetlands, riparian areas, streams and other sensitive natural communities from potential impacts associated with development and redevelopment facilitated by the project. Impacts associated with riparian habitats and wetlands would be less than significant. (FEIR p. 4.3-38 - 4.3-40.)

The General Plan and LCP Update would not conflict with any local policies or ordinances protecting biological resources and would not conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan. The planning area is not within the boundaries of any of aforementioned plans, nor is it immediately adjacent to such a plan. Future development under the General Plan and LCP Update would be subject to all applicable local policies and regulations, including applicable requirements of the Morro Bay Municipal Code, related to the protection of important biological resources. Impacts associated with conflicts to local policies, plans or ordinances protecting biological resources would be less than significant. (FEIR p. 4.3-42.)

3.5 Cultural Resources

The General Plan and LCP Update would not disturb any human remains, including those interred outside of dedicated cemeteries. Adherence to existing regulations, such as PRC section 5097, California Health and Safety Code (sections 7050.5, 7051, and 7054), and PRC section 5097.98, would ensure regulations are established prohibiting interfering with human burial remains; protect human remains from disturbance, vandalism, or destruction; and establish procedures to be implemented if Native American skeletal remains are discovered. Impacts associated with the disturbance of human remains would be less than significant. (FEIR p. 4.4-12.)

3.6 Energy

The General Plan and LCP Update would not result in a potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during construction or operation. The General Plan and LCP Update is based on a land-use strategy that would promote greater energy efficiency in community and municipal operations. General Plan and LCP Update policies and implementation programs would ensure that development under the General Plan and LCP Update would comply with existing energy efficiency regulations. Impacts associated with the wasteful, inefficient, or unnecessary consumption of energy resources would be less than significant. (FEIR p. 4.16-12 - 4.16-16.)

The General Plan and LCP Update would not conflict with energy efficiency goals contained in the City's Climate Action Plan. Construction and operation of projects facilitated by the General Plan and LCP Update would comply with relevant provisions of the State's CALGreen Program and Title 24 of the California Energy Code. Impacts associated with conflicts with energy efficiency policies, plans, and ordinances would be less than significant. (FEIR p. 4.16-17.)

3.7 Geology and Soils

The General Plan and LCP Update would not directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving: rupture of a known earthquake fault, strong seismic ground shaking, seismic-related ground failure/collapse, liquefaction, landslides, unstable soil, lateral spreading, or subsidence. Construction and occupancy of new buildings under the General Plan and LCP update could result in exacerbated hazards associated with geologic hazards. Adherence to requirements of the California Building Code and implementation of the goals and policies of the General Plan and LCP update would minimize the potential for loss, injury, or death following a seismic event, landslide, liquefaction, or other geologic hazards. Impacts associated with adverse geologic hazards would be less than significant. (FEIR p. 4.5-12 – 4.5-14.)

The General Plan and LCP Update would not result in substantial soil erosion or the loss of topsoil. New development under the General Plan and LCP Update would involve construction activities such as stockpiling, grading, excavation, paving and other earth disturbing activities. These construction activities may result in loose and disturbed soils, which can increase the potential for erosion and loss of topsoil, however, compliance with applicable regulations, including the Clean Water Act, and implementation of the goals and policies of the General Plan and LCP Update, would support erosion minimization and control loss of topsoil. Impacts associated with soil erosion and loss of topsoil would be less than significant. (FEIR p. 4.5-14 – 4.5-17.)

The General Plan and LCP Update would not be located on expansive soils, creating substantial risks to life or property. The CBC includes requirements to address soil-related hazards. Typical measures to treat hazardous soil conditions involve removal, proper fill selection, and compaction. Compliance with the soil-related hazard requirements of the CBC as well as Section 14.18.010 of the Morro Bay Municipal Code, requiring structural analysis of buildings to be conducted by a civil or structural engineer or architect licensed by the state, would ensure that impacts related to expansive soils would be addressed prior to and during construction. Implementation of goals and policies of the General Plan and LCP Update, in addition to compliance with applicable laws and regulations for structural development to address soil-related hazards, would minimize the potential for risks to life or property associated with soil expansion. Impacts associated with expansive soils would be less than significant. (FEIR p. 4.5-17 – 4.5-18.)

The General Plan and LCP Update would not facilitate development on soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems. In

general, new development under the General Plan and LCP Update would occur where existing roads, water, and sewer systems are in place, minimizing the need to develop new wastewater disposal systems. Section 13.12.230 of the Morro Bay Municipal Code prohibits dumping or discharging from septic tanks, avoiding impacts to soils from such systems. Therefore, the General Plan and LCP Update would not result in a significant impact associated with soils that are incapable of supporting septic tanks or alternative wastewater disposal systems. Impacts associated with alternative wastewater systems would be less than significant. (FEIR p. 4.5-18.)

The General Plan and LCP Update would not directly or indirectly destroy a unique paleontological resource, site, or unique geologic feature. The Pismo Formation and Pleistocene-aged alluvial deposit geologic units in the vicinity of Morro Bay are known to contain substantial paleontological resources. However, there is no mapped Pismo Formation within city limits, and fossil-bearing sediments in the Morro Bay area are predominantly located on State parks land and offshore. Implementation of the General Plan and LCP Update goals and policies would reduce potential adverse impacts to paleontological resources in the planning area. Impacts associated with paleontological resources would be less than significant. (FEIR p. 4.5-18 – 4.5-19.)

3.8 Greenhouse Gas Emissions

The General Plan and LCP Update would not generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment or would conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases. Implementation of General Plan and LCP Update Conservation Element Policy C-4.1 would establish GHG reduction goals consistent with the State’s 2030 and 2050 greenhouse gas emissions reduction goals. Conservation Element Policies C-4.2, C-4.3, and C-4.4 require the City to update the CAP to comply with evolving state goals and requirements and would ensure that the CAP continues to provide measures for future development projects in the planning area to assess their consistency with City GHG reduction goals. The General Plan and LCP Update would be consistent with regional and State plans, policies, and regulations adopted for the purpose of reducing GHG emissions. Impacts associated with the emission of greenhouse gas emissions would be less than significant. (FEIR p. 4.6-12 – 4.6-17.)

3.9 Hazards and Hazardous Materials/Wildfire

Implementation of the General Plan and LCP Update could result in an incremental increase in the overall routine transport, use, storage, and disposal of hazardous materials in the planning area, and increase the risk of release of hazardous materials. Oversight by the appropriate federal, State, and local agencies and compliance by new development with applicable regulations related to the handling and storage of hazardous materials would minimize the risk of the public’s potential exposure to these substances. Compliance with applicable regulations related to the handling, transport, disposal, and storage of hazardous materials and adherence to proposed General Plan and LCP Update policies would minimize the risk of spills and the public’s potential exposure to these substances and reduce the risk of adverse impacts of hazardous

materials. Impacts associated with the routine transport, use, storage, and disposal of hazardous materials would be less than significant. (FEIR p. 4.7-14 – 4.7-16.)

New development of residential, industrial, and commercial uses facilitated by the General Plan and LCP Update could result in increased use and storage of hazardous materials within one quarter mile of existing or proposed schools. Compliance with regulatory requirements of the San Luis Obispo County EHS and existing applicable State and federal regulations would minimize the risks associated with exposure of sensitive receptors to hazardous materials. Impacts associated with increased exposure of existing or proposed schools to hazardous materials would be less than significant. (FEIR p. 4.7-16 – 4.7-17.)

The General Plan and LCP Update would not create a significant hazard to the public or the environment result in by locating projects on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5. Compliance with Policy PS-4.4 of the Public Safety Element directs the City to work with appropriate regulatory agencies in managing contaminated sites and is intended to facilitate compliance with regulatory requirements related to hazardous waste contamination. In addition, existing federal and State regulatory requirements associated with hazardous waste contamination would minimize this impact. New development on documented hazardous materials sites in the planning area would be preceded by remediation under the supervision of applicable regulatory agencies. Impacts associated with development on potential hazardous material sites would be less than significant. (FEIR p. 4.7-17 – 4.7-18.)

The General Plan and LCP Update would not result in a safety hazard or excessive noise for people residing or working in the project area. The planning area is not located in an airport land use plan area or associated safety zones associated with runway activities. Impacts associated with exposure to aviation hazards or excessive aviation related noise would be less than significant. (FEIR p. 4.7-18.)

The General Plan and LCP Update would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan. Fire Department review of new development applications for adequate emergency access and evacuation routes, in addition to implementation of the General Plan and LCP Update Public Safety Element policies, would ensure adequate emergency response. Proposed policies and mapped evacuation routes in the General Plan and LCP Update would ensure effective emergency response following a natural or human-caused disaster. Impacts associated with conflicts with emergency response/evacuation plans would be less than significant. (FEIR p. 4.7-19.)

The General Plan and LCP Update planning area includes a designated very high fire hazard area. However, land use designations would limit new development within designated very high fire hazard areas to recreational uses. State requirements for very high fire hazard areas include California Fire Code standards for new structures and fire hazard policies in the General Plan and LCP Update apply to fire hazard areas. Fire Department review of new development applications for adequate emergency access and evacuation routes, in addition to implementation of the General Plan and LCP Update Public Safety Element policies, would ensure adequate emergency

response. Additionally, goals and policies included in the General Plan and LCP Update would minimize exposure of people or structures to risk of loss, injury, or death involving wildland fires. Impacts associated with exposure to fire hazards would be less than significant. (FEIR p. 4.7-20 – 4.7-22.)

3.10 Hydrology and Water Quality

The General Plan and LCP Update would not conflict with or obstruct implementation of a water quality control plan or degrade surface water quality by violating any water quality standards or waste discharge requirements. Compliance with NPDES permits requirements, Morro Bay Municipal Code requirements, and General Plan and LCP Update goals and policies would minimize erosion and siltation, reduce the risk of discharge of pollutants to avoid violations of water quality standards or waste discharge requirements, and minimize potential impacts of sea level rise. Implementation of these General Plan and LCP Update goals and policies would also ensure that the runoff from development envisioned in the General Plan and LCP update would not exceed the capacity of the City's existing and future storm drain system and minimize potential flooding impacts. Impacts associated with the degradation of water quality and conflicts with water quality plans would be less than significant. (FEIR p. 4.8-15 – 4.8-21.)

The General Plan and LCP Update would not impede sustainable groundwater management of the basin by conflicting with or obstruct implementation of a sustainable groundwater management plan, substantially decreasing groundwater supplies, or interfering substantially with groundwater recharge. Compliance with the Morro Bay Municipal Code and the Central Coast RWQCB's post-construction requirements for stormwater management would ensure that new impervious surfaces would not substantially interfere with groundwater recharge. The City evaluates water supply in the OneWater Plan and has determined that there is adequate water supply to serve buildout of the General Plan and LCP Update. Impacts associated with groundwater recharge and conflicts with groundwater management plans would be less than significant. (FEIR p. 4.8-21 – 4.8-21.)

The General Plan and LCP Update would not substantially alter existing drainage patterns or contribute to flooding in the City, including through the alteration of the course of a stream or river, dam inundation, or through the addition of impervious pavements. Implementation of goals and policies and compliance with applicable laws and regulations, including flood hazard mitigation construction guidelines outlined in the Morro Bay Municipal Code, would ensure that risk of loss, injury or death involving flooding in the planning area is not exacerbated by the General Plan and LCP Update. Required compliance with applicable sections of the Morro Bay Municipal Code would ensure new structures would not impede or redirect flood flows within a 100-year flood hazard area, such that a flood hazard would be increased elsewhere. Impacts associated with altered drainage patterns and flooding would be less than significant. (FEIR p. 4.8-22 – 4.8-24.)

The General Plan and LCP Update would not risk release of pollutants due to project inundation in a tsunami or seiche zone. Development facilitated by the General Plan and LCP Update may

occur in areas exposed with potential for inundation by seiche, tsunami, and/or mudflow. Compliance with applicable Municipal Code requirements would ensure development within areas subject to tsunami, seiche, and mudflow would be sited, designed and constructed so as to not exacerbate risks to life and property. The General Plan and LCP Update would not increase exposure of people or structures to significant risk or loss, injury, or death involving inundation by seiche, tsunami, or mudflow. Impacts associated with exacerbating risk of releasing pollutants due to inundation would be less than significant. (FEIR p. 4.8-24 – 4.8-26.)

3.11 Land Use and Planning

The General Plan and LCP Update would not physically divide an established community. New growth in the planning area would primarily involve increased development density in developed areas, redevelopment of existing developed parcels, or annexation of new land into the city. General Plan and LCP Update goals and policies would facilitate connectivity and mobility by providing for a balanced land use pattern and access throughout the planning area. This connectivity would be provided through equitable access for residents and employees to daily needs, strategic land use planning for new development and redevelopment, reduction in conflict between land uses, and preservation and provision of lateral and vertical access points and multimodal access. The General Plan and LCP Update includes strategies, goals, and policies intended to provide for orderly development. Impacts associated with dividing an established community would be less than significant. (FEIR p. 4.9-8 – 4.9-14.)

The General Plan and LCP Update would not cause a significant environmental impact due to a conflict with any applicable land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect. Required updates to the Zoning Ordinance and Zoning Map in the Morro Bay Municipal Code to ensure consistency with the General Plan and LCP Update, which are currently being prepared by the City, will ensure compatibility between the land use designations and zoning districts and standards within the planning area. In addition, San Luis Obispo LAFCo has a goal to update SOIs every five years, or as necessary. Future amendments to the Morro Bay SOI being contemplated as part of the General Plan and LCP Update would be implemented in coordination with LAFCo and the County of San Luis Obispo and would be required to be consistent with applicable LAFCo policy. With a comprehensive update to the city's zoning ordinance and zoning map in conjunction with the General Plan and LCP Update, implementation of the General Plan and LCP Update would be consistent with applicable regional land use plans, policies, and regulations, such as the SLOCOG 2019 RTP and city zoning districts and standards. Impacts associated with conflicts with land use plans, policies, and regulations would be less than significant. (FEIR p. 4.9-14 – 4.9-19.)

3.12 Mineral Resources

As described in the Community Baseline Assessment for the General Plan and LCP Update, there are no existing mineral extraction operations in Morro Bay. The state geologist has not designated a mineral resource area of statewide or regional significance pursuant to Sections 2710 et seq. of the Public Resources Code (the Surface Mining and Reclamation Act) in the city. Similarly, the

County of San Luis Obispo has not designated any Extractive Resource Areas in or adjacent to the City. According to the Division of Oil, Gas & Geothermal Resources well data, there are no existing or historic petroleum wells in the city. Therefore, the General Plan and LCP Update would have no impact from the loss of availability of mineral resources (FEIR p. 6-2).

3.13 Noise

Construction of individual projects facilitated by the General Plan and LCP Update would temporarily produce high noise levels, potentially affecting nearby noise-sensitive land uses. The temporary nature of construction noise and the City's restrictions on the timing and manner of construction activities described in the Morro Bay Municipal Code would reduce noise impacts at nearby noise-sensitive receptors. General Plan and LCP Update Noise Element goals and policies further reduce potential impacts to noise-sensitive receptors from temporary construction noise. Compliance with existing standards and General Plan and LCP Update goals and policies would ensure construction activity associated with redevelopment or new development would limit noise disturbance at noise-sensitive receptors in the city. Impacts associated with the generation of high noise levels during construction would be less than significant. (FEIR p. 4.10-14 – 4.10-16.)

Development facilitated by the General Plan and LCP Update could incrementally increase traffic and associated noise levels along roadways in Morro Bay, exposing noise-sensitive land uses located near roadways to incrementally greater noise levels. However, implementation of General Plan and LCP Update policies promote the use of design features and techniques intended to minimize roadway noise affecting sensitive receptors and in order to maintain compliance with the City's interior and exterior noise standards. Policies also encourage the use of alternative transportation in order to minimize increases in traffic that would result in increased noise in the planning area. Policies for transportation-related noise would reduce noise and avoid generation of excessive noise from the local highways and city streets, which would minimize the exposure of sensitive receptors to traffic noise. Impacts associated with increased roadway noise would be less than significant. (FEIR p. 4.10-17 – 4.10-23.)

New development facilitated by the General Plan and LCP Update would introduce new operational noise sources associated with residential, commercial, industrial, and mixed-use land uses. Implementation of General Plan and LCP Update policies and goals in the General Plan and LCP Update would provide for compliance with noise standards in the planning area, enforcement of the City's stationary noise standards, and limits on special events or beach events next to noise-sensitive land uses. The continued regulation of potential land use-based noise conflicts, consistent with the Municipal Code, would minimize disturbance to adjoining noise-sensitive land uses. Impacts associated with the generation of noise and land use compatibility would be less than significant. (FiEIR p. 4.10-23 – 4.10-24.)

The General Plan and LCP Update would not expose people residing or working in the project area to excessive aviation related noise levels. The planning area is located outside of the existing and projected future noise contours associated with the San Luis Obispo County Regional

Airport. Therefore, new development facilitated by the General Plan and LCP Update, particularly noise-sensitive uses, would not be exposed to aircraft noise. There would be no impact. (FEIR p. 4.10-23 – 4.10-24)

3.14 Population and Housing

The General Plan and LCP Update would not result in growth in the planning area that is substantially greater than projected in the SLOCOG regional growth forecast. The land use plan and policies in the General Plan and LCP Update focus on working within the existing framework of the city, with limited vacant land, to creating a balance of uses that improves housing options and affordability in the city, while providing for sufficient services that support anticipated population growth. Impacts associated with inducing planned or unplanned growth would be less than significant. (FEIR p. 4.11-7 – 4.11-9.)

Implementation of the General Plan and LCP Update would not displace substantial numbers of existing housing or people, necessitating the construction of replacement housing elsewhere. Most of the planning area in Morro Bay is built out and existing buildings are generally in good condition. Consistent with the General Plan and LCP Update Land Use Element, development is focused in areas which would maximize the use of underutilized parcels and minimize displacement of existing housing and people that could otherwise result in development pressure on the periphery of the city. Additionally, new growth is directed in areas which would utilize existing transportation and utility infrastructure. The General Plan and LCP Update and General Plan Housing Element include goals and policies to increase overall housing in the city, and there are no current plans for displacement of housing, impacts related to displacement of existing residences. Impacts associated with displacement of people or housing would be less than significant. (FEIR p. 4.11-9 – 4.11-11.)

3.15 Public Services/Recreation

Development facilitated by the General Plan and LCP Update would result in a long-term increase in the city's population. Increased population would increase demand for fire, police, school, and emergency medical services and potentially create the need for new police, fire, school, or other service facilities; however, compliance with policies in the General Plan and LCP Update, payment of City-required public facilities impact fees, and management of future growth would avoid adverse environmental effects associated with the provision of new or physically altered fire, police, school and other public facilities. Impacts associated with the provision of new fire, police, school, and emergency medical services, and the environmental impacts of new or altered facilities, would be less than significant. (FEIR p. 4.12-9 – 4.12-12.)

The General Plan and LCP Update would not result in substantial physical deterioration of recreational facilities. Development facilitated by the General Plan and LCP Update would increase the City's population with commensurate increases in demand for neighborhood and regional parks and other recreational facilities. Additional parkland has been planned such that the park service ratio would satisfy the City's requirement to provide a minimum of three acres or

parkland per 1,000 residents, consistent with Quimby Act requirements. The General Plan and LCP Update would contribute to the need for new or expanded park or recreational facilities but also provides the policy framework and physical opportunities to provide expanded park or recreational facilities. Impacts associated with the construction of and increased deterioration of recreational facilities would be less than significant. (FEIR p. 4.12-12 – 4.12-15.)

3.16 Transportation

The General Plan and LCP Update would not substantially increase hazards due to design features or incompatible uses (e.g. farm equipment). The General Plan and LCP Update is a programmatic guide to transportation in Morro Bay and does not include project-level design features. Future roadway improvements, site access, and other roadway design features would be designed and reviewed in accordance with all applicable federal, State, and City standards. Impacts associated with hazardous transportation design features would be less than significant. (Final EIR p. 4.13-23 – 4.13-24.)

Due to the programmatic nature of the General Plan and LCP Update and the policies to create an integrated, multi-modal transportation system the General Plan and LCP Update would not result in inadequate emergency access. In addition, Fire Department review of new development applications for adequate emergency access and evacuation routes is required as part of the City's development review process. Adherence to the State and City requirements combined with implementation of applicable General Plan and LCP Update policies, would ensure adequate emergency response is maintained in the city. Impacts associated with inadequate emergency access would be less than significant. (FEIR p. 4.13-24 – 4.13-25.)

3.17 Utilities and Service Systems

The General Plan and LCP Update would not require or result in the relocation of construction of new or expanded water facilities, the construction of which could cause significant environmental effects. Based on the water supply projections presented in the OneWater Morro Bay Plan, the city's water supply would be sufficient to meet the projected demand of the development envisioned in the General Plan and LCP Update. In addition, project-specific water supply assessments would be required to be prepared by proponents of future development projects in the city in accordance with SB 610. Compliance with applicable General Plan and LCP Update Land Use Element goals and policies to encourage the sustainable use and management of water supplies in the planning area. Impacts associated with water supplies and facilities would be less than significant. (FEIR p. 4.14-11 – 4.14-15.)

The City is constructing a new WRF, which is designed to meet existing needs and future demand associated with General Plan buildout, including development facilitated by the General Plan and LCP Update. Completion of the new WRF, as well as implementation of the OneWater Morro Bay Plan and the policies in the General Plan and LCP Update Conservation Element would ensure adequate wastewater systems and infrastructure to meet future demands. Impacts

associated with adequate wastewater treatment capacities would be less than significant. (FEIR p. 4.14-15 – 4.14-16,)

The General Plan and LCP Update would comply with federal, state, and local statutes and regulations related to solid waste and not generate solid waste in excess of State or local standards, or capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals. Development facilitated by the General Plan and LCP Update would increase solid waste sent to area landfills; however, Cold Canyon Landfill would have capacity to serve the development envisioned in the General Plan and LCP Update. Goals and policies in General Plan and LCP Update would increase the amount of waste that is diverted from the landfill and encourage reuse and recycling. Impacts associated with adequate solid waste storage capacities and compliance with federal, state, and local statutes would be less than significant. (FEIR p. 4.14-17 – 4.14-18.)

CHAPTER 4

Less-than-Significant Environmental Impacts with Mitigation

Pursuant to *State CEQA Guidelines* section 15091, the following are the impacts of the General Plan and LCP Update for which mitigation measures have been proposed in the FEIR. These measures will avoid or substantially lessen the following potentially significant environmental impacts to a less-than-significant level:

4.1 Air Quality

Impact AQ-2: The FEIR concludes, in Impact AQ-2, buildout of the General Plan and LCP Update would result in short-term emissions of criteria pollutants. This impact would be less than significant with mitigation. (FEIR p. 4.2-19.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure AQ-2 would reduce the significant impact to a less than significant level.

Mitigation Measure AQ-2: Proponents of individual land use projects, or other projects requiring grading or building permits, shall require construction contractors to incorporate the following standard mitigation measures, as applicable, to reduce ROG, NOX, and DPM emissions from construction equipment. Mitigation measures shall be listed on project construction plans and the project proponent shall perform periodic site inspections during construction to ensure that mitigation measures are being implemented.

- Maintain all construction equipment in proper condition according to manufacturer's specifications
- Fuel all off-road and portable diesel powered equipment with ARB-certified motor vehicle diesel fuel (non-taxed version suitable for use off-road)
- Use diesel construction equipment meeting ARB's Tier 2 certified engines or cleaner off-road heavy-duty diesel engines, and comply with the State Off-Road Regulation
- Use on-road heavy-duty trucks that meet ARB's 2007 or cleaner certification standard for on-road heavy-duty diesel engines, and comply with the State On-Road Regulation

- Construction or trucking companies with fleets that do not have engines in their fleet that meet the engine standards identified in the above two measures (e.g. captive or NO_x exempt area fleets) may be eligible by proving alternative compliance
- All on and off-road diesel equipment shall not idle for more than 5 minutes. Signs shall be posted in the designated queuing areas and or job sites to remind drivers and operators of the 5 minute idling limit
- Diesel idling within 1,000 feet of sensitive receptors is not permitted
- Staging and queuing areas shall not be located within 1,000 feet of sensitive receptors
- Electrify equipment when feasible
- Substitute gasoline-powered in place of diesel-powered equipment, where feasible
- Use alternatively fueled construction equipment on-site where feasible, such as compressed natural gas (CNG), liquefied natural gas (LNG), propane or biodiesel.

Rationale/Supporting Explanation: The SLOAPCD provides standard mitigation measures for construction in the *CEQA Air Quality Handbook*, which are included as Mitigation Measure AQ-2. Future development projects in the Morro Bay planning area would also be evaluated for air quality impacts once project-level details are known and would be required to incorporate additional mitigation if project construction emissions exceed the thresholds established by the SLOAPCD. Because individual projects would be required to evaluate and mitigate potential air quality impacts resulting from construction emissions and mitigate emissions as required by SLOAPCD guidance, air quality impacts from construction of the General Plan and LCP Update would be mitigated to a less than significant level. (FEIR p. 4.2-19 – 4.2-20.)

4.2 Biological Resources

Impact BIO-1: The FEIR concludes, in Impact BIO-1, new development facilitated by the General Plan and LCP Update could impact listed and other individual special status species and foraging and breeding habitat for special status wildlife and habitat for special status plants. This impact would be less than significant with mitigation. (FEIR p. 4.3-29.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measures BIO-1(a) and BIO-1(b) would reduce the significant impact to a less than significant level.

Mitigation Measure BIO-1(a): Policy C-1.3 shall be updated to read:

Policy C-1.3 Biological Site Assessments. A biological assessment shall be required for any development proposed on sites that include or are within 100 feet of mapped ESHA in Figure C-2, and all other sites with natural vegetation regardless of whether ESHA has been mapped in Figure C-2, and for all other projects for which evidence indicates that ESHA may be present either on or

adjacent to the site. The best available information about the location of ESHA in the City shall be used. Such assessment shall be prepared at the owner's expense by a qualified biologist approved by the City and shall, at minimum:

- a. Identify and confirm the extent of the ESHA,
- b. Document any site constraints and the presence of sensitive plant or animal species,
- c. Recommend buffers and development setbacks and standards to protect the ESHA,
- d. ~~Recommend mitigation measures to address any allowable impacts~~ If listed species, or other special status species, or nesting birds are present or have the potential to occur, specify avoidance and minimization measures, including compensatory mitigation, to be implemented to avoid or minimize take of individuals and loss of occupied habitat, and specify the necessary consultation pathway(s) with USFWS, NMFS, and/or CDFW to obtain incidental take coverage, where necessary, and
- e. Include any other information and analyses necessary to understand potential ESHA impacts as well as measures necessary to protect the resource as required by the Local Coastal Program.

If the site contains the potential for monarch overwintering or rookeries due to the presence of appropriately sized trees and groves, a seasonally timed survey appropriate for detecting the target species must also be included in the study.

Mitigation Measure BIO-1(b): Policy OS-7.1 shall be updated to read:

Policy OS-7.1 Account for External Impacts. If any portion of the area outside the city limits is included in the City's sphere of influence in the future, prepare and adopt a plan for the affected parcels that includes infrastructure and services provided by the City of Morro Bay. The plan shall also identify policies for the protection of natural resources in the affected areas.

Rationale/Supporting Explanation: Impacts to special status species would be less than significant with implementation of Measures BIO-1(a) and BIO-1(b), which would update policies in the General Plan and LCP Update to protect listed species and provide direction on resource protection in any future SOI. (FEIR p. 4.3-29 - 4.3-37.)

Impact BIO-3: The FEIR concludes, in Impact BIO-3, new development facilitated by the General Plan and LCP Update may remove trees, encroach on rookeries and breeding sites, impede movement of terrestrial and aquatic wildlife, and otherwise interfere with the movement of wildlife. Impacts would be less than significant with mitigation. (FEIR p. 4.3-40.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified

in the FEIR. Mitigation Measure BIO-3 would reduce the significant impact to a less than significant level.

Mitigation Measure BIO-3: The following policy shall be added to the Conservation Element:

Policy C-1.17 Project Design for Wildlife Connectivity. Design new stream crossing structures and extensions or modifications of existing structures to accommodate wildlife movement. At a minimum, structures within steelhead streams must be designed in consultation with a fisheries biologist and shall not impede movement. New projects with long segments of fencing and lighting shall be designed to minimize impacts to wildlife. Fencing or other project components shall not block wildlife movement through riparian or other natural habitat. Where fencing or other project components that may disrupt wildlife movement is required for public safety concerns, they shall be designed to permit wildlife movement.

Rationale/Supporting Explanation: Impacts to wildlife movement corridors would be less than significant with implementation of Measure BIO-3 to add a General Plan and LCP Update policy to preserve wildlife movement corridors. (FEIR p. 4.3-40 – 4.3-41.)

Cumulative Impact – Biological Resources: The FEIR concludes implementation of the land use development patterns under the General Plan and LCP Update could result in impacts on special-status species, riparian, wetland, or other sensitive natural communities, as well as wildlife movement in the planning area, and contribute to cumulative impacts to these resources within the greater cumulative impact area (adjacent communities, including San Luis Obispo County). (FEIR p. 4.3-42 – 4.3-43.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measures BIO-1(a), BIO-1(b) and BIO-3 would reduce the significant impact to a less than significant level.

Implement Mitigation Measures BIO-1(a), BIO-1(b) and BIO-3

Rationale/Supporting Explanation: These mitigation measures would require additional policy language in the General Plan and LCP Update to protect biological resources that have potential to be impacted by development facilitated by the General Plan and LCP Update. These measures reduce the General Plan and LCP Update’s potential contribution to cumulative impacts to special status species and wildlife movement corridors and contribution of the proposed General Plan and LCP Update’s cumulative impacts would not be cumulatively considerable. (FEIR p. 4.3-42 – 4.3-43.)

4.3 Cultural Resources

Impact CR-1: The FEIR concludes, in Impact CR-1, development facilitated by the General Plan and LCP Update has the potential to impact historical and unique archaeological resources. This impact would be less than significant with mitigation. (Final EIR p. 4.4-9.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the Final EIR. Mitigation Measures CR-1(a) and CR-1(b) would reduce the significant impact to a less than significant level.

Mitigation Measure CR-1(a): Policy C-2.3 of the General Plan and LCP Update shall be revised to read:

Policy C-2.3 Protection of Cultural Resources. Ensure the protection of historic, cultural, and archeological resources during development, construction, and other similar activities. Development shall avoid, to the maximum extent feasible, adversely impacting historic, cultural, and/or archaeological resources, and shall include adequate BMPs to address any such resources that may be identified during construction, including avoidance, minimization, and mitigation measures sufficient to allow documentation, preservation, and other forms of mitigation. If the resource(s) in question are of Native American origin, develop avoidance or minimization measures in consultation with appropriate Native American tribe(s).

Mitigation Measure CR-1(b): The following implementation action for Goal C-2 shall be added to the General Plan and LCP Update:

Require all discretionary proposals within the cultural resources overlay to consider the potential to disturb cultural resources. If preliminary reconnaissance suggests that cultural resources may exist, a Phase I cultural resources study shall be performed by a qualified professional meeting the Secretary of the Interior's (SOI) Professional Qualification Standard (PQS) for archaeology and/or architectural history, as appropriate (NPS 1983).

A Phase I cultural resources study shall include a pedestrian survey of the project site and sufficient background research and field sampling to determine whether subsurface prehistoric or historic remains may be present. Archival research should include a records search at the Central Coast Information Center (CCIC) and a Sacred Lands File (SLF) search with the Native American Heritage Commission (NAHC). Where identified or potential resources are of Native American origin, the appropriate Native American tribe(s) will participate with the qualified professional. The technical report documenting the study shall include recommendations to avoid or, if avoidance is not feasible, reduce impacts to cultural resources.

Rationale/Supporting Explanation: Implementation of Measures CR-1(a) and CR-1(b) would update the General Plan and LCP Update to include a policy and implementation action to address potential impacts to historical and unique archaeological resources on a project-by-project basis by requiring cultural resource studies for projects within the city and the implementation of further requirements to avoid or reduce impacts to those resources. Residual impacts would be less than significant. (FEIR p. 4.4-9 – 4.4-12.)

Cumulative Impact – Cultural Resources: The Final EIR concludes the increase in growth in previously undisturbed areas would contribute to regional impacts on existing and previously undisturbed and undiscovered historical and archaeological resources. Compliance with applicable regulations and implementation of General Plan and LCP Update goals and policies would minimize cumulative impacts to cultural resources. (FEIR p. 4.4-12 – 4.4-13.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the Final EIR. Mitigation Measures CR-1(a) and CR-1(b) would reduce the significant impact to a less than significant level.

Implement Mitigation Measures CR-1(a) and CR-1(b)

Rationale/Supporting Explanation: Implementation of Measures CR-1(a) and CR-1(b) would update the General Plan and LCP Update to include implementation actions to address potential impacts to cultural resources on a project-by-project basis by requiring cultural resource studies for projects within the city and the implementation of further requirements to avoid or reduce impacts to cultural resources. Implementation of Mitigation Measures CR-1(a) and CR-1(b) would ensure that potential impacts to cultural resources would not be cumulatively considerable, and cumulative impacts to such resources would not be cumulatively considerable. (FEIR p. 4.4-12 – 4.4-13.)

4.4 Noise

Impact N-2: The FEIR concludes, in Impact N-2, construction of individual projects facilitated by the General Plan and LCP Update could temporarily generate groundborne vibration, potentially affecting adjacent sensitive land uses. Although the Morro Bay Municipal Code's timing restrictions on construction activity would limit vibration disturbance, high vibration levels during working construction hours could potentially disturb people or damage fragile buildings. (FEIR p. 4.10-16.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure N-2 would reduce the significant impact to a less than significant level.

Mitigation Measure N-2: The following new policies shall be added to the Noise Element under Goal NOI-3:

Policy NOI-3.5 Vibration Control. Control construction vibration by avoiding the use of vibratory rollers near vibration-sensitive receptors and scheduling construction activities with the highest potential to produce vibration to hours with the least potential to affect sensitive land uses.

Policy NOI-3.6 Construction Vibration Notification. Developers shall notify neighbors of scheduled construction activities that would generate vibration.

Rationale/Supporting Explanation: The avoidance of vibratory rollers in close proximity to vibration-sensitive receptors would prevent potential structural damage from vibration. In addition, the appropriate scheduling of construction activities and notification of neighbors would minimize disturbance of people from vibration-generating equipment. Compliance with the vibration control and notification measures in Mitigation Measure N-2 would reduce temporary vibration impacts to a less than significant level. (FEIR 4.10-16 – 4.10-17.)

Cumulative Impact – Noise: The FEIR concludes site-specific cumulative impacts related to exposure of existing and planned future receptors to construction vibrational noise sources would be less than significant with mitigation incorporated. (FEIR p. 4.10-25.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure N-2 would reduce the significant impact to a less than significant level.

Implement Mitigation Measure N-2

Rationale/Supporting Explanation: Compliance with the vibration control and notification measures in Mitigation Measure N-2 would reduce the project's contribution to cumulative temporary vibration impacts to a less than significant level, as vibratory rollers would not operate in close proximity to vibration-sensitive receptors and prevent potential structural damage from vibration. Cumulative impacts would not be cumulatively considerable. (Final EIR p. 4.10-17 and 4.10-25.)

4.5 Transportation and Traffic

Impact T-1: The FEIR concludes, in Impact T-1, implementation of the General Plan and LCP Update would increase vehicle traffic volumes, which have the potential to interfere with pedestrian and bicycle travel on or along roadways. The General Plan and LCP Update includes goals and policies to improve safety, access, and performance of public transit, bicycle, and pedestrian transportation modes. Implementing specific pedestrian circulation improvement measures at affected facilities would further improve the performance of pedestrian transportation modes. (Final EIR p. 4.13-16.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure T-1 would reduce the significant impact to a less than significant level.

Mitigation Measure T-1: The following pedestrian facility improvements shall be added to the list of “Planned Circulation Improvements” in the General Plan and LCP Update Circulation Element.

- Embarcadero North of Beach Street: Provide sidewalks and a vehicular connection shifting traffic away from Beach Street for the redeveloped Morro Bay Power Plant site.
- Morro Bay Boulevard: Provide a landscaped buffer at least two feet wide between the sidewalk and travel lanes.
- Main Street south of Radcliffe Drive: Provide continuous sidewalks to provide acceptable pedestrian operations.
- SR 41 east of Main Street: Provide sidewalks with a landscaped buffer when adjacent properties are redeveloped.

In addition, Policy CIR-1.8 shall be revised as follows:

Policy CIR-1.8 Capital Improvement Program. Use the City's Capital Improvement Program (CIP) process to prioritize, fund, and build roadway, ~~and~~ bikeway, and pedestrian improvements, and to address phasing and construction of traffic infrastructure throughout the city.

As individual development projects are proposed, focused, project-level environmental review may be required, which could result in the implementation of project-specific mitigation measures to improve operations for pedestrians. Implementation of identified goals and policies to improve performance and safety of the transportation system for pedestrian, bicycle, and transit users would ensure that potential impacts associated with the performance of alternative transportation facilities would maintain acceptable operation of pedestrian modes.

Rationale/Supporting Explanation: Mitigation Measure T-1 describes pedestrian circulation improvement measures at affected facilities which would improve operations for pedestrian modes. Residual impacts would be less than significant (FEIR p. 4.11-16 – 4.11-20).

4.6 Tribal Cultural Resources

Impact TC-1: The Final EIR concludes, in Impact TC-1, development facilitated by the General Plan and LCP Update has the potential to impact tribal cultural resources. Implementation of the goals and policies of the General Plan and LCP Update would minimize the potential for impacts to previously unidentified tribal cultural resources. (Final EIR p. 4.15-3)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measures CR-1(a) and CR-1(b) would reduce the significant impact to a less than significant level.

Implement Mitigation Measures CR-1(a) and CR-1(b) (refer to Section 4.3, *Cultural Resources*).

Rationale/Supporting Explanation: Impacts to tribal cultural resources would be less than significant with implementation of Mitigation Measures CR-1(a) and CR-1(b), which would update the General Plan and LCP Update to include a policy and implementation action to address potential impacts to unique tribal cultural resources on a project-by-project basis by requiring cultural resource studies for projects within the city and the implementation of further requirements to avoid or reduce impacts to those resources. (FEIR p. 4.15-3 – 4.15-4.)

Cumulative Impact – Tribal Cultural Resources: The Final EIR concludes development in the city would increase under buildout of the General Plan and LCP Update and the increase in growth in previously undisturbed areas would contribute to regional impacts on tribal cultural resources. (F EIR p. 4.15-4.)

Finding: The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measures CR-1(a) and CR-1(b) would reduce the significant impact to a less than significant level.

Implement Mitigation Measures CR-1(a) and CR-1(b)

Rationale/Supporting Explanation: Implementation of the goals and policies in the General Plan and LCP update, as well as implementation of Mitigation Measures CR-1(a) and CR-1(b) would minimize potential impacts to tribal cultural resources as a result of development facilitated by the General Plan and LCP Update, as impacts would be addressed on a project-by-project basis by requiring cultural resource studies for projects within the city and the implementation of further requirements to avoid or reduce impacts to those resources. (Final EIR p. 4.4-9 – 4.4-12.)

CHAPTER 5

Significant Environmental Impacts

Pursuant to *State CEQA Guidelines* section 15091, the following are the impacts of the General Plan and LCP Update for which impacts cannot be reduced to less than significant. These impacts remain significant and unavoidable, as identified in the FEIR.

5.1 Air Quality

Impact AQ-1: The FEIR concludes, in Impact AQ-1, the General Plan and LCP Update would result in an increase in VMT that would exceed the projected rate of population growth in Morro Bay, which would be inconsistent with the SLOAPCD Clean Air Plan. This would be a significant and unavoidable impact (Final EIR p. 4.2-10).

Finding: The City Council finds specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR. No mitigation is available that would reduce the project rate of VMT growth below the projected rate of population growth in Morro Bay. Therefore, the General Plan and LCP Update would be inconsistent with the SLOAPCD Clean Air Plan, and impacts related to consistency with the 2001 CAP would remain significant and unavoidable. A statement of overriding considerations for this impact is made in Chapter 7.

Rationale/Supporting Explanation: The General Plan and LCP Update would comply with applicable General Plan and LCP Update goals and policies that would reduce VMT to the extent feasible. In addition, individual development projects in the planning area would require project-level environmental review, including evaluation of future projects for consistency with the applicable air quality plan in accordance with the SLOAPCD CEQA *Air Quality Handbook*, which could result in the implementation of project-specific mitigation measures to reduce VMT. However, no additional policy-oriented mitigation is available that would reduce projected VMT, therefore this impact remains significant and unavoidable. (FEIR p. 4.2-10 – 4.2-19.)

Cumulative Impact - Air Quality: The FEIR concludes the General Plan and LCP Update's contribution to cumulative regional air quality impacts would be significant and unavoidable. (Final EIR p. 4.2-10.)

Finding: The City Council finds specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR. No mitigation is available that would reduce the project rate of VMT growth below the

projected rate of population growth in Morro Bay. Therefore, the General Plan and LCP Update would be inconsistent with the SLOAPCD Clean Air Plan, and impacts related to consistency with the 2001 CAP would remain significant and unavoidable. A statement of overriding considerations for this impact is made in Chapter 7.

Rationale/Supporting Explanation: San Luis Obispo County is in non-attainment for the 1-hour and 8-hour state standards for ozone and the 24-hour state standard for PM₁₀. Future development throughout San Luis Obispo County would create ozone and PM₁₀ emissions, which would contribute to continued or exacerbated violation of state emissions standards. Buildout of the General Plan and LCP Update would result in an increase of VMT exceeding the rate of population increase, which would be inconsistent with SLOAPCD's 2001 CAP, which is intended to bring the County into attainment of the State ozone standard. Because the General Plan and LCP Update would be inconsistent with the CAP, the General Plan and LCP Update's contribution to cumulative regional air quality impacts would be significant and unavoidable. (FEIR p. 4.2-25.)

5.2 Transportation

Impact T-2: The FEIR concludes, in Impact T-2, the General Plan and LCP Update anticipates land use growth that would result in a long-term increase in VMT within the City's SOI. The General Plan and LCP Update Circulation Element includes goals and policies that reduce reliance on passenger vehicles, facilitate pedestrian and bicycle transportation, and establish local targets for VMT reduction. However, future development in Morro Bay would result in increased per service population VMT, and no feasible mitigation is available that would fully address the anticipated increase in VMT. (Final EIR p. 4.13-21.)

Finding: The City Council finds specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or project alternatives identified in the FEIR. Mitigation is not available that would fully address the anticipated increase in VMT resulting from the General Plan and LCP Update. A statement of overriding considerations for this impact is made in Chapter 7.

Rationale/Supporting Explanation: Implementation of the goals and policies in the General Plan and LCP Update would contribute to reducing VMT in Morro Bay. However, no additional feasible mitigation is available that would fully address the anticipated increase in VMT. Therefore, impacts associated with increased VMT in the Morro Bay SOI and in San Luis Obispo County would remain significant and unavoidable after implementation of all applicable policies in the General Plan and LCP Update. (FEIR p. 4.13-21 – 4.13-23.)

Cumulative Impact - Transportation: The FEIR concludes the General Plan and LCP Update's contribution to cumulative VMT impacts would be significant and unavoidable. (Final EIR p. 4.13-25.)

Finding: The City Council finds specific economic, legal, social, technological, or her considerations make infeasible the mitigation measures or project alternatives identified in the FEIR. Mitigation is not available that would fully address the anticipated increase in VMT resulting from the General Plan and LCP Update. A statement of overriding considerations for this impact is made in Section 7.

Rationale/Supporting Explanation: The cumulative traffic impacts of the General Plan and LCP Update were determined by a comparison of the Existing Conditions scenario and the Buildout Plus Project Conditions scenario. The cumulative land use growth evaluated under Buildout Plus Project conditions would result in an increase in daily VMT and daily per service population VMT. The individual potential impacts of future development in Morro Bay are speculative; however, the cumulative impact of the increase in VMT in the Morro Bay SOI and in San Luis Obispo County identified for the General Plan and LCP Update would be potentially significant. Future development in Morro Bay would result in increased long-term VMT, even with implementation of identified goals and policies that would reduce VMT to an extent. Individual development projects in Morro Bay would require focused, project-level environmental review, and would require mitigation to reduce VMT where potential environmental impacts are identified. Implementation of the goals and policies in the General Plan and LCP Update would contribute to reducing VMT in Morro Bay, but no additional feasible mitigation is available that would fully address the anticipated increase in VMT resulting from the General Plan and LCP Update. Therefore, cumulative transportation impacts would remain significant and unavoidable (Final EIR p. 4.13-25 – 4.13-26).

CHAPTER 6

Findings Regarding Project Alternatives

The City Council hereby declares it has considered and rejected as infeasible the alternatives identified in the Final EIR and described below. CEQA requires an EIR evaluate a range of reasonable alternatives to a project, or to the location of the project, which would feasibly obtain most of the basic project objectives but would avoid or substantially lessen any of the significant effects of the project (*CEQA Guidelines* §15126.6). The No Project alternative must be evaluated, and if it is the environmentally superior alternative, another environmentally superior alternative must be identified among the other alternatives (*CEQA Guidelines* subdivision 15126.6(e)).

The objective of the General Plan and LCP Update is to function as a policy document to guide land use decisions within the city planning area through the year 2040. The Community Vision of the General Plan is as follows:

In 2040, Morro Bay remains a small oceanfront town and thriving year-round destination, known for its natural beauty, creative people, outdoor recreation, working waterfront, and welcoming community spirit. It is a friendly, safe, resilient, and healthy place where people of all ages and economic levels live, work, play, and visit.

The natural environment and wildlife are cherished and conserved and are essential elements that integrate with and define our urban landscape. Our healthy wetlands, iconic Morro Rock, and bustling harbor are complemented by expansive parks, connected bicycle lanes, safe streets, and pathways that are accessible to people of all ages and abilities.

We have a deep appreciation for nature and honor our native, cultural, and maritime heritage. We maintain and support our working waterfront and carefully preserve our estuary, watershed, natural shoreline, and surrounding open space. We adapt to changes in the climate, economy, and culture without compromising our small-town character.

Our vibrant economy is strengthened by sustainable resource practices, a responsive city government, and leading-edge technology that empowers local business owners and attracts new businesses and investors. We are a diverse, multigenerational community where head-of-household jobs, sustainable living wages, and affordable housing options serve as a foundation that allows people of all ages and income levels to thrive.

Modern, well-maintained public amenities and supportive community services nurture our residents, community organizations, and neighborhood groups. We actively

participate in government decisions and take pride in volunteerism. We welcome personal expression and creativity, as reflected in our varied visitor attractions, bustling dining scene, vibrant arts culture, community events, public art, and outdoor activities. Our diverse housing, safe and eclectic neighborhoods, and reliable transit system are enhanced through suitable urban infill and mixed-use development that accommodates modest residential and commercial growth.

Mindful of our rich heritage, we take great pride in our community and work together toward a bright future.

The FEIR evaluated three project alternatives in addition to the proposed General Plan and LCP Update. The alternatives analyzed in the FEIR are as follows:

- Alternative 1: No Project/Continue using 1988 General Plan and 1984 LCP
- Alternative 2: Proposed General Plan and LCP Update without Morro Bay Power Plant/WWTP Redevelopment
- Alternative 3: Reduced Commercial Floor Area Ratio

The FEIR concludes that the No Project Alternative (Alternative 1) would be environmentally superior in comparison to the General Plan and LCP Update because it would continue implementation of the existing 1988 General Plan, which would accommodate less development and growth than the General Plan and LCP Update, Alternatives 2, or Alternative 3. Although Alternative 1 would entail continued growth as dictated by the existing 1988 General Plan, Alternative 1 would not implement new policy language included in the General Plan and LCP Update, such as policies intended to provide guidance for future development and reduce long-term community impacts associated with growth. Alternative 2 would perform similar or better to the General Plan and LCP Update for all environmental resource areas. This alternative would result in no new development on the former Morro Bay Power Plant and City WWTP redevelopment sites, instead designating these sites as Open Space/Recreation. Alternative 3 would perform similar or better to the General Plan and LCP Update for all environmental resource areas. This alternative would result in less new commercial growth and development overall due to the reduction in commercial FAR.

Based on the information presented herein, Alternative 2 would be the environmentally superior alternative when considering overall environmental impacts relative to the performance metrics. However, designating the former Morro Bay Power Plant and City WWTP redevelopment sites as Open Space/Recreation would be inconsistent with the vision and objectives of the General Plan and LCP Update because it would eliminate urban development from areas the City has determined would contribute substantially to a pattern of compact future development, reducing long-term development pressure on agricultural lands outside the planning area. Additionally, reduced growth in these targeted redevelopment locations would be inconsistent with the goals of the General Plan and LCP Update to attract new businesses and investors and provide head-of-household jobs and affordable housing options.

After Alternative 2, Alternative 1 is the next most environmentally superior alternative when considering overall environmental impacts relative to the performance metrics. However, Alternative 1 would not meet the basic project objective to provide an updated community vision for Morro Bay by updating the 1988 General Plan, and would not avoid the significant and unavoidable project-level or cumulative impacts associated with increased VMT, and may result in additional long-term impacts associated with the need for expanded utility infrastructure.

6.1 Alternative 1: No Project

Description: Subdivision 15126.6(e) of the *CEQA Guidelines* requires a “no project” alternative be evaluated in an EIR to allow decision makers to compare the impacts of approving a proposed project with the impacts of not approving that project. *CEQA Guidelines* subdivision 15126.6(e)(3) describes the two general types of no project alternative: (1) when the project is the revision of an existing land use or regulatory plan, policy, or ongoing operation, the no project alternative would be the continuation of that plan; and (2) when the project is not a land use/regulatory plan, such as a specific development on an identifiable property, the no project alternative is the circumstance under which that project is not processed (i.e., no development occurs). Alternative 1 represents the former type of no project alternative and assumes the continued implementation of the 1988 General Plan and 1984 LCP.

This alternative is comprised of a land use pattern that reflects the land use identified in the existing 1988 General Plan. Under this alternative, the proposed General Plan and LCP Update would not be adopted and the existing General Plan and LCP, including the land use map and all of the General Plan and LCP goals and policies, would remain in place through the horizon year of 2040. Thus, any new development in Morro Bay would occur consistent with the existing land use designations and the allowed uses within each designation. Similarly, any new infrastructure would occur as envisioned in the existing 1988 General Plan. Development under this alternative is anticipated to be generally similar in much of the planning area but would not include mixed-use development in the downtown area, or the identified redevelopment of the former Morro Bay Power Plant and City wastewater treatment plant (WWTP) sites, resulting in more non-residential development than under the General Plan and LCP Update. As a result, overall development and anticipated growth would be reduced under the No Project Alternative compared to the General Plan and LCP Update. This alternative assumes that the City’s Sphere of Influence (SOI) would not be extended to include 1,077 acres of the planning area beyond the city limits that is identified as a future extension of Morro Bay’s SOI. Therefore, the planning area for this alternative encompasses the existing city limits and SOI. (FEIR p. 7-2 – 7-10.)

Finding: The City Council finds the No Project Alternative is infeasible because it fails to meet any of the project objectives, including the Project’s objective to guide land use decisions within the City planning area through the year 2040.

Rationale/Supporting Explanation: The No Project Alternative (Alternative 1) would not implement new policy language included in the General Plan and LCP Update, such as policies intended to provide guidance for future development and reduce long-term community impacts

associated with growth. Alternative 1 would not eliminate the significant and unavoidable project-level or cumulative impacts associated with increased VMT. (FEIR p. 7-25.)

6.2 Alternative 2: Proposed General Plan and LCP Update without Morro Bay Power Plant/WWTP Redevelopment

Description: One of the primary long-term strategies of the proposed General Plan and LCP Update land use plan is redevelopment of the former Morro Bay Power Plant and City WWTP sites with uses that respond to their unique site attributes to provide future growth areas for the city within the existing city limit. Under the General Plan and LCP Update land use plan, the former Morro Bay Power Plant and City WWTP sites are planned to accommodate Mixed Use, Public/Institutional, Visitor Serving Commercial, and Open Space/Recreation uses with much of the development being new. Approximately 50 percent of the planned non-residential land use growth (from existing to buildout) and approximately 80 percent of the visitor-serving commercial growth would occur at the former Morro Bay Power Plant and City WWTP sites. The General Plan and LCP Update Land Use Element includes Policy LU-5.4 and Policy LU-5.5, which require the city to develop master plans for these sites and the surrounding areas.

Alternative 2 would remove Policy LU-5.4 and Policy LU-5.5 from the General Plan and LCP Update, and would revise the land use plan to include the former Morro Bay Power Plant and City WWTP sites in Open Space/Recreation, preserving natural areas and resources, and providing future recreational opportunities, consistent with other goals of the General Plan and LCP Update. This alternative would build on the preservation of natural areas within the planning area by reducing the amount of new development compared to the proposed General Plan and LCP Update.

Under Alternative 2, approximately 3.1 million square feet of new commercial development could be constructed in the planning area. This would be 5.7 million fewer square feet of new commercial square footage than could be constructed compared to the General Plan and LCP Update. Additionally, approximately 300 fewer residential units could be constructed within the planning area, as a result of the elimination of the mixed-use overlay in the Morro Bay Power Plant redevelopment area.

Because 300 fewer dwelling units would be constructed under Alternative 2, population density of the City would be reduced compared to the General Plan and LCP Update. Overall, Alternative 2 would reduce the growth in population in Morro Bay through the year 2040 by approximately 4 percent and would reduce the net growth in non-residential development through the year 2040 by approximately 52 percent compared to the General Plan and LCP Update. (FEIR p. 7-10 – 7.16.)

Finding: While Alternative 2 is environmentally similar to the project and would partially meet the project objective to guide land use decisions within the city planning area through the year 2040, the City Council finds Alternative 2 is infeasible because it fails to meet some of the project

objectives identified in the General Plan and LCP Update vision and values, including attracting new businesses and investors, providing head-of-household jobs and affordable housing options, and providing suitable urban infill and mixed-use development that accommodates modest residential and commercial growth.

Rationale/Supporting Explanation: Designating the former Morro Bay Power Plant and City WWTP redevelopment sites as Open Space/Recreation would be inconsistent with the vision and values of the General Plan and LCP Update because it would eliminate urban development from areas which would contribute substantially to a pattern of compact future development, reducing long-term development pressure on agricultural lands outside the planning area. Additionally, reduced growth in these targeted redevelopment locations would be inconsistent with the goals of the General Plan and LCP Update to attract new businesses and investors and provide head-of-household jobs and affordable housing options. (FEIR p. 7-25.)

6.3 Alternative 3: Reduced Commercial Floor Area Ratio

Description: Under the Reduced Commercial Floor Area Ratio (FAR) Alternative, the maximum allowable FAR for the Community Commercial and Visitor-Serving Commercial land use designations would be reduced from 1.25 to 1.0 to reduce commercial density and overall vehicle miles traveled associated with new non-residential development. Approximately 75 percent of the potential new commercial development identified in Table 2-5 of the Final EIR is comprised of Community Commercial and Visitor-Serving Commercial land use (approximately 1.1 million square feet of Community Commercial and approximately 5.5 million square feet of Visitor Serving Commercial). Due to the reduction in overall growth, this alternative would incrementally reduce new vehicle traffic. Development under Alternative 3 assumes that all goals and policies put in place by the General Plan and LCP Update will be in force.

Under Alternative 3, approximately 7.5 million square feet of new commercial development could be constructed in the planning area. This would be 1.3 million fewer square feet of new commercial square footage than could be constructed under the General Plan and LCP Update. Additionally, approximately 103 fewer residential units could be constructed within the planning area, as a result of the FAR reduction within the planned mixed-use overlay areas.

Because 103 fewer dwelling units would be constructed under Alternative 3, population density of the city would be reduced compared to the General Plan and LCP Update. Overall, Alternative 3 would reduce the growth in population in Morro Bay through the year 2040 by approximately 2 percent and would reduce the net growth in non-residential development through the year 2040 by approximately 12 percent compared to the General Plan and LCP Update. (FEIR p. 7.17-23.)

Finding: While Alternative 3 is environmentally similar to the project and would partially meet the project objective to guide land use decisions within the city planning area through the year 2040, the City Council finds Alternative 3 is infeasible because it fails to meet some of the of the project objectives identified in the General Plan and LCP Update vision and values, including

attracting new businesses and investors, providing head-of-household jobs and affordable housing options, and providing suitable urban infill and mixed-use development that accommodates modest residential and commercial growth.

Rationale/Supporting Explanation: Reducing the allowable FAR for the Community Commercial and Visitor-Serving Commercial land use designations would be inconsistent with the vision and values of the General Plan and LCP Update because it would reduce commercial growth that would attract new businesses and investors and provide head-of-household jobs and affordable housing options. In addition, Alternative 3 would not eliminate any of the significant and unavoidable impacts associated with the General Plan and LCP Update, as this alternative would still result in substantial new growth and the associated increase in new vehicle traffic. (FEIR p. 7-25.)

CHAPTER 7

Statement of Overriding Considerations

7.1 Introduction

Section 15093 of the CEQA Guidelines requires lead agencies to adopt a Statement of Overriding Considerations if they elect to approve a project that has significant and unavoidable environmental impacts. The FEIR for the General Plan and LCP Update identifies the following significant and unavoidable impacts:

- **Impact AQ-1:** The FEIR concludes the General Plan and LCP Update would result in an increase in VMT that would exceed the projected rate of population growth in Morro Bay, which would be inconsistent with the SLOAPCD Clean Air Plan. This would be a significant and unavoidable impact (Final EIR p. 4.2-10).
- **Cumulative Impact - Air Quality:** The FEIR concludes the General Plan and LCP Update's contribution to cumulative regional air quality impacts would be significant and unavoidable. (Final EIR p. 4.2-10.)
- **Impact T-2:** The FEIR concludes the General Plan and LCP Update anticipates land use growth that would result in a long-term increase in VMT within the City's SOI. The General Plan and LCP Update Circulation Element includes goals and policies that reduce reliance on passenger vehicles, facilitate pedestrian and bicycle transportation, and establish local targets for VMT reduction. However, future development in Morro Bay would result in increased per service population VMT, and no feasible mitigation is available that would fully address the anticipated increase in VMT. (Final EIR p. 4.13-21.)
- **Cumulative Impact - Transportation:** The Final EIR concludes the General Plan and LCP Update's contribution to cumulative VMT impacts would be significant and unavoidable. (Final EIR p. 4.13-25.)

For projects that would result in significant environmental impacts that cannot be avoided, CEQA requires that the lead agency balance the benefits of these projects against the unavoidable environmental risks in determining whether to approve the projects. If the benefits of these projects outweigh the unavoidable impacts, then those impacts may be considered acceptable (CEQA Guidelines §15093[a]). CEQA requires, before adopting such projects, the public agency adopt a Statement of Overriding Considerations setting forth the reasons why the agency finds the

benefits of the project outweigh the significant environmental effects caused by the project. This statement is provided below.

7.2 Required Findings

The City has identified significant and unavoidable environmental impacts that cannot be lessened through application of feasible mitigation measures that can be incorporated into the project. The City has also examined a reasonable range of alternatives to the project and has determined that none of these alternatives would satisfy the project objectives identified in the General Plan and LCP Update vision and values to the same extent or greater as the project. The City Council finds the project has eliminated or substantially lessened all significant effects on the environment where feasible, and finds, on balance, the remaining significant and unavoidable impacts of the project are acceptable because the benefits of the project outweigh them.

In preparing this Statement of Overriding Considerations, the City Council has balanced the benefits of the project against its unavoidable environmental risks.

The City Council hereby finds it is imperative to balance competing goals in approving the General Plan and LCP Update and the environmental documentation of the General Plan and LCP Update. Not every environmental concern has been fully satisfied because of the need to satisfy competing concerns to a certain extent. The City Council has chosen to accept certain environmental impacts because of the many benefits inherent in the attainment of City, regional, and State goals, as well as the implementation of required mitigation measures, would balance the potential for environmental impacts to occur.

The City Council hereby finds the FEIR has identified and discussed significant effects that may occur as a result of the General Plan and LCP Update. With the incorporation of the goals and policies as identified in the findings, potential impacts are reduced to a level of less than significant except for the unavoidable and significant impacts discussed in Subsection 7.1, above.

The City Council hereby finds it has made a reasonable and good faith effort to eliminate or substantially mitigate the potential impacts resulting from the General Plan and LCP Update.

The City Council further determines except for the General Plan and LCP Update, all other alternatives set forth in the FEIR are infeasible because they may not substantially reduce environmental impacts associated with the General Plan and LCP Update, and would prohibit the realization of the General Plan and LCP Update vision and values and/or specific economic, social, or other benefits the City Council finds outweigh any environmental benefits of the alternatives.

The City Council hereby finds and determines, having reduced the adverse significant environmental effects of the General Plan and LCP Update to the extent feasible by including goals and policies in the General Plan and LCP Update, having considered the entire administrative record on the General Plan and LCP Update, and having weighted the benefits of

the General Plan and LCP Update against its unavoidable significant impacts after mitigation, the General Plan and LCP Update and the supporting environmental documentation provide for a positive balance of the competing goals and that the economic, social and other benefits to be obtained by the General Plan and LCP Update outweigh any remaining environmental impacts and related potential detriment of the project and render those potential significant impacts acceptable based on the considerations noted below.

The City Council finds the project objectives and community values that would be achieved from implementation of the General Plan and LCP Update, as outlined below, outweigh the project's unavoidable environmental risks. Each of the separate benefits of the General Plan and LCP Update, as stated below, is determined to be, unto itself and independent of the other benefits of the General Plan and LCP Update, a basis for overriding all unavoidable adverse environmental impacts identified in these Findings. The alternatives, which were identified in the FEIR would not meet, either in part or in whole to the same extent as the General Plan and LCP Update, the fundamental project objectives and goals of the General Plan and LCP Update, including those as set forth in the General Plan, and each and all of which are deemed and considered by the City to be benefits of the proposed modified General Plan and LCP Update.

Among others, the General Plan and LCP Update has been prepared to do the following:

- **Natural Environment.** Preserve the community's estuary, shoreline, and open green spaces, and ensure the parks and recreation spaces are healthy, resilient, and accessible to all.
- **Heritage & Identity.** Welcome visitors while maintaining our small-town character and honoring our maritime heritage.
- **Jobs & Housing.** Provide a range of affordable housing options and living wage jobs resulting in a higher quality of life.
- **Economic Vitality.** Support a diverse and sustainable economy for both new and existing locally owned businesses, including community-supporting tourism.
- **Infrastructure & Amenities.** Maintain and provide modern, resilient infrastructure and public amenities.
- **Mobility & Access.** Provide safe and accessible streets, trails, and multimodal transportation options that conveniently connect people and places throughout town and to surrounding destinations.
- **Good Governance.** Maintain a government that is supportive, collaborative, equitable, and responsive to the needs of all segments of the population.
- **Resident Services.** Provide a range of public services that support a diverse and multigenerational community.

The General Plan and LCP Update directs the way in which development in the City will occur to accommodate future growth and trends while maintaining the character of the Morro Bay community, consistent with these objectives.

In this regard, the project objectives of the General Plan and LCP Update are reflected in the following General Plan and LCP Update goals:

- LU-1: The community form of Morro Bay reflects its vision and values, promoting a strong economy and high quality of life.
- LU-5: Coastal priority uses are viable, protected, and contribute to the economy and character of Morro Bay.
- LU-8: Morro Bay's downtown and waterfront areas are active and welcoming locations for shopping, recreation, public access, visitor-serving needs, and coastal services.
- CD-1 The individual identity of each of Morro Bay's character areas is embraced and represented by new and renovated development.
- CD-2 The community is designed to be resilient to future climate conditions, weather events, and economic and social change.
- ED-3: Local businesses and employment options are high quality, diverse, and environmentally sustainable.
- ED-4: Employment provides a range of head-of-household jobs that pay living wages and support living in Morro Bay.
- CIR-1: Residents and visitors can easily move about the city in a variety of safe and active ways.
- CIR-3: Traffic monitoring considers all methods of travel, with emphasis on active and sustainable transportation methods.
- NOI-1: A healthy and safe noise environment for Morro Bay residents, businesses, and visitors.
- NOI-2: Minimize transportation-related noise.
- NOI-3: Noise from construction activities associated with maintenance vehicles, special events, and other nuisances is minimized in residential areas and near noise-sensitive land uses.
- C-1: Sensitive habitats are protected from potential negative impacts of land use and development.

- C-2: Cultural and historic resources are identified for protection and showcased as a vital part of Morro Bay history.
- C-3: Air quality in Morro Bay continues to improve through local actions and interagency cooperation.
- C-4: Greenhouse gas emissions in Morro Bay are reduced and consistent with state goals.
- C-5: Morro Bay is a leader in energy innovation and sustainable usage.
- C-6: Energy available to Morro Bay residences, businesses, and public buildings is renewable and sustainable.
- C-7: Morro Bay water is safe, available, and used in an environmentally responsible manner.
- C-8: Morro Bay is a zero waste community.
- C-9: The aesthetic and visual natural resources in and around Morro Bay are protected to preserve the community's identity.
- OS-1: The public has access to plentiful and well-maintained parks, beaches, and recreational activities throughout Morro Bay.
- OS-4: Coastal and marine habitat wildlife and resources are protected while maintaining the cultural identity of the habitat.
- OS-5: Natural resources are preserved to balance the use of open space for outdoor recreation opportunities.
- OS-6: Open spaces are preserved through adaptation strategies to mitigate the effects of sea level rise and promote community resiliency.
- OS-7: Portions of the planning area outside the city limits are planned in a way that preserves their rural nature while providing essential services and infrastructure.
- PS-2: Development is protected from natural disasters and hazards to the greatest extent possible.
- PS-3: Morro Bay is prepared for and responsive to the effects of sea level rise and other coastal hazards in both the short and longer term future.
- PS-4: Response to emergencies is quick, efficient, and effective.
- EJ-4: Morro Bay recognizes and is prepared for increased health risks due to current and anticipated future climate change effects.

The General Plan and LCP Update Land Use Element directs the way in which development in the City will occur to accommodate future growth and trends while maintaining the character of the Morro Bay community, consistent with these goals. The Community Design Element addresses the components of Morro Bay's unique style that will be preserved and enhanced through the General Plan and LCP Update as the City changes over time. The Economic Development Element directs actions that promote a sustainable economy that can withstand fluctuations in the economic environment of the City. The Circulation Element plans for a multimodal transportation network that serves all users and reduces GHGs and vehicle miles traveled. The Noise Element protects current and planned land uses, addresses sites and standards for new housing, supports the location and design of new transportation facilities, addresses traffic noise, and considers how noise adversely affects the enjoyment of recreational pursuits and wildlife. The Conservation Element considers plans for development and their effect on all natural resources located on public lands, including greenhouse gas emissions and water resources, supply, and quality. The Open Space Element establishes goals and policies to protect and conserve Morro Bay's open space resources and addresses opportunities to expand the open space system by assessing park and trail facilities, coastal facilities, and recreation programs. The Public Safety Element addresses public safety, with a specific focus on hazard identification and mitigation. The Environmental Justice Element addresses the social aspects of community design.

The mixed-use nature of the General Plan and LCP Update encourages diversification and development of the City's economic base. Within additional residential uses, there will be additional property tax revenues available that will provide additional benefits. Additionally, within the commercial uses there is a broad diversification of uses that range from the provisions of various types of sales taxes (restaurants, entertainment, etc.) to potential transient occupancy taxes (hotel uses). Further, the General Plan and LCP Update will provide significant benefits to the City and community in terms of creating both short and long-term employment opportunities for the residents of the City including construction work and long-term jobs in the commercial and industrial sector, which are reasonably expected to result in more personal income likely to be spent locally, resulting in additional tax revenues and economic development.

Tax revenues in the City are important given the current budget and fiscal constraints being experienced by the City; and the City's demographics and business realities are likely to continue to affect revenues detrimentally, which potentially threatens budget shortfalls. The City has more residents to serve, but the cost of doing so has increased. The City finds the opportunity to realize additional property, sales and transit occupancy tax revenues is an important consideration for the City.

Consequently, it is reasonably expected the City and its residents will enjoy the economic and social benefits from the diversity of the economic benefits provided by the General Plan and LCP Update. These economic opportunities are especially significant in light of budgetary and other constraints experienced by the City, and which can be further compounded by economic downturns in budgetary situations involving less diversification. This promotes the economic well-being of the City, including the funding of essential services provided by the City.

Each of these benefits provides a separate and independent basis for overriding the significant environmental effects of the General Plan and LCP Update.

As the CEQA lead agency for the proposed action, the City has reviewed the General Plan and LCP Update and the alternatives presented in the EIR. The City Council finds there are no feasible mitigation measures or alternatives that would further reduce or eliminate the significant unavoidable impacts of implementing the General Plan and LCP Update, which create and/or otherwise contribute to related cumulative impacts. For the reasons stated above and based on substantial evidence in the record before it, the City Council finds these unavoidable adverse environmental impacts are acceptable and, furthermore, finds the benefits of the General Plan and LCP Update outweigh its unavoidable adverse environmental effects. Further, the City Council finds all potential adverse environmental impacts and all feasible policy or mitigation measures to reduce the impacts from the Project have been identified in the Draft EIR, the FEIR and public testimony. The City also finds a reasonable range of alternatives was considered in the FEIR and this document, Chapter 6, above, and finds approval of the General Plan and LCP Update is appropriate.

The City Council has identified economic and social benefits and important policy objectives that will result from implementing the General Plan and LCP Update. The City Council has balanced these substantial social and economic benefits against the unavoidable significant adverse effects of the General Plan and LCP Update. Given the substantial social and economic benefits that will accrue from the General Plan and LCP Update, the City Council finds these specific overriding benefits of the Project outweigh the significant impact on the environment.

Public Resource Code section 21002 states, in part, “In the event specific economic, social and other conditions make infeasible such Project alternatives or such mitigation measures, individual projects can be approved in spite of one or more significant effects thereof.” Public Resources Code subdivision 21002.1 (c) provides, “In the event that economic, social, or other conditions make it infeasible to mitigate one or more significant effects of a project on the environment, the project may nonetheless be approved or carried out at the discretion of a public agency”.

Finally, California Administrative Code, Title 4, subdivision 15093(a) states, “If the benefits of a Project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered ‘acceptable.’”

The City Council hereby declares the foregoing benefits provided to the public through approval and implementation of the project outweigh the identified significant adverse environmental impacts of the project that cannot be mitigated. The City Council finds each of the project benefits outweighs the unavoidable adverse environmental impacts identified in the FEIR, and finds those impacts to be acceptable.

Based upon the objectives identified for the project, the City Council has determined the General Plan and LCP Update should be approved and the unmitigated environmental impacts attributable to the project are outweighed by the specific economic, social and other overriding considerations as described above.

The City Council has determined any environmental detriment caused by the General Plan and LCP Update has been minimized to the extent feasible through mitigation measures identified herein, and, where not feasible, has been outweighed and counterbalanced by the significant social benefits to be generated to the City, its residents, and the region.

Mitigation Monitoring and Reporting Program

This document is the Mitigation Monitoring and Reporting Program (MMRP) for the Morro Bay General Plan and Local Coastal Plan Update, SCH#2017111026, proposed in the City of Morro Bay, California. Public Resources Code subdivision 21081.6(a)(1) requires a Lead Agency adopt an MMRP before approving a project to mitigate or avoid significant impacts that have been identified in an Environmental Impact Report (EIR). The purpose of the MMRP is to ensure the required mitigation measures identified in the EIR are implemented as part of the overall project development process. In addition to ensuring implementation of mitigation measures, the MMRP provides guidance to agency staff and decision-makers during project implementation and identifies the need for enforcement action before irreversible environmental damage occurs. The MMRP must be adopted when the City Council makes a final decision on the project.

The following table summarizes the mitigation measures identified in the Final EIR for the proposed project. Specifically, the table identifies each mitigation measure; the action required for the measure to be implemented; the time at which the monitoring is to occur; the monitoring conditions; and the agency or party responsible for ensuring that the monitoring is performed. Once completed, all monitoring actions will be reported in writing to or by the City, which will maintain mitigation monitoring records for the proposed project.

Attachment B to Council Resolution 20-21

Mitigation Measure	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
<p>AQ-2. Standard Mitigation for Construction Equipment. Proponents of individual land use projects, or other projects requiring grading or building permits, shall require construction contractors to incorporate the following standard mitigation measures, as applicable, to reduce ROG, NO_x, and DPM emissions from construction equipment. Mitigation measures shall be listed on project construction plans and the project proponent shall perform periodic site inspections during construction to ensure that mitigation measures are being implemented.</p> <ul style="list-style-type: none"> ▪ Maintain all construction equipment in proper condition according to manufacturer’s specifications ▪ Fuel all off-road and portable diesel-powered equipment with ARB-certified motor vehicle diesel fuel (non-taxed version suitable for use off-road) ▪ Use diesel construction equipment meeting ARB’s Tier 2 certified engines or cleaner off-road heavy-duty diesel engines, and comply with the State Off-Road Regulation ▪ Use on-road heavy-duty trucks that meet ARB’s 2007 or cleaner certification standard for on-road heavy-duty diesel engines, and comply with the State On-Road Regulation ▪ Construction or trucking companies with fleets that do not have engines in their fleet that meet the engine standards identified in the above two measures (e.g., captive or NO_x exempt area fleets) may be eligible by proving alternative compliance ▪ All on and off-road diesel equipment shall not idle for more than 5 minutes. Signs shall be posted in the designated queuing areas and or job sites to remind drivers and operators of the 5-minute idling limit ▪ Diesel idling within 1,000 feet of sensitive receptors is not permitted ▪ Staging and queuing areas shall not be located within 1,000 feet of sensitive receptors ▪ Electrify equipment when feasible 	Verify all SLOAPCD Standard Mitigation for Construction Equipment or the equivalent are implemented for all projects as applicable.	During project construction	Continuously during project construction	City of Morro Bay Community Development Department			

Mitigation Measure	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
<ul style="list-style-type: none"> Substitute gasoline-powered in place of diesel-powered equipment, where feasible <p>Use alternatively fueled construction equipment on-site where feasible, such as compressed natural gas (CNG), liquefied natural gas (LNG), propane or biodiesel.</p>							
<p>BIO-1(a) Avoidance and Minimization during Development. Policy C-1.3 shall be updated to read:</p> <p>Policy C-1.3. Biological Site Assessments. A biological assessment shall be required for any development proposed on sites that include or are within 100 feet of mapped ESHA in Figure C-2, and all other sites with natural vegetation regardless of whether ESHA has been mapped in Figure C-2, and for all other projects for which evidence indicates that ESHA may be present either on or adjacent to the site. The best available information about the location of ESHA in the City shall be used. Such assessment shall be prepared at the owner’s expense by a qualified biologist approved by the City and shall, at minimum:</p> <ol style="list-style-type: none"> Identify and confirm the extent of the ESHA, Document any site constraints and the presence of sensitive plant or animal species, Recommend buffers and development setbacks and standards to protect the ESHA, Recommend mitigation measures to address any allowable impacts <u>If listed species, other special status species, or nesting birds are present or have potential to occur, then specify avoidance and minimization measures, including compensatory mitigation, to be implemented to avoid or minimize take of individuals and loss of occupied habitat, and specify the necessary consultation pathway(s) with USFWS, NMFS, and/or CDFW to obtain incidental take coverage, where necessary, and</u> Include any other information and analyses necessary to understand potential ESHA impacts as well as measures 	Verify vibration control policies are incorporated into Final General Plan and LCP Update	With adoption of Final General Plan and LCP Update	Once	City of Morro Bay Community Development Department			

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City of Morro Bay
Morro Bay General Plan and LCP Update

Mitigation Measure	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
<p>necessary to protect the resource as required by the Local Coastal Program.</p> <p>If the site contains the potential for monarch overwintering or rookeries due to the presence of appropriately sized trees and groves, then a seasonally timed survey appropriate for detecting the target species must also be included in the study.</p>							
<p>BIO-1(b) External Impacts. Policy OS-7 shall be updated to read:</p> <p>Policy OS-7.1. Account for External Impacts. If any portion of the area outside the City limits is included in the City’s sphere of influence in the future, then prepare and adopt a plan for the affected parcels that includes infrastructure and services provided by the City of Morro Bay. <u>The plan shall also identify policies for the protection of natural resources in the affected areas.</u></p>	<p>Verify vibration control policies are incorporated into Final General Plan and LCP Update</p>	<p>With adoption of Final General Plan and LCP Update</p>	<p>Once</p>	<p>City of Morro Bay Community Development Department</p>			
<p>BIO-3. Wildlife Movement Corridors Protection. The following policy shall be added to the Conservation Element.</p> <p>Policy C-1.17. <u>Project Design for Wildlife Connectivity. Design new stream crossing structures and extensions or modifications of existing structures to accommodate wildlife movement. At a minimum, structures within steelhead streams must be designed in consultation with a fisheries biologist and shall not impede movement. New projects with long segments of fencing and lighting shall be designed to minimize impacts to wildlife. Fencing or other project components shall not block wildlife movement through riparian or other natural habitat. Where fencing or other project components that may disrupt wildlife movement is required for public safety concerns, they shall be designed to permit wildlife movement.</u></p> <p>This policy shall be supported by adding the following implementation action to Goal-1 of the Conservation Element:</p> <p><u>Wildlife movement features shall be included when designing new or modified stream crossing structures to allow wildlife movement including for aquatic and terrestrial</u></p>	<p>Verify vibration control policies are incorporated into Final General Plan and LCP Update</p>	<p>With adoption of Final General Plan and LCP Update</p>	<p>Once</p>	<p>City of Morro Bay Community Development Department</p>			

Mitigation Measure	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
<p><u>species. Fencing or other components shall be designed to allow movement.</u></p>							
<p>CR-1(a). Avoidance or Minimization of Historic, Cultural, and Archaeological Resources Impacts. Policy C-2.3 of the General Plan and LCP Update shall be revised to read:</p> <p>Policy C-2.3. Protection of Cultural Resources. Ensure the protection of <u>historic</u>, cultural, and archeological resources during development, construction, and other similar activities. Development shall avoid, to the maximum extent feasible, adversely impacting <u>historic</u>, cultural, and/or archaeological resources, and shall include adequate BMPs to address any such resources that may be identified during construction, including <u>avoidance, minimization, and</u> mitigation measures sufficient to allow documentation, preservation, and other forms of mitigation. <u>If the resource(s) in question are of Native American origin, develop avoidance or minimization measures in consultation with appropriate Native American tribe(s).</u></p>	<p>Verify vibration control policies are incorporated into Final General Plan and LCP Update</p>	<p>With adoption of Final General Plan and LCP Update</p>	<p>Once</p>	<p>City of Morro Bay Community Development Department</p>			
<p>CR-1(b). Cultural Resources Study Implementation Action. The following implementation action for Goal C-2 shall be added to the General Plan and LCP Update:</p> <p><u>Require all discretionary proposals within the cultural resources overlay to consider the potential to disturb cultural resources. If preliminary reconnaissance suggests that cultural resources may exist, a Phase I cultural resources study shall be performed by a qualified professional meeting the Secretary of the Interior’s (SOI) Professional Qualification Standard (PQS) for archaeology and/or architectural history, as appropriate (NPS 1983).</u></p> <p><u>A Phase I cultural resources study shall include a pedestrian survey of the project site and sufficient background research and field sampling to determine whether subsurface prehistoric or historic remains may be present. Archival research should include a records search at the Central Coast Information Center (CCIC) and a Sacred Lands File (SLF) search with the Native American Heritage Commission</u></p>	<p>Verify vibration control policies are incorporated into Final General Plan and LCP Update</p>	<p>With adoption of Final General Plan and LCP Update</p>	<p>Once</p>	<p>City of Morro Bay Community Development Department</p>			

Attachment B to Council Resolution 20-21

City of Morro Bay
Morro Bay General Plan and LCP Update

Mitigation Measure	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
<p>(NAHC). Where identified or potential resources are of <u>Native American origin, the appropriate Native American tribe(s) will participate with the qualified professional. The technical report documenting the study shall include recommendations to avoid or, if avoidance is not feasible, reduce impacts to cultural resources.</u></p>							
<p>N-2. Construction Vibration Control Measures and Notification. The following new policies shall be added to the Noise Element under Goal NOI-3: <u>Policy NOI-3.5. Vibration Control. Control construction vibration by avoiding the use of vibratory rollers near vibration-sensitive receptors and scheduling construction activities with the highest potential to produce vibration to hours with the least potential to affect sensitive land uses.</u> <u>Policy NOI-3.6. Construction Vibration Notification. Developers shall notify neighbors of scheduled construction activities that would generate vibration.</u></p>	<p>Verify vibration control policies are incorporated into Final General Plan and LCP Update</p>	<p>With adoption of Final General Plan and LCP Update</p>	<p>Once</p>	<p>City of Morro Bay Community Development Department</p>			
<p>T-1. Pedestrian Facility Improvements. The following pedestrian facility improvements shall be added to the list of “Planned Circulation Improvements” in the General Plan and LCP Update Circulation Element.</p> <ul style="list-style-type: none"> ▪ Embarcadero North of Beach Street: Provide sidewalks and a vehicular connection shifting traffic away from Beach Street for the redeveloped Morro Bay Power Plant site. ▪ Morro Bay Boulevard: Provide a landscaped buffer at least two feet wide between the sidewalk and travel lanes. ▪ Main Street south of Radcliffe Drive: Provide continuous sidewalks to provide acceptable pedestrian operations. ▪ SR 41 east of Main Street: Provide sidewalks with a landscaped buffer when adjacent properties are redeveloped. <p>In addition, Policy CIR-1.8 shall be revised as follows: Policy CIR-1.8. Capital Improvement Program. Use the City’s Capital Improvement Program (CIP) process to prioritize, fund, and build roadway, and bikeway, and pedestrian</p>	<p>Verify vibration control policies are incorporated into Final General Plan and LCP Update</p>	<p>With adoption of Final General Plan and LCP Update</p>	<p>Once</p>	<p>City of Morro Bay Community Development Department</p>			

Mitigation Measure	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
improvements, and to address phasing and construction of traffic infrastructure throughout the city.							
TC-1. Tribal Cultural Resources. The Final EIR concludes, in Impact TC-1, development facilitated by the General Plan and LCP Update has the potential to impact tribal cultural resources. Implementation of the goals and policies of the General Plan and LCP Update would minimize the potential for impacts to previously unidentified tribal cultural resources. (Final EIR p. 4.15-3). The City Council finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measures CR-1(a) and CR-1(b) would reduce the significant impact to a less than significant level.	Verify vibration control policies are incorporated into Final General Plan and LCP Update	With adoption of Final General Plan and LCP Update	Once	City of Morro Bay Community Development Department			

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City of Morro Bay

Morro Bay General Plan and LCP Update

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May 12, 2021
Project No: 15-02152

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City of Morro Bay
595 Harbor Street
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Via email: sgraham@morrobayca.gov

**Subject: Morro Bay General Plan/Local Coastal Plan Update Final EIR
Revision Letter re: Land Use Change at 3300 Panorama Drive**

Mr. Graham:

This revision letter to the Morro Bay General Plan/Local Coastal Plan Update Final EIR compares the environmental effects of the revised land use at 3300 Panorama Drive to the original planned land use map evaluated in the February 2021 Final Environmental Impact Report (Final EIR) for the Morro Bay General Plan/Local Coastal Plan Update prepared by Rincon Consultants on behalf of the City of Morro Bay.

The Draft EIR was circulated for a 45-day public review period that began on October 19, 2020 and ended on December 4, 2020. Since the Draft EIR was circulated for public review, the Final EIR project description has been revised by City staff to update the existing and planned land use of a single property located at 3300 Panorama Drive. The Final EIR identifies the planned land use at 3300 Panorama Drive property as medium density residential (refer to Final EIR Figure 2-4). The requested revision to the General Plan land use map and Final EIR described herein would modify the planned land use for this property to Moderate Density Residential, reducing the potential residential development density on the property from 7-15 developable units per acre to 4-7 developable units per acre (refer to Figure 1, attached). The property is approximately 10.06 acres, but City staff have determined that the developable area of the property is approximately 7 acres. Therefore, this change would result in an estimated reduction in the maximum development potential of the property by almost 60 units.

Because the requested revisions to the planned land use would result in a reduction in residential buildout potential within the City, this change would incrementally reduce potential impacts identified in the Final EIR related to air quality and greenhouse gas emissions, energy consumption, population and housing, public services, and transportation.¹ However, as shown in Final EIR Table 2-5, the requested reduction in buildout would be incremental and minor in comparison to the overall General Plan/Local Coastal Plan Update, which anticipates up to 881 new residential units and up to 8.3 million square feet of new non-residential development. As a result, the requested revision would not reduce

¹ The correlation between buildout potential and transportation impacts is not direct, because the effects of reducing buildout potential on regional vehicle miles traveled (VMT) is complex. However, this discussion assumes VMT would be reduced with the requested revision because the 3300 Panorama Drive property is on the periphery of the City, such that fewer vehicles trips generated from this location would also reduce average vehicle trip lengths in the City.



any of the environmental effects described in the Final EIR such that the overall impact conclusions or mitigation requirements would be reduced. Based on the evidence described above and original analysis in the Final EIR, impacts resulting from implementation of the revised General Plan/Local Coastal Plan Update would not otherwise result in a change in the levels of impact identified in the existing analysis contained in the Final EIR. As such, the Final EIR may be used to fulfill the environmental review requirements for the revised General Plan/Local Coastal Plan Update, and the information contained herein does not require recirculation of the Draft EIR pursuant to CEQA Guidelines Section 15088.5.

As described, the revision to the Morro Bay General Plan/Local Coastal Plan Update would not result in any new or revised environmental impacts, as compared to the General Plan/Local Coastal Plan Update as evaluated in the Final EIR.

Sincerely,

Rincon Consultants, Inc.

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Chris Bersbach, MESM
Senior Environmental Planner/Program Manager

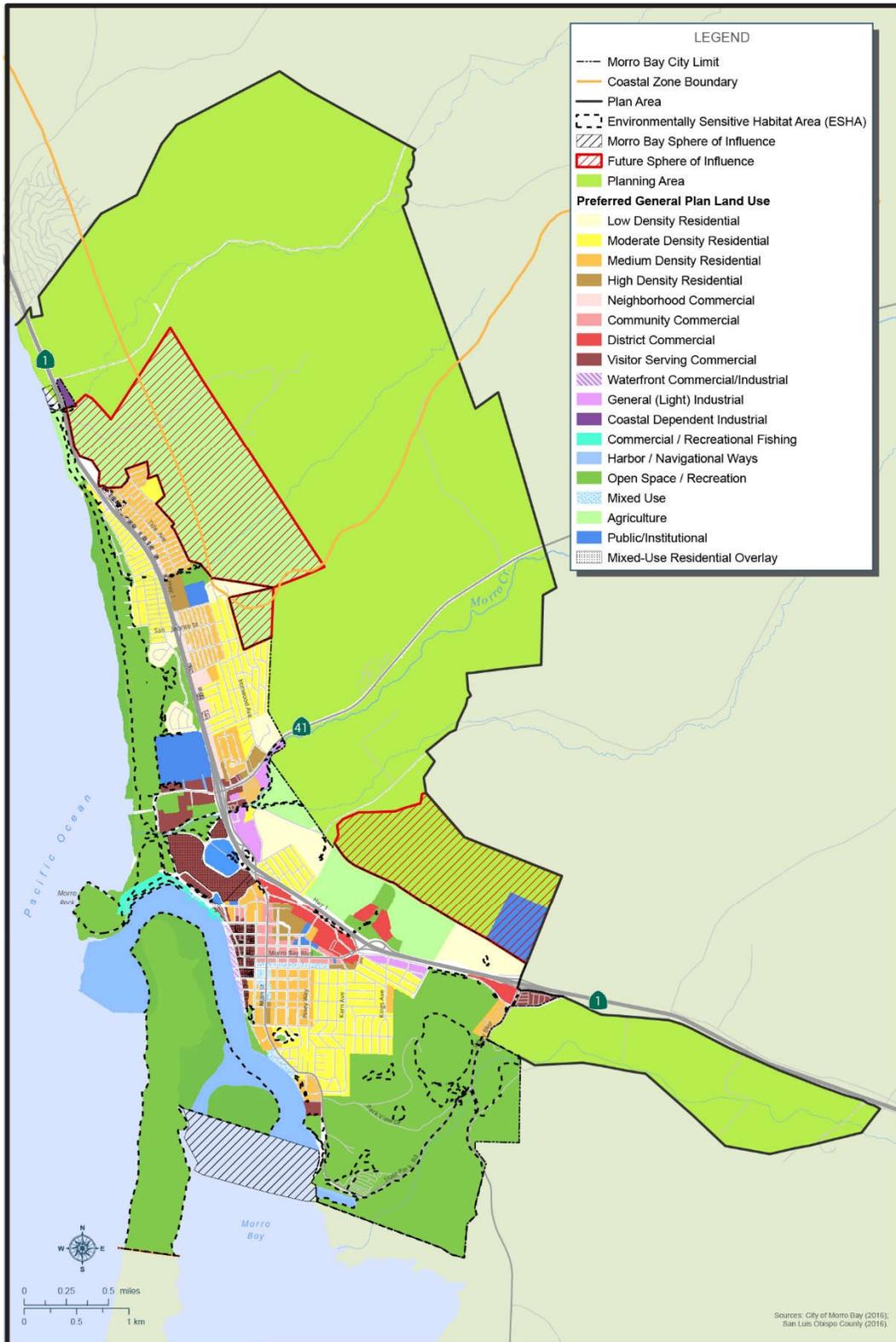
A handwritten signature in black ink, appearing to read "Richard Daulton", written over a horizontal line.

Richard Daulton, MURP
Principal/Vice President

Attachments

Figure 1 Updated Land Use Map (EIR Figure 2-4)

Figure 1 Revised Proposed Land Use Map



CITY COUNCIL

May 25, 2021



Plan Morro Bay Review

- Council reviewed the Plan at both the 4/27 and 5/11 public hearings and continued the hearing to a date certain of 5/25/2021.
- Council reviewed the Final Environmental Impact Report, Findings of Fact, and Statement of Overriding Considerations at the 5/11/2021 hearing.
- Council directed staff to make minor edits to Land Use, Circulation, Conservation, and Open Space Elements.



Requested Edits

1. Revise Implementation Action (IA) Lu-13 & Lu-17 to remove reference to the 25% allocation of waterfront hotel units as low-cost visitor accommodations
2. Add Class IV separated bikeways to Circulation Element
3. Revise IA CIR-4 to add Enhanced Infrastructure Financing Districts as a possible mechanism for financing future circulation improvements
4. Update Conservation Element Policy C-4.1 to delete the 2020 date reference



Requested Edits cont.

5. Revise Conservation Element IA C-7 to include reference to SB 1383
6. Revise Open Space Element, page 4-85 to reflect MBOSA payment of funds (\$265,000) to City in consideration of recording a conservation easement on Cerrito Peak (recorded April 2021)
7. Revise Rincon EIR revision letter for land use at 3300 Panorama to reflect correct lot size (10.6 acres) and correct land use designation of Moderate Density Residential



Recommendation

Council adopt Resolution No. 20-21, Certifying the Final Environmental Impact Report with Findings of Fact and Statement of Overriding Considerations, Mitigation and Monitoring and Reporting Program and adopt Plan Morro Bay: General Plan/ Local Coastal Program Update.

Staff also recommends Council Direct Staff to submit the LCP Amendment to the California Coastal Commission for Certification



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AGENDA NO: C-1

MEETING DATE: May 25, 2021

Staff Report

TO: Honorable Mayor and City Council **DATE:** May 20, 2021

FROM: Kyle Rhorer – WRF Program Manager, Carollo Engineers
Rob Livick, PE/PLS – City Engineer

SUBJECT: Review WRF Quarterly Update Report and provide direction and input as deemed appropriate

RECOMMENDATION

Receive the Q3 2021 WRF Quarterly Update Report and provide direction and input, as Council deems appropriate.

DISCUSSION

Provided as Attachment 1 is the Quarterly Water Reclamation Facility Project Report.

The Q3 2021 Quarterly Water Reclamation Facility Project Report provides a summary of WRF program activities and financial metrics for the period of January 1, 2021 through March 31, 2021.

In addition to discussion of the Q3 2021 Quarterly Water Reclamation Facility Project Report, information will be provided regarding the anticipated increase to the WRF program budget reflected in the City’s proposed FY 2021/22 budget. The new budget information will be reflected in the Q4 2021 Quarterly Water Reclamation Facility Project Report. The table below provides the anticipated breakdown of the revised WRF budget by program element. The potential cost increases, shown below, would not require any increase in the rates paid by customers.

<i>Project Component</i>	<i>Quarterly Reconciliation Q3 FY 20/21</i>	<i>Quarterly Reconciliation Q4 FY 20/21</i>
Water Reclamation Facility	\$77,087,023	\$77,687,023
Conveyance Facilities	\$37,482,000	\$37,982,000
Recycled Water Facilities	\$5,968,000	\$6,668,000
General Project	\$14,445,000	\$15,445,000
Construction Contingency	\$3,608,977	\$6,943,977
TOTAL	\$138,591,000	\$144,726,000

This report was presented to the Citizens Financial Advisory Committee (CFAC) on May 18, 2021.

Key CFAC comments included:

- General concern regarding FY 2021/22 budget increase and nature of the cost drivers
- Discussion regarding anticipated Q4 contingency characterization
- Questions regarding permitting status and risk (e.g., Division of Drinking Water, California Department of Fish and Wildlife)
- Request to replace “estimate at completion” table

01181.0001/717896.1	
Prepared By: _____ KR _____	Dept Review: _____
City Manager Review: _SC__	City Attorney Review: JWP__

Staff responses to questions submitted by CFAC and community members in advance of the May 18th CFAC meeting will be addressed in writing and made available for public review as part of Agenda Correspondence prior to the May 25, 2021 Council meeting.

ATTACHMENTS

1. City of Morro Bay Water Reclamation Facility Quarterly Report
2. May 25, 2021 City Council presentation slides (Draft)



City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT MARCH 2021

FINAL | May 2021





City of Morro Bay
Water Reclamation Facility Project

QUARTERLY REPORT MARCH 2021

FINAL | May 2021

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Abbreviations

AFY	acre -feet per year
BNR	biological nutrient removal
BOD	Biochemical Oxygen Demand
Carollo	Carollo Engineers, Inc.
CCC	California Coastal Commission
CDFW	California Department of Fish and Wildlife
CPT	Cone Penetration Test
CWSRF	Clean Water State Revolving Fund
DDW	Division of Drinking Water
EACs	estimates and completion
EPA	Environmental Protection Agency
ESCP	Enhanced Source Control Program
EACs	estimates at completion
GMP	Guaranteed Maximum Price
GSI	GSI Water Solutions
IFC	issued for construction
IPR	Indirect Potable Reuse
KPI	Key Performance Indicator
If	linear feet
MBMWC	Morro Bay Mutual Water Company
MBR	Membrane Bioreactor
Narrows	Eastern
NPDES	National Pollution Discharge Elimination System
NTP	notice to proceed
PA	Programmatic Agreement
PCO	Potential Change Order
PPP	Pollution Prevention Plan
Project	Water Reclamation Facility Project
PWAB	Public Works Advisory Board
RFI	Request for Information
RFP	request for proposal
ROW	right of way
RWQCB	Regional Water Quality Control Board
SAA	Stream Bed Alteration Agreement
SHPO	State Historic Preservation Office
SHT	Sludge Holding Tank
SLO	San Luis Obispo

SPI	Schedule Performance Index
TM	Technical Memorandum
TSO	Time Schedule Order
TSS	Total Suspended Solids
UVAOP	Ultraviolet Advanced Oxidation Process
Vistra	Vistra Energy
WIFIA	Water Infrastructure Finance and Innovation Act
WRCB	California State Water Resources Control Board
WRF	Water Reclamation Facility
WRFCAC	Water Reclamation Facility Citizens Advisory Committee
WWE	Water Works Engineers

Section 1

PROJECT OVERVIEW

1.1 General Project Status Update

All components of the Water Reclamation Facility Project (Project) are currently in progress. The general progress update and schedule information presented in this report is current as of March 31, 2021.

1.1.1 Water Reclamation Facility

1.1.1.1 Design

The design for the Water Reclamation Facility (WRF) was completed with the delivery of the Issued for Construction (IFC) drawings and specifications for the WRF on May 22, 2020.

1.1.1.2 Construction

Construction at the WRF site began on March 20, 2020. Activities to date include the following major activities which are discussed in detail in Section 8:

- Completion of major earthwork operations
- Installation of a portion of the major yard piping systems:
- Installation of various electrical infrastructure components.
- Construction progress in the following process areas:
 - Headworks
 - Biological Nutrient Removal (BNR)/Membrane Bioreactor (MBR) treatment
 - Reverse Osmosis (RO)/Ultra Violet (UV)-Advanced Oxidation Process (AOP)
 - Product water facilities
 - Residuals sludge processing
 - Chemical storage and feed
 - Operations building
 - Maintenance building
- City yard facilities

Amendment No. 5 for the WRF construction was approved by City Council in March 9, 2021 with the design-build team that included two (2) contract change orders (CCOs). These include changes to the wildlife exclusion barrier required by the Biological Opinion (BO) issued by the United States Fish and Wildlife Service (USFW) and changes to conduit materials throughout various WRF process areas. The net impact of Amendment No. 5 is \$194,954, and is a credit to the City and a reduction to the guaranteed maximum price (GMP).

1.1.2 Conveyance Facilities

1.1.2.1 Design

Water Works Engineers (WWE) submitted the bid set plans and specifications in May 2020 and the City advertised this component of the Project on June 15, 2020.

1.1.2.2 Construction

The City opened bids for the Conveyance Facilities component of the Project on August 14, 2020. The City received a total of five (5) bids. On November 10, 2020, the City Council awarded a contract for the construction of the Conveyance Facilities in the amount of \$31,493,675 to Anvil Builders, Inc. (Anvil).

City staff issued a notice to proceed (NTP) to Anvil on December 14, 2020. During Q3, Anvil began pre-construction activities (e.g., utility locations and tree removal) in late January 2021. Anvil removed 27 trees along the alignment as identified in the plans. Construction activities at both Pump Station A and Pump Station B commenced in Q3. For Pump Station A, activities included the installation of fencing and demolition of the City's consolidated maintenance building located at the existing WWTP site. At Pump Station B, work included the installation of construction fencing around the site and clearing of vegetation on the open lot. Additionally, traffic control measures were implemented for future pipeline work on Quintana Road.

1.1.3 Recycled Water Facilities

1.1.3.1 Design

The City, Program Manager, and the Hydrogeologist consultant, GSI Water Solutions, have completed the design and specifications of the pilot injection well. GSI has submitted the injection well test plan and the geochemical analysis plan for review. Additionally GSI has initiated the documentation for the aquifer storage and recovery (ASR) and is expected to complete in early May.

Table 1 summarizes some of the key accomplishments and critical challenges identified for the Project through March 31, 2021.

Table 1 Project Accomplishments and Challenges

Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Continued to support the review of the City's construction loan application by the Clean Water State Revolving Fund (CWSRF) staff (anticipated signed loan agreement in April 2021)			
	Continued development of the Report of Waste Discharge (ROWD).			
Water Reclamation Facility	Continued advancing construction on the South Bay Boulevard site (construction 41.0 percent complete as of March 31, 2021). Completed all major earthwork operations			
	Completed soil slip physical investigation	Due to the recent rain event, another soil slip has occurred on the WRF site.	The City and Program Manager are working with the design-build team to determine an approach for investigation and remediation of the soil slip.	Responsibility for the cost of the investigation and remediation has not yet been determined and could result in a change order resulting in an increase to the guaranteed maximum price (GMP) and the overall Project budget.
Conveyance Facilities	Received concurrence from State Historic Preservation Office of approach to proceed with construction in areas between the bike path and South Bay Boulevard.	Clearance of CA-SLO-16 cultural resources boundary required to continue construction along the bike path and Lift Station 2 alignment	Far Western to conduct investigation cultural resources boundary required and delineate CA-SLO-16.	If investigation confirms impact to CA-SLO-16, Far Western will develop construction mitigation and monitoring plans.
	Continued pre-construction activities along the pipeline alignment (e.g.. tree removal and utility location). Implemented traffic control plans along Quintana Boulevard and near the roundabout.			
Recycled Water Facilities	Performed pre-installation siting investigation with GSI, Far Western, and KMA.			

1.2 Quarterly Budget Revision

The original \$126 million baseline budget was developed in June 2018 (Q4 Fiscal Year 2017/2018). At the beginning of each fiscal year, the budget is updated and used as the measure of performance for the Project during that upcoming fiscal year. The budget is then reviewed and reconciled on a quarterly basis to facilitate comparison to both the current fiscal year and baseline budgets. A summary of the baseline, reconciled quarterly, and fiscal year budgets is provided in Table 2.

Table 2 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Past Fiscal Year (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Current Fiscal Year (Q4 FY 19/20)	Quarterly Reconciliation (Q1 FY 20/21)	Quarterly Reconciliation (Q2 FY 20/21) ⁽¹⁾	Quarterly Reconciliation (Q3 FY 20/21) ⁽¹⁾⁽²⁾
Water Reclamation Facility	\$62,414,000	\$74,059,000	\$72,891,000	\$72,598,000	\$72,231,000	\$71,856,000	\$77,828,000	\$77,082,000	\$77,281,977	\$77,087,023
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000	\$37,355,000	\$37,482,000	\$37,482,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000	\$5,740,000	\$5,968,000	\$5,968,000
General Project	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000	\$14,255,000	\$14,445,000	\$14,445,000
Construction Contingency ⁽²⁾	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000	\$4,250,000	\$3,414,023	\$3,608,977
Total	\$125,941,000	124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000	\$138,682,000	\$138,591,000	\$138,591,000

Notes:

- (1) Costs shown through Q2 FY 20/21 include the design-build agreement with Filanc/Black & Veatch (Overland), Carollo's Program Management Contract (including subcontracting consultants), and other City consultants. Beginning Q3 FY20/21 this table will reflect updated contract amendments and new adopted budgets.
- (2) Breakdown of the current contingency (\$3,608,977) is as follows: WRF = \$808,977; Conveyance Facilities = \$2,500,000; and Recycled Water Facilities = \$300,000

Section 2

KEY PERFORMANCE MEASURES

2.1 Performance Measures

A set of five (5) Key Performance Indicators (KPIs) were established to readily measure the progress of the Project. These KPIs represent various success factors associated with the WRF project management and delivery that were established by the Program Manager and City staff and are summarized as Table 3.

Table 3 WRF Project Performance Measures

Performance Measure	Data	Baseline (Q4FY 19/20)	Current (Q3 FY 20/21)	Delta	Status	Ⓞ	Ⓢ	Ⓡ
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 09/30/20)	\$130.7 M	\$138.59M	\$7.89M	Ⓢ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.1: WRF Costs	On Site WRF Projected Cost at Completion versus the Baseline Budget (budget as of 09/30/20)	\$77.8 M	\$77.1M	\$(0.7)M	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.2: Conveyance Facilities Costs	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$29.8 M	\$37.5M	\$7.7M	Ⓡ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.3: Recycled Water Facilities Costs	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$5.5 M	\$5.9M	\$0.4M	Ⓢ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.4: General Project Costs	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$13.3 M	\$14.45	\$1.15M	Ⓢ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
2: Program Manager Earned Value	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 09/30/20)	1.00	1.0	0.0	Ⓞ	>= 1.00	0.99 to 0.90	< 0.90
3: Schedule Performance Index	Ratio of Planned Percent Complete to Actual Percent Complete (as of 06/30/20)	1.00	1.07	.07	Ⓞ	>=1.00	0.99 to 0.80	<0.80
4: Conveyance Pipeline Installed	Feet of conveyance pipeline installed (thru 06/30/20)	18,500 lf	0	18,500 LF	Ⓞ	<= 5%	> 5% and <=7.5%	> 7.5%
5: Compliance Date Countdown	Days Remaining to Compliance Date (as of 3/31/21)	789 days	694	95	Ⓢ	<= 365 days	364 days and 180 days	> 179 days

Section 3

PROJECT COSTS

3.1 Project Budget

The overall budget status for the Project is summarized in Table 4. Table 4 provides a summary of total estimated Project costs, including original and current estimated costs for the entire Project..

Table 4 WRF Project Overall Budget Status (thru March 2021)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget ⁽¹⁾	\$125,941,000
Adopted FY 20/21 WRF Project Budget ⁽²⁾	\$130,596,361
Estimated Total Project Cost (as of 3/31/21) ⁽³⁾	\$138,591,000
Budget Percent Change (Current versus Fiscal Year)	6.1%
Total Expenditures for FY 20/21 Q3 (1/01/21 to 3/31/21)	\$7,155,993
Total Expenditures to Date (thru 3/31/21 invoices)	\$45,782,993
Percent of Current WRF Project Budget Expended	33.0%

Notes:

- (1) Developed in June 2018 as the basis of the approved rate surcharge that took effect in July 2019.
- (2) The budget for the Project is reviewed on an annual basis near the end of each fiscal year (May) and is used as the basis of performance for the Project for the upcoming fiscal year.
- (3) The Project cost is estimated on a quarterly basis (i.e. September 30th, December 31st, and March 31st) and compared to the adopted current fiscal year budget.

3.2 Quarterly Expenditures by Budget Code

The current quarterly expenditures as reported by the City's corresponding budget performance report and according to adopted City budget code designations are summarized below in Table 5, and further summarized by project component in Table 6.

Table 5 Quarterly Expenditures by Budget Code

City Budget Code ⁽¹⁾	Fund Name	Total Q3 FY20/21 Expenditures	Vendor Name	Project Component
4310	Part-Time Pay			
4999	Labor Cost Applied (Salary)			
4910	Employer Paid Benefits		Summarized below	
4911	Pension Normal Cost			
	Total Personnel Services	9,967.48	City of Morro Bay	General Project
5114	Lab Testing Supplies			
5115	Water Distribution System Supplies		Summarized below	
5199	Supplies & Equipment			
	Total Supplies	1694.16	Various	Water Reclamation Facility
6101	Legal Services – General	11,812.50	Aleshire & Wynder	General Project
6107	Advertising	-	-	-
5307	Blueprint/Copy Charges	-	-	-
6220	Postage (Included in 6710)	72.43	-	General Project
6301	Electricity	-	-	-
6303	Water	4,868.50	City of Morro Bay	Water Reclamation Facility
6510	Meetings & Conferences	-	-	-
6513	Meals & Lodging	-	-	-
6514	Travel Expense	-	-	-
6640	Maintenance Contracts	-	-	-
6710	Notices & Publications	-	-	-
	Total Services	16,753.43	Various	Various
6104	Engineering Services	31,998.06	GSI Water Solutions	Recycled Water Facilities
6105	Consultation Services	44.18	The Ferguson Group	General Project
6106	Contractual Services	587,147.50	Anvil Builders	Conveyance Facilities
6152	Outside Lab Testing	16,262.23	Various	General Project
6161	Licenses & Permits	1,533.00	SLO APCD	Water Reclamation Facility
6195	Rate Study	-	-	-
6196	Program Management & DB Procurement	513,223.08	Carollo Engineers and Subconsultants ⁽²⁾	General Project
6197	Grant Support	-	-	-
6198	Government Relations	-	-	-
6640	Maintenance Contracts	-	-	-
	Total Construction Soft Costs	1,150,208.05	Various	Various
7101	Land Acquisition	-	-	-
7103	Design/Build-On-site Improvement Design Phase	-	-	-
7104	Design-Lift Station/Force Main	112,066.27	Water Works Engineers	Conveyance Facilities
7105	Planning & Permitting	4,466.37	Far Western	Conveyance Facilities
7106	Design-Injection Wells & Recycled Water Pipeline	-	-	-
7107	Design/Build-On-site Improvement Build Phase	5,860,637.06	FBV Overland	Water Reclamation Facility
7108	Injection Well Construction	-	-	-
7109	Lift Station/FM Construction Phase	-	-	-
7110	Pilot Well Construction	-	-	-
	Total Construction Costs	\$5,977,169.70	Various	Various
	Total Quarterly Expenditures	\$7,155,792.82		

Notes:

- (1) Budget codes correspond to the City's adopted budget for current fiscal year and paid invoices correspond with the City's budget performance report for those codes. Opportunities to reallocate invoice codes or consolidate codes will be considered in future quarters.
- (2) Carollo Engineers' active subconsultants include the following: Katz & Associates (public outreach), Underwater Resources, Inc. (outfall analysis), Mimiaga Engineering Group (WRF Construction Management), and Yeh and Associates (geotechnical engineer).
- (3) Total expenditures for this quarter are derived from budget performance reports provided by the City two weeks after end of quarter.

Table 6 Quarterly Expenditures by Project Component

Project Component	Expenditures (Q3 FY 20/21)
Water Reclamation Facility	\$5,867,039
Conveyance Facilities	\$703,680
Recycled Water Facilities	\$33,692
General Project	\$551,382
Total	\$7,155,793

3.3 Project Cash Flow

Figure 1 presents the projected and actual expenditures for the Project through March 2021 compared to the Fiscal Year 2020/2021 budget developed at the end of Q4 Fiscal Year 2019/2020. The line graph shows the cumulative values for the Project and the bars show the discrete monthly values. Actual and budgeted expenditures from 2013 to the end of Fiscal Year 2018/2019 have been combined to improve readability. The cumulative actual and cumulative forecasted expenditures show anticipated project costs over the project duration. The milestone markers correspond to the final completion deadline of the WRF and Conveyance elements of the project by February 2023, which coincides with the City being in compliance with the Time Schedule Order (TSO) issued by the Regional Water Quality Control Board (RWQCB) in June 2018.

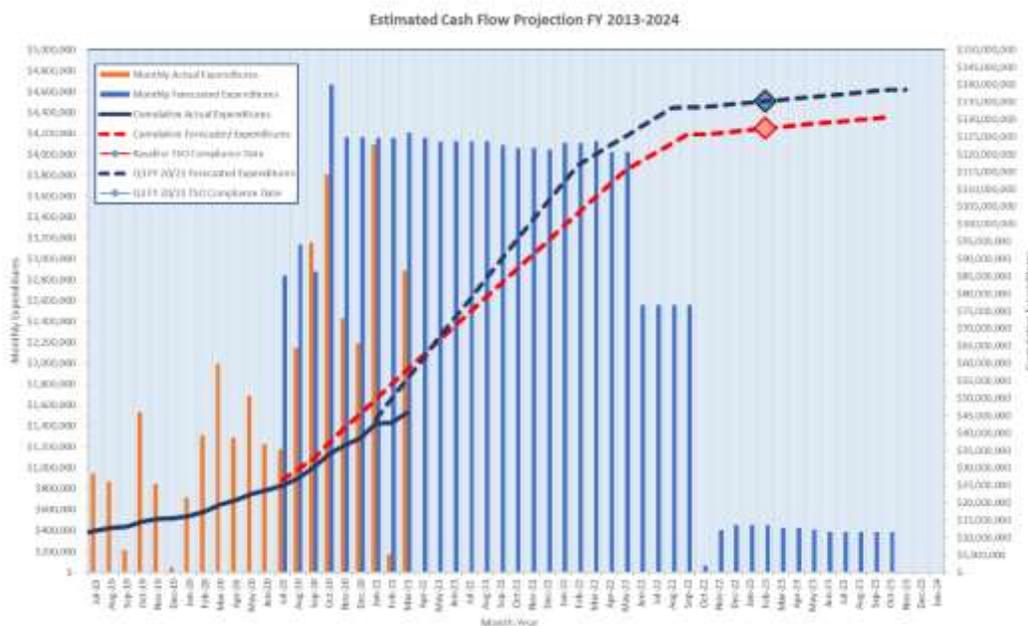


Figure 1 Project Cash Flow Projections and Actual Expenditures

A breakdown of the current Q3 Fiscal Year 2020/2021 budget by fiscal year is included in Table 7.

3.4 Project Cost Summary

Table 8 summarizes the cost-to-date and contracted amounts for each of the elements of the Project. This table also provides the current cost estimate for each project. Detailed information on the individual elements of the Project is provided in Section 7 of this Report.

Table 7 WRF Project Cost Fiscal Year Projections

Project Component	Q2 Actual Expenditures to Date	Actual Expenditures to Date ⁽¹⁾	FY 20/21	FY 21/22 ⁽²⁾	FY 22/23	FY 23/24	Q3 FY 20/21 Total Project ⁽²⁾
WRF	\$24,269,179	\$30,136,218	\$16,042,813	\$31,715,194	\$5,254,325	\$-	\$77,087,023
Conveyance Facilities	\$1,919,121	\$2,622,801	\$15,139,745	\$20,423,467	\$-	\$-	\$37,482,000
Recycled Water Facilities	\$479,233	\$512,915	\$1,052,168	\$420,101	\$2,721,667	\$1,295,000	\$5,968,000
General Project	\$11,959,551	\$12,510,933	\$672,268	\$757,519	\$744,894	\$310,372	\$14,445,000
Contingency	\$-	\$-	\$1,255,636	\$1,796,985	\$261,402	\$100,000	\$3,608,977
Total⁽²⁾	\$38,627,074	\$45,782,867	\$34,162,629	\$55,113,266	\$8,982,287	\$1,705,372	\$138,591,000

Notes:

- (1) This table reflects activity through Mar 31, 2021 using the quarterly expenditures by project component allocations shown in Table 6.
- (2) The next quarterly report (Q4) will reflect the new FY 21/22 WRF Project budget as adopted by City Council as well as future fiscal year budget projections.

Table 8 WRF Project Cost Summary (through March 2021)

Project	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)	Anticipated Total Project Cost	Cost Expended to Date (%)
WRF	\$30,136,218	\$75,566,870	39.9	\$77,896,000	38.7
Conveyance Facilities	\$2,622,801	\$33,546,062	7.8	\$39,982,000	6.6
Recycled Water Facilities	\$512,915	\$1,038,947	49.4	\$6,268,000	8.2
General Project ⁽²⁾	\$12,510,933	\$7,804,221	56.3 ⁽³⁾	\$14,445,000	54.0
Total	\$45,782,867	\$117,956,100	38.8	\$138,591,000	33.0

Notes:

- (1) Cost includes the total anticipated cost for each element of the Project.
- (2) Costs include prior contracts from previous program consultants that are no longer active.
- (3) Actual expenditures to date at end of Q2 FY20/21 are \$34,964,000, General Project expenditures to date at end of Q2 FY20/21 are \$8,115,000.

3.5 Detailed Project Costs

The following tables (9-12) show the detailed costs to date for active contracts for each element of the Project.

Table 9 General Project Activities Cost Summary (through March 2021)

Consultant / Contractor	Actual Expenditures to Date ⁽¹⁾	Total Contracted Cost	Contract Expended to Date (%)
ESA	\$412,080	\$412,320	99.9
Far Western	\$275,944	\$282,014	97.8
Bartle Wells Associates	\$65,580	\$100,800	65.1
JoAnn Head Land Surveying	\$97,693	\$102,644	95.2
JSP Automation	\$43,450	\$63,500	68.4
Cogstone	\$-	\$261,918	-
Kevin Merk & Associates	\$-	\$71,310	-
Yeh and Associates	\$-	\$149,360	-
Carollo Engineers, Inc.	\$4,766,559	\$6,360,378	74.9
Total	\$5,661,306	\$7,804,221	72.5

Notes:

- (1) Actual expenditures to date and total contracted cost only includes contracts that are currently active.
- (2) Includes all Carollo subcontractors under Program Management Contract.

Table 10 WRF Cost Summary (through March 2021)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost ⁽¹⁾	Contract Expended to Date (%)
Overland Contracting	\$26,341,026	\$75,566,870	34.86
Total	\$26,341,026	\$75,566,870	34.86

Notes:

- (1) Total Contracted Cost includes final value for Amendment No. 1 through No. 5 of \$1,636,060, \$63,937, \$5,992,217, and \$(194,154) respectively and the original contract value of \$67,234,512.

Table 11 Conveyance Facilities Cost Summary (through March 2021)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
Water Works Engineers (WWE)	\$1,919,121	\$2,052,387	93.5
Anvil Builders	\$587,148	\$31,493,675	1.8
Total	\$2,506,269	\$33,546,062	7.4

Table 12 Recycled Water Facilities Cost Summary (through March 2021)

Consultant / Contractor	Actual Expenditures to Date	Total Contracted Cost	Contract Expended to Date (%)
GSI	\$588,796	\$1,038,947	56.7
Total	\$588,796	\$1,038,947	56.7

3.6 Change Orders

The following Amendments have been approved by City Council and have been incorporated into the design-built team's contract and resulted in a revision of the guaranteed maximum price. (GMP). Tables 13 through 17 lists the change orders associated with each Amendment.

- Amendment No. 1 – January 2020
- Amendment No. 2 – Q3 FY 2019/2020
- Amendment No. 3 – May 2020
- Amendment No. 4 – November 2020
- Amendment No. 5 – March 2021

Table 13 Summary of Approved Change Orders (Amendment No. 1)

Contract	Change Order No.	Description	Value
WRF	01	New Sodium Hypochlorite Feed for Plant Water	\$78,576
WRF	02	Change Architecture of Operations Building	\$(21,623)
WRF	03	Headworks Odor Control	\$18,422
WRF	04	Remove Canopy and Monorail at membrane bioreactor (MBR)	\$(185,434)
WRF	05	Consolidate Chemical Facilities	\$218,978
WRF	06	Modify Chemical Piping	\$(15,856)
WRF	07	Remove Solids Dumpster Lid	\$14,543
WRF	08	Add SAFE Equalization Tank	\$504,116
WRF	09	Instrumentation and Control Changes	\$75,266
WRF	10	Revise Maintenance Building Layout and Size	\$516,583
WRF	11	Influent Piping and Metering	\$411,766
WRF	12	Install Outdoor-Rated Positive Displacement Blowers at BNR Facility	\$(58,210)
WRF	13	Remove Bypass of Coarse Screens	\$(37,137)
WRF	14	SAFE Diversion Box Additions	\$58,304
WRF	15	Size Dewatering as a Building in the Future	\$30,983
WRF	16	Stairs for the Coarse Screens and Grit Basins (total of 4)	\$52,870
WRF	17	Indirect Potable Reuse (IPR) Product Water Tank Bypass	\$(26,087)
Total			\$1,636,060

Table 14 Summary of Approved Change Orders (Amendment No. 2)

Contract	Change Order No.	Description	Value
WRF	65	Davis-Bacon Wage Increases	\$63,937
Total			\$63,937

Table 15 Summary of Approved Change Orders (Amendment No. 3)

Contract	Change Order No.	Description	Value
WRF	16	Modify Outfall Pump Station	\$367,632
WRF	19	Reduce Size of the Product Water Tank	\$(129,681)
WRF	32	Sulfuric Acid System	\$315,652
WRF	37	PLC/SCADA Software Uniformity (MBR, RO, and Headworks Only)	\$201,577
WRF	39	notice to proceed (NTP) Delay	\$1,220,532
WRF	40	Headworks Valve Automation	\$249,946
WRF	41	Perimeter Barbed Wire Fence	\$79,935
WRF	42	UV/AOP System Modifications	\$(33,481)
WRF	44	Tank Access Improvements	\$210,327
WRF	45	Maintenance Ceiling Revisions and Automated Roll-Up Door	\$21,009
WRF	46	Curbed Washdown Areas	\$76,250
WRF	47	Changes to Furnishings and Residential Equipment	\$85,194
WRF	50	Revisions to Water/Sewer Supply Storage Sheds	\$13,142
WRF	52	Analyzer Relocation and Enclosures	\$76,555
WRF	55	Notice of Dispute - PG&E Temporary Power	\$13,163
WRF	56	Impacts of Water Quality Changes	\$282,420
WRF	57	Soil Lateral Earth Pressure	\$116,329
WRF	58	Permanent Exclusion Fencing	\$855,991
WRF	59	Increased Escalation Costs	\$1,232,677
WRF	61	PCO Design Impacts	\$158,172
WRF	62	Conduit Alternative Design	\$(268,400)
WRF	64	Reduce Performance Period	\$(35,450)
WRF	66	Caltrans Intersection Improvements	\$(21,893)
WRF	67	BNR System Modifications	\$742,405
WRF	68	SAFE Equalization Settle Tank Drain Piping	\$62,215
WRF	69	Third Party Inspection and Testing	\$100,000
Total			\$5,992,217

Table 16 Summary of Approved Change Orders (Amendment No. 4)

Contract	Change Order No.	Description	Value
WRF	30	Match Sludge Blowers to MBR Scour Blowers	\$17,426
WRF	71	CDFW Site Access Restrictions	\$254,443
WRF	72	Owner Trailer Utility Hook Ups	\$19,593
WRF	73	Man Gates in Perimeter Fence	\$27,031
WRF	74	Parking Canopy Electrical Receptacles	\$42,346
WRF	75	Security Window at Admin Building	\$11,079
WRF	76	Additional Sodium Bisulfite Pump	\$58,243
WRF	78	Changed Condition - Soil Slip	\$280,013
WRF	79	Modify Water and Collection System Supply Shed	\$10,847
WRF	82	SCADA Uniformity	\$108,887
WRF	86	Water Shut Off Valve in Theresa Road	\$5,189
Total			\$835,097

Table 17 Summary of Approved Change Orders (Amendment No. 5)

Contract	Change Order No.	Description	Value
WRF	84	Alternate Red Legged Frog Barrier (Ref. PCO 58)	\$(467,776)
WRF	87	Modify Alternate Conduit Design Scope (Ref. PCO 62).	\$272,822
Total			\$(194,954)

3.7 Reimbursement from Funding Agencies

In 2017, the City was awarded a \$10.3 million planning loan from the Clean Water State Revolving Fund (CWSRF) program. To date, the City has made three reimbursement requests for the planning loan, which is anticipated to fully exhaust the entire loan amount. In February 2020, the City executed a \$61.7 loan with the Environmental Protection Agency's (EPA's) Water Infrastructure and Innovation Act (WIFIA) program. To date, a total of nine (9) reimbursement requests have been made. A summary of these requests is presented in Table 18.

Table 18 Summary of Reimbursement Requests

Agency	Description	Type	Number	Date	Requested Amount	Approved Amount
WRCB	CWSRF Planning Loan	Loan	01	December 2018	\$289,595	\$217,441
WRCB	CWSRF Planning Loan	Loan	02	November 2019	\$6,431,295	\$5,312,748
WRCB	CWSRF Planning Loan	Loan	03	October 2020 ⁽¹⁾	\$4,783,797	\$-
EPA	WIFIA	Loan	01	May 2020	\$1,100,944	\$1,100,944
EPA	WIFIA	Loan	02	June 2020	\$61,014	\$50,487
EPA	WIFIA	Loan	03	June 2020	\$3,489,409	\$3,489,409
EPA	WIFIA	Loan	04	July 2020	\$2,461,121	\$2,461,121
EPA	WIFIA	Loan	05	August 2020	\$161,636	\$142,863
EPA	WIFIA	Loan	06	October 2020	\$1,635,157	\$1,635,157
EPA	WIFIA	Loan	07	November 2020	\$3,008,623	\$3,008,623
EPA	WIFIA	Loan	08	December 2020	\$3,671,500	\$3,671,550
EPA	WIFIA	Loan	09	January 2020	\$5,553,851	\$5,553,851
Total					\$32,647,942	\$26,644,194

Notes:

(1) Reimbursement No. 3 for the SRF Planning Loan was originally submitted in December 2019 and was resubmitted in October 2020.

Section 4

PROJECT SCHEDULE

A summary of the Project schedule is presented in Figure 2. The light blue bars for each major task represent the planned progress based on the baseline schedule. The dark blue bars represent the current actual progress through March 2021. For each major line item, the schedule performance index (SPI) has been provided as well as an overall SPI for the entire Project. The SPI is a ratio of the planned percent complete versus the current actual percent complete. A SPI of greater than 1.00 indicates that the Project is on or ahead of schedule and a SPI of less than 1.00 indicates the Project is running behind the planned schedule.

4.1 Project Milestones

In June 2018, the City received a TSO from the RWQCB. The TSO requires the City to comply with a time schedule that will, within five years of adoption, allow the City to achieve full compliance with biochemical oxygen demand (BOD) and total suspended solids (TSS) final effluent limitations established in Order No. R3-2017-0050. In addition to the final compliance date, a number of intermediate milestones are provided in Table 3 (Compliance Schedule) of the TSO. Presented in Table 19 are the milestones in the TSO.

Table 19 Time Schedule Order Milestone Summary

Required Actions	Compliance Due Date	Planned Compliance Date	Actual Compliance Date
Release of Public Draft EIR	March 30, 2018	-	March 30, 2018
Release of Updated Rate Study	June 30, 2018	-	July 05, 2018
Proposition 218 Hearing	August 30, 2018	-	September 11, 2018
Certification of Final EIR	June 30, 2018	-	August 14, 2018
Award of Contract for WRF	September 30, 2018	-	October 23, 2018
Develop, Implement, and Submit Pollution Prevention Plan (PPP) for BOD and TSS	December 01, 2018	TBD ⁽¹⁾	-
Award of Contract for Construction of Conveyance Facilities	November 30, 2019	-	November 10, 2020
Completion of WRF Improvements with Completion Report	December 30, 2022	July 05, 2022	-
Full compliance with final effluent limitations	February 29, 2023	July 05, 2022	-

Notes:

- (1) The City and Program Manager have noted this requirement in the previous quarterly progress reports sent to the RWQCB (as required by the TSO). The City has requested that the Enhanced Source Control Program (EHSP) required as part of the Title 22 Engineer's Report be considered acceptable for this requirement in lieu of the PPP identified in the TSO.

Table 20 lists an expanded milestone schedule has also been developed for outstanding Project activities.

Table 20 Expanded Milestone Schedule

Milestone	Baseline Schedule due Date	Planned Completion Date
<u>General Project</u>		
Compliance with the TSO ⁽¹⁾	November 11, 2021	July 05, 2022
<u>Water Reclamation Facility</u>		
Begin Construction	August 08, 2019	March 20, 2020 (Actual)
Deliver 90 Percent Design	October 24, 2019	March 31, 2020 (Actual)
Substantial Completion	November 11, 2021	July 05, 2022
Final Completion	June 09, 2022	August 30, 2022
<u>Conveyance Facilities</u>		
Deliver 90 Percent Design	October 15, 2019	February 10, 2020 (Actual)
Deliver 100 Percent Design	December 17, 2019	June 15, 2020 (Actual)
Bid Advertisement	February 21, 2020	June 16, 2020 (Actual)
Award Construction Contract	May 08, 2020	November 10, 2020 (Actual)
Substantial Completion	September 17, 2021	March 01, 2022
Final Completion	November 19, 2021	April 15, 2022
<u>Recycled Water Facilities</u>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 22, 2021
Deliver 60 Percent Design	November 10, 2020	March 30, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	September 14, 2022
Award Construction Contract	July 21, 2021	December 07, 2022
Substantial Completion	April 21, 2022	November 11, 2023
Final Completion	June 21, 2022	December 06, 2023

Notes:

(1) The TSO requires compliance with full secondary treatment by February 28, 2023.

Section 5

DESIGN AND PROCUREMENT

5.1 Design Status

No new design contracts for the Project were executed in Q3 Fiscal Year 2020/2021. A summary of the existing design contracts is included in Table 21 below.

Table 21 Procurement Status (through March 2021)

Project Name	Current Contract Amount	Amount Expended	30%	60%	90%	100%	Final
WRF	\$76,566,870	\$27,730,911	✓	✓	✓	✓	NA
Conveyance Facilities	\$2,045,395	\$1,960,574	✓	✓	✓	✓	✓
Recycled Water Facilities	\$0	\$0					

5.2 Procurement

No design or design-build contract procurements were performed in Q3 FY 2020/2021. Table 22 presents a summary of the procurement activity for the Project.

Table 22 Procurement Status (through March 2021)

Project Name	Circulate Request for Proposals	Proposal Opening Date	Council Award Date	Notice to Proceed Date	Consultant
WRF	January 24, 2018	May 8, 2018	October 23, 2018	November 01, 2018	Overland Contracting (Filanc-Black & Veatch)
Conveyance Facilities	January 31, 2017	March 8, 2017	November 14, 2017	November 15, 2017	Water Works Engineers
Recycled Water Facilities	Design Engineer to be Selected in FY 2021/22				

Section 6

CONSTRUCTION STATUS

6.1 Construction Summary

During Q3 Fiscal Year 2020/2021, construction continued for the WRF and commenced for the Conveyance Facilities. Table 23 presents a summary of project construction progress and costs through March 31, 2021.

Table 23 Project Construction Costs

Project Name	Amount Expended	Initial Contract Amount	Current Contract Amount	% Change in Contract Amount
WRF	\$26,341,026	\$67,234,512	\$75,566,870	12.4
Conveyance Facilities	\$587,148	\$31,493,675	\$31,493,675	0.0
Recycled Water Facilities	\$-	\$-	\$-	0.0
Construction Total	\$26,928,174	\$98,728,187	\$107,060,545	8.6

6.2 Upcoming Traffic Control

6.2.1 Planned Impacted Areas

Construction activities for the Conveyance Facilities began in 2021 in several work zones. Starting in late February 2021, the following areas will be impacted for duration of Q3 Fiscal Year 2020/2021:

- Quintana Boulevard from La Loma Avenue to South Bay Boulevard.
- Quintana from Main Street to Morro Bay Boulevard.
- Lift Station A site at existing WWTP.
- Lift Station B location near Highway 1 and Main Street.
- Certain areas along the bike path (for vegetation clearing and grubbing.)

6.2.2 Hours of Planned Lane/Road Closures

Based on Anvil's baseline schedule, construction began on the section of Quintana Boulevard between La Loma Avenue and South Bay Boulevard in February 2021. This segment of Quintana Boulevard will be completely closed to through traffic 24 hours per day with no pedestrian access between early February 2021 and the middle of May 2021. Hard road closures will be established at La Loma Avenue and north of the entrance to Benedict-Retty Mortuary and Crematorium. A soft road closure will be established at South Bay Boulevard and allow local traffic only to the church, mortuary, Black Hills Villas, and Blue Heron Terrace Mobile Home Park. These residences and businesses will only be accessible from South Bay Boulevard during the closure. ***The information provided above was current as of March 31, 2021. The Q4 report will provide an update.***

The community is encouraged to obtain additional information on current road closures/conditions from the WRF website (www.morrobaywrf.com) or by calling the Project hotline at 877-MORROBAYH2O.

6.3 Construction Safety

The Project safety goal is zero reportable incidents. There has been a total of zero reported incidents through March 31, 2021.

Section 7

OTHER PROGRAM ACTIVITIES

7.1 Public Outreach

As the City prepares for construction of the Conveyance Facilities component of the Project, the Program Manager has been engaged in a number of public outreach activities including the following:

- Updated the WRF website with regular construction information on homepage and Construction Information page
- Built out Business Information web page, including structure for monthly virtual community meetings, meeting materials and business informational resources
- Finalized and distributed construction notices for start of construction
- Developed project signage templates for use by contractor
- Coordinated with contractor for distribution of bilingual doorhangers on immediately impacted residences and businesses in area of Main Street and Quintana Road
- Continued to build stakeholder database email list for regular email correspondence
- Developed bi-weekly e-blasts to highlight construction schedule look-ahead information and promote virtual community outreach meetings
- Reviewed talking points regarding construction site theft
- Prepared for and conducted two monthly virtual community outreach meetings via Zoom
- Responded to regular community inquiries from project phone line and email address, and coordinated with team members when necessary

Additional near-term public outreach activities include:

- Developing bi-weekly e-blasts and as-needed construction notices to convey construction look-ahead information to stakeholders and the public
- Planning monthly virtual “office hours” for the community
- Working with contractor to distribute doorhangers to properties with proper lead-time

7.2 Permitting Activities

Permit compliance is an important aspect of the Project. The current permitting activities include:

- Regional Water Quality Control Board
 - In order to obtain a National Pollution Discharge Elimination System (NPDES), the City must submit a ROWD to the RWQCB. The Program Manager began development of the Draft ROWD in January 2021 and is scheduled to deliver the Final Draft in May 2021.
- Division of Drinking Water:
 - The Title 22 Engineering Report is required by Division of Drinking Water (DDW) before the City can receive a potable reuse permit. The Program Manager delivered

an initial Draft of the Title 22 Engineering Report to the City for review in June 2020. The revised draft, including comments from City staff, was submitted to DDW in July 2020. During Q3 Fiscal Year 2020/2021, the City and Program Manager have received comments from DDW and has had several meetings to review their comments.

- The City is working with DDW to obtain a variance from their typical pipeline separation requirements due to the width of the trench for the Conveyance Facilities pipelines and the limited right of way (ROW) for much of the alignment. The City has been coordinating with DDW on this issue since early 2019 and submitted a formal application to DDW in August 2020. Since that time, the City has had a meeting to review the information provided and has provided supplemental information to aid DDW's review. As of March 2021, The City has addressed the majority of DDW's comments and has begun the preliminary development of a monitoring and mitigation plan for the pipeline.
- Caltrans:
 - The City obtained the encroachment permit from Caltrans for construction of the Conveyance Facilities pipelines in August 2020.
- California Department of Fish and Wildlife:
 - The City must have a SAA (as required) from the CDFW before work can begin along certain segments on the bike path for the Conveyance Facilities component of the Project. The City submitted the revised notification in January 2020 and plans to obtain the Draft SAA (as required) in April 2021.
- State Historic Preservation Office:
 - The Programmatic Agreement (PA) negotiated with the SHPO requires that a mitigation and monitoring plan be developed for each element of the project (i.e., WRF, pipelines, and injection wells). The City submitted the mitigation and monitoring plan to EPA for distribution to SHPO in October 2020. The City has received notification from the EPA regarding SHPO's response on March 15th, 2021. The response stated that the City may proceed with construction by implementing the appropriate cultural resources monitoring and mitigation measures for areas along Main St., Quintana road and both lift stations. The City will need to perform additional archeological investigation for areas along the bike path and the lift station 2 alignment.

7.3 Funding Status

- Continued to support CWSRF's technical, legal, and financial reviews. The City anticipates signing a loan agreement with CWSRF during Q4 of FY 2021.
- The United States Department of the Interior Bureau of Reclamation released its WaterSmart Title XVI WIIN Notice of Funding Opportunity in mid-March 2021. The City is actively pursuing grant funding from this program and is preparing an application which is due on April 23rd, 2021.

7.4 City Operations Activity

The current City Operations activities include:

- Significant City Operations activities are not anticipated until start-up of the WRF begins in early 2022.

Section 8

PROJECT DETAILS

8.1 Water Reclamation Facility

8.1.1 Design/Build

In October 2018, the City executed a contract with Overland Contracting consisting of a joint venture of Filanc and Black & Veatch (i.e., design-build team) for design and construction of the WRF located at the South Bay Boulevard site. The WRF will be delivered using the design-build process.

8.1.2 Project Scope

The scope of this element of the Project includes a preliminary, secondary, and advanced treatment facilities. The secondary treatment processes will consist of an MBR and have the ability to exceed the anticipated discharge requirements for the City's new NPDES permit. The advanced treatment facilities include RO and UV-AOP. Purified water from the advanced treatment facilities will be injected into the Lower Morro Groundwater Basin.

8.1.3 Current Progress

The design-build team has continued to progress the construction of the WRF and is on track to reach substantial completion in July 2022. The construction has completed the following items:

Sitework

- Completed filling, compacting, and rough grading the area.
- Completed major earthwork operations in the north portion of site including completing the west fill-slope embankment (adjacent to Canyon Fill area) and completing the north cut-slope near the Vector Receiving Station.
- Completed excavation of the North Storm Water Basin (adjacent to Maintenance Building).
- Completed installation of the following major yard piping systems:
 - 18" and 14" WWR lines to Headworks (raw sewage influent lines) – completed.
 - RAS piping between MBR system and the BNR basin - completed.
 - WWS piping between SAFE Diversion Box and SAFE Settle Tank - completed.
 - RO/UV system piping including: ROP, ROF, OUVE, ROC, UVE - completed.
 - IPR/ Outfall Pump Station underslab and adjacent piping.
 - Storm Drainage piping, manholes, and storm water basin.
 - Sanitary Sewer collection lines, laterals, and manholes (on site system).
 - Sanitary Sewer Force Main to Headworks discharge location.
 - 18", 6" FPW lines and Hydrants (Fire Water from existing City water system).
 - Other yard piping, branch lines, and ancillary systems.
 - Electrical Subcontractor continues to install conduits, vaults, and other installations.

Headworks

- Headworks process equipment skid by Kusters-Zima Water (Course Screen and Grit Removal) delivered and is being stored on site (north site near Headworks).

BNR/MBR Treatment

- Completed leak testing and backfilling of the BNR water bearing basin.
- Installed and encased RAS and Scum under-slab piping at MBR area.
- Installed and encased Mix Liquor (ML) under-slab piping at MBR area.

RO/UV-AOP

- Completed building slab forming, rebar, in-slab conduits, and concrete placement. Concrete equipment pads at building interior have also been completed.

Product Water Facilities

- Completed Calcite Treatment Facility slab, including concrete placement.
- Completed IPR/Outfall Pump Station slab, including concrete placement.
- Completed Water Storage Tank ring slab and began steel tank erection.
- Completed forming and rebar installation for Balancing Tank slab (concrete next).

Residuals/Sludge Processing

- Contractor has completed leak testing and backfilling of the Sludge Holding Tank (SHT).

Chemical Storage and Feed

- Contractor has excavated and compacted subgrade, started installing rebar and in-slab conduits, and is preparing for concrete placement of lower containment area slab.

Operations Building

- Completed concrete placement of structural slab-on-grade.
- Completed grinding and polishing the Operations Building concrete finished floor.
- Taken delivery of Pre-Engineered Metal Building components. Subcontractor has completed erection of building main structural steel framing.
- Subcontractor has completed the CMU wainscot walls and exterior CMU patio walls.

Maintenance Building

- Completed concrete placement of structural slab-on-grade.
- Taken delivery of Pre-Engineered Metal Building components.
- Subcontractor has begun erection of main structural steel framing.

City Yard Facilities

- Completed concrete placement for Water/Collections Storage Shed slab-on-grade.
- Completed concrete placement for Outdoor Storage Aisles canopy column footings.
- Completed concrete slab and CMU walls for the vehicle Wash Rack structure.
- Excavated and started installing rebar for WRF Parking Canopy column footings

8.1.4 Project Challenges

In late January 2021, following heavy rains (January 27 and 28, 2021), the previously mitigated soil slip reactivated and continues to move. As of the issuance of this report the project Geotechnical Engineering of Record has excavated and logged several test pits and prescribed and undertaken four 30-inch diameter auger-bucket boreholes and has entered/logged the boreholes. The DB Team has provided field data for City review, but the geotechnical engineer has not yet provided its recommendation for the landslide remediation.

The City has completed negotiations with the design-build team of Amendment No. 5 which was approved by City Council on March 9, 2021 and resulted in a credit to the City and reduction to the GMP.

Table 24 WRF Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾⁽²⁾	\$67.2M	\$75.6M	●
Construction Contingency ⁽³⁾⁽⁴⁾	\$9.1M	\$0.6M	●

Notes:

- (1) Project budget and current contract amount (≤5% over target = Green, between 5% and 10% over target = Yellow, >10% over target = Red).
- (2) The GMP includes costs for both design and construction of the WRF.
- (3) Project budget and current amount (≤50% of target=Green, between 0% and 50% of target=Yellow, >50% of target=Red).
- (4) The Program Manager initially allocated \$6.2 million for contingency for the WRF component of the project. During Q3 Fiscal Year 2019/2020, an additional \$2.9 million in contingency was added to the budget to cover Amendment No. 3. With execution of Amendment No. 1, 2, 3, and 4 \$8.5 million has been moved from contingency to the GMP leaving \$0.6 million in contingency.

Table 25 WRF Construction Summary

Schedule		
Request for Bid / Bid Advertisement	January 24, 2018	
Bid Opening Date	May 08, 2018	
Contract Award / Council Award Date	October 23, 2018	
Notice to Proceed (Design)	November 05, 2018	
Notice to Proceed (Construction)	March 20, 2020	
Original Final Completion Date	August 23, 2021	
Original Duration (Non-Working Days)	886	
Days Changed by Change Order	8	
Actual Final Completion Date (including Non-Working Days)	August 31, 2022	
Schedule Percent Complete	32.0% (286 days / 894 days)	
Budget		
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$73,475,845	
Award Amount (including Design Cost)	\$67,234,512	
Change Order Total	\$8,332,358	
Current Contract Value	\$75,566,870	
Percent Change	12.4%	
Work Completed		
Actual Cost -to-Date	\$26,341,026	
Percent Complete (Percent Expended)	34.9%	
Construction Oversight Statistics		
	PCOs	COs
Total Received	96	N/A
Total Approved	N/A	57 ⁽¹⁾
Total Pending	9	0
Average Turnaround (calendar days)	N/A	N/A

Acronym List:

PCO – Proposed Change Order; CO – Change Order

- (1) 57 PCOs have been approved and are reflected in Amendment No. 1, 2, 3, and 4 to the design-build agreement.

8.2 Conveyance Facilities

8.2.1 Designer

In November 2017, the City executed a contract with WWE for design and engineering support for the facilities necessary to connect the existing WWTP and the new WRF.

8.2.2 Contractor

The City awarded a contract to Anvil for construction of the Conveyance Facilities component of the Project on November 10, 2020. A construction NTP was issued on December 14, 2020 and Anvil began construction in January of 2021.

8.2.3 Project Scope

The Conveyance Facilities include the design of approximately 3.5 miles of pipelines and two (2) lift stations. The pipelines include two raw wastewater force mains, a wet weather/brine discharge force main, and a potable reuse pipeline to the west injection area.

8.2.4 Current Progress

Anvil continued pre-construction activities for portions of the Conveyance Facilities and began construction in January of 2021. The following pre-construction activities were completed in Q3 FY 20/21:

- Mobilization of major pieces of equipment and construction material.
- Construction material submittal and review with Waterworks Engineers.
- Pot-holing existing utility verification along the pipeline alignment.
- Clearing and grubbing trees and vegetation.
- Approval of traffic control plans through the City.
- Installing traffic control measures along Quintana Road.
- Delineation and installation of environmentally sensitive area (ESA) fencing to delineate cultural resources.
- Demolition of the existing maintenance building at the City's existing corporation yard to facilitate construction of Pump Station A.

8.2.5 Upcoming Activities

Anvil is scheduled to complete the following activities during Q4 FY 20/21:

- Installation of pipelines in Quintana Avenue between La Loma Avenue and South Bay Boulevard.
- Installation of pipelines in Main Street to Quintana Road.
- Shoring installation for Pump Station A and B excavation.
- Begin construction of Pump Station A.
- Begin construction of Pump Station B.

The information provided above was current as of March 31, 2021. The Q4 report will provide an update.

8.2.6 Project Challenges

The conveyance facilities project must undergo consultation by government agencies associated with the impacted project resources. The project underwent consultation by SHPO to review the potential impact on cultural resources from the conveyance facilities construction activities. Due to an extension of the standard review time provided to SHPO by EPA, project construction was delayed by 35 days. After SHPO’s review period the contractor received notification on March 15, 2021 that they may proceed with construction in areas outlined in the PA. The City and Program Team are still coordinating with the EPA, SHPO, and Far Western to proceed with developing a cultural resource monitoring and mitigation plan for the remaining components of the conveyance facilities project.

The City and Program Manager are focused on keeping the community informed of construction activities and will continue to use print media and the WRF website to present the most up to date information. As construction begins on the first segments of the pipeline, the City, Program Manager, and Anvil will continuously improve its approach for future segments of pipeline construction. The Project team is committed to implementing these lessons learned with the goal of minimizing impacts to the City’s residents, businesses, and visitors.

Table 26 Conveyance Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾	\$24.2M	\$31.5M	
Construction Contingency ⁽²⁾	\$2.5M	\$0.0M	
Number of Feet of Pipelines Constructed ⁽²⁾	18,500 lf	0 lf	
Number of Days of Full Road Closures ⁽¹⁾	0 Days	0 Days	
Number of Hours of Night Work	0 Hours	0 Hours	

Notes:

- (1) Project budget and current contract amount (≤5% over target=Green, between 5% and 10% over target=Yellow, >10% over target=Red).
- (2) Project budget and current amount (≤50% of target = Green, between 0% and 50% of target=Yellow, ≤0% of target=Red).

Table 27 Conveyance Facilities Summary

Schedule	
Request for Bid / Bid Advertisement	June 15, 2020
Bid Opening Date	August 14, 2020
Contract Award / Council Award Date	November 10, 2020
Notice to Proceed for Construction	December 14, 2020
Original Final Completion Date	NA
Original Duration (Non-Working Days)	435
Days Changed by Change Order	0
Actual Final Completion Date (including Non-Working Days)	NA
Schedule Percent Complete	0%

Budget				
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$26,657,000			
Award Amount	\$31,493,675			
Change Order Total	\$0			
Current Contract Value	\$31,493,675			
Percent Change	0%			
Work Completed				
Actual Cost -to-Date	\$1,766,551			
Percent Complete (Percent Expended)	5.61%			
Length of Pipe Installed (actual to date / planned total)	0 lf / 18,500 lf			
Construction Management Statistics				
	RFIs	Submittals	PCOs	COs
Total Received	37	146	2	0
Total Responded To	30	126	0	0
Total Pending	7	20	0	0
Average Turnaround (calendar days)	NA	NA	N/A	N/A

Acronym List:

RFI – Request for Information; PCO – Proposed Change Order; CO – Change Order

8.3 Recycled Water Facilities

8.3.1 Designer

Procurement activities for the final design of the Recycled Water Facilities have not yet begun. The Program Manager also anticipates beginning preliminary design in early 2021 along with the pilot injection testing. Phase 1 and Phase 2 of the hydrogeological work has been completed by GSI and work on Phase 3 (i.e., pilot injection testing) will be completed in June 2021.

8.3.2 Contractor

This element of the Project is being delivered via a conventional design-bid-build procurement process. The Recycled Water Facilities will begin construction in late 2022/early 2023.

8.3.3 Project Scope

Since the potable reuse pipeline from the WRF to the selected injection site was moved into WWE's scope for design of the Conveyance Facilities, this element of the Project consists primarily of full-scale injection wells at the west injection site.

8.3.4 Current Progress

GSI has completed Phase 1 and is currently working on Phase 2 of the hydrogeological work, which has culminated in the selection of the west injection area and preliminary siting of the injection wells.

8.3.5 Upcoming Activities

The next phase of hydrogeological work is pilot injection testing, which consists of the following elements:

- Design of the pilot injection well (Completed February 2021).
- Permitting for installation of the pilot injection well (March 2021 ongoing).
- Construction of the pilot injection well (Anticipated June 2021).
- Conducting pilot testing (Anticipated June to July 2021).

8.3.6 Project Challenges

At the moment, this portion of the project will also need to be cleared by SHPO prior to any ground disturbing activities to confirm that the installation of the pilot and final injection wells will not negatively impact any cultural resources if present.

Table 28 Recycled Water Facilities Performance Measures

Performance Measures	Target	Current	Status
Construction Cost ⁽¹⁾	TBD	\$0.0M	●
Construction Contingency ⁽²⁾	\$0.3M	\$0.0M	●

Notes:

(1) Project budget and current contract amount (≤5% over target = Green, between 5% and 10% over target = Yellow, >10% over target = Red).

(2) Project budget and current amount (≤50% of target = Green, between 0% and 50% of target = Yellow, ≤0% of target = Red).

Table 29 Recycled Water Facilities Summary

Schedule	
Selection of the Injection Site	NA
Request for Bid / Bid Advertisement	NA
Bid Opening Date	NA
Contract Award / Council Award Date	NA
Notice to Proceed for Construction	NA
Original Final Completion Date	NA
Original Duration (Non-Working Days)	NA
Days Changed by Change Order	0
Actual Final Completion Date (including Non-Working Days)	NA
Schedule Percent Complete	0%
Budget	
Engineer's Estimate (Construction Cost + 10% Construction Contingency)	\$3,300,000
Award Amount	\$0
Change Order Total	\$0
Current Contract Value	\$0
Percent Change	0%

Work Completed					
Actual Cost -to-Date					\$0
Percent Complete (Percent Expended)					0%
Work Completed					
	RFIs	Submittals	PCOs	COs	
Total Received	0	0	0	0	
Total Responded to	0	0	0	0	
Total Pending	0	0	0	0	
Average Turnaround (calendar days)	NA	NA	N/A	N/A	

Acronym List:

RFI – Request for Information; PCO – Proposed Change Order; CO – Change Order

Item [TBD] Morro Bay City Council

Water Reclamation Facility
WRF Quarterly Report – Q3 2021

May 25, 2021

MORRO BAY

OUR WATER

RELIABLE. CLEAN. FOR LIFE.

Recommendation

- Receive the WRF Quarterly Update Report for Q3 2021 and provide input.

Quarterly Report Overview – Q3 2021

Summary of project status

- Current project estimate exceeds the baseline budget
 - \$138,591,000 vs. \$125,941,000
 - Current project estimate unchanged as of Q3 2021
- Overall Project is on schedule
 - TSO Compliance – February 28, 2023
 - Substantial Completion – July 5, 2022 (238 days prior to deadline)

Q3 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Past Fiscal Year (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Current Fiscal Year (Q4 FY 19/20)	Quarterly Reconciliation (Q1 FY 20/21)	Quarterly Reconciliation (Q2 FY 20/21) ⁽¹⁾	Quarterly Reconciliation (Q3 FY 20/21) ⁽¹⁾⁽²⁾
Water Reclamation Facility	\$62,414,000	\$74,059,000	\$72,891,000	\$72,598,000	\$72,231,000	\$71,856,000	\$77,828,000	\$77,082,000	\$77,281,977	\$77,087,023
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000	\$37,355,000	\$37,482,000	\$37,482,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000	\$5,740,000	\$5,968,000	\$5,968,000
General Project	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000	\$14,255,000	\$14,445,000	\$14,445,000
Construction Contingency ⁽²⁾	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000	\$4,250,000	\$3,414,023	\$3,608,977
Total	\$125,941,000	124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000	\$138,682,000	\$138,591,000	\$138,591,000

Amendment No. 5 resulted in a net credit of \$194K, which was transferred to contingency.

Q3 Expenditures to date

Project	Q2 Actual Expenditures to Date	Q3 Actual Expenditures	Q3 Actual Expenditures to Date	Anticipated Total Project Cost
WRF	\$24,269,179	\$5,867,039	\$30,136,218	\$77,896,000
Conveyance Facilities	\$1,919,121	\$703,680	\$2,622,801	\$39,982,000
Recycled Water Facilities	\$479,223	\$33,692	\$512,915	\$6,268,000
General Project	\$11,959,551	\$551,382	\$12,510,933	\$14,445,000
Total	\$38,627,074	\$7,155,793	\$45,782,867	\$138,591,000

Program / City Budget Crosswalk

WRF Program Budget Tracking

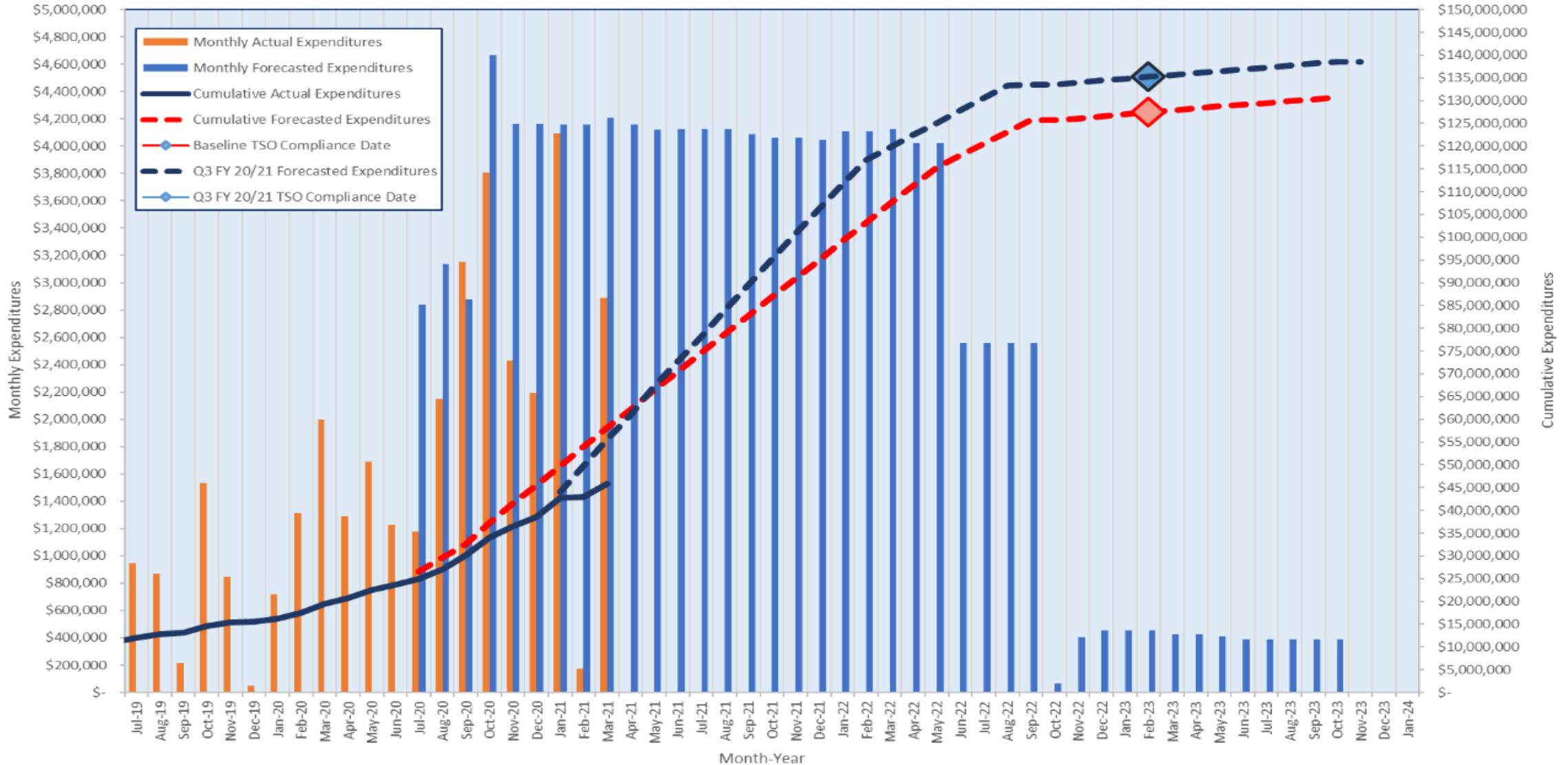
Project Component	Expenditures (Q3 FY 20/21)
Water Reclamation Facility	\$5,867,039
Conveyance Facilities	\$703,680
Recycled Water Facilities	\$33,692
General Project	\$551,382
Total	\$7,155,793

City Budget Tracking

City Budget Code ⁽¹⁾	Fund Name	Total Q3 FY20/21 Expenditures	Vendor Name	Project Component
4310	Part-Time Pay			
4999	Labor Cost Applied (Salary)			
4910	Employer Paid Benefits			
4911	Pension Normal Cost			
	Total Personnel Services	9,967.48	City of Morro Bay	General Project
5114	Lab Testing Supplies			
5115	Water Distribution System Supplies			
5199	Supplies & Equipment			
	Total Supplies	1694.16	Various	Water Reclamation Facility
6101	Legal Services – General	11,812.50	Aleshire & Wynder	General Project
6107	Advertising	-	-	-
5307	Blueprint/Copy Charges	-	-	-
6220	Postage (Included in 6710)	72.43	-	General Project
6301	Electricity	-	-	-
6303	Water	4,868.50	City of Morro Bay	Water Reclamation Facility
6510	Meetings & Conferences	-	-	-
6513	Meals & Lodging	-	-	-
6514	Travel Expense	-	-	-
6640	Maintenance Contracts	-	-	-
6710	Notices & Publications	-	-	-
	Total Services	16,753.43	Various	Various
6104	Engineering Services	31,998.06	GSI Water Solutions	Recycled Water Facilities
6105	Consultation Services	44.18	The Ferguson Group	General Project
6106	Contractual Services	587,147.50	Anvil Builders	Conveyance Facilities
6152	Outside Lab Testing	16,262.23	Various	General Project
6161	Licenses & Permits	1,533.00	SLO APCD	Water Reclamation Facility
6195	Rate Study	-	-	-
6196	Program Management & DB Procurement	513,223.08	Carollo Engineers and Subconsultants ⁽²⁾	General Project
6197	Grant Support	-	-	-
6198	Government Relations	-	-	-
6640	Maintenance Contracts	-	-	-
	Total Construction Soft Costs	1,150,208.05	Various	Various
7101	Land Acquisition	-	-	-
7103	Design/Build-On-site Improvement Design Phase	-	-	-
7104	Design-Lift Station/Force Main	112,066.27	Water Works Engineers	Conveyance Facilities
7105	Planning & Permitting	4,466.37	Far Western	Conveyance Facilities
7106	Design-Injection Wells & Recycled Water Pipeline	-	-	-
7107	Design/Build-On-site Improvement Build Phase	5,860,637.06	FBV Overland	Water Reclamation Facility
7108	Injection Well Construction	-	-	-
7109	Lift Station/FM Construction Phase	-	-	-
7110	Pilot Well Construction	-	-	-
	Total Construction Costs	\$5,977,169.70	Various	Various
	Total Quarterly Expenditures	\$7,155,792.82		

Current vs. planned expenditures

Estimated Cash Flow Projection FY 2013-2024



Milestone schedule overview

Milestone	Baseline Schedule due Date	Planned Completion Date
<u>General Project</u>		
Compliance with the TSO ⁽¹⁾	November 11, 2021	July 05, 2022
<u>Water Reclamation Facility</u>		
Begin Construction	August 08, 2019	March 20, 2020 (Actual)
Deliver 90 Percent Design	October 24, 2019	March 31, 2020 (Actual)
Substantial Completion	November 11, 2021	July 05, 2022
Final Completion	June 09, 2022	August 30, 2022
<u>Conveyance Facilities</u>		
Deliver 90 Percent Design	October 15, 2019	February 10, 2020 (Actual)
Deliver 100 Percent Design	December 17, 2019	June 15, 2020 (Actual)
Bid Advertisement	February 21, 2020	June 16, 2020 (Actual)
Award Construction Contract	May 08, 2020	November 10, 2020 (Actual)
Substantial Completion	September 17, 2021	March 01, 2022
Final Completion	November 19, 2021	April 15, 2022
<u>Recycled Water Facilities</u>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	December 22, 2021
Deliver 60 Percent Design	November 10, 2020	March 30, 2022
Deliver 90 Percent Design	February 16, 2021	June 15, 2022
Deliver 100 Percent Design	April 27, 2021	September 14, 2022
Award Construction Contract	July 21, 2021	December 07, 2022
Substantial Completion	April 21, 2022	November 11, 2023
Final Completion	June 21, 2022	December 06, 2023

Notes:

(1) The TSO requires compliance with full secondary treatment by February 2021. CC: 2021-05:25 Page 155 of 159

Looking ahead to Q4

- Carollo provided City with FY 21/22 WRF budget placeholders using “bottom-up” approach
 - Construction spending
 - Program management costs
 - Carollo and subcontractors
 - Direct City program contractors
- New anticipated program total budget: \$144,726,000
- Increase of \$6,135,000 from Q3 quarterly reconciliation

Project Component	Quarterly Reconciliation (Q3 FY 20/21)	Quarterly Reconciliation (Q4 FY 20/21)
Water Reclamation Facility	\$77,087,023	\$77,687,023
Conveyance Facilities	\$37,482,000	\$37,982,000
Recycled Water Facilities	\$5,968,000	\$6,668,000
General Project	\$14,445,000	\$15,445,000
Construction Contingency	\$3,608,977	\$6,943,977
Total	\$138,591,000	\$144,726,000

Looking ahead to Q4

- Summary of budget increase:
 - WRF (plant) amendments: \$600K
 - Conveyance archeological: \$500K
 - Program management: \$1M
 - Recycled water facilities: \$700K
 - Additional construction contingency \$3.4M

Item	Amount
Water Reclamation Facility pending amendments	\$600,000
<ul style="list-style-type: none"> • PCO 70: Covid-19 costs • PCO 88: Dead-front control panels • PCO 89: SCADA managed IPR off-spec diversion • PCO 90: 24Vdc digital output circuits • PCO 91: Standardize equipment color • PCO 92: Differing site conditions (soil slip #2 investigations to-date) • PCO 93: NEMA 4X electrical enclosures • PCO 94: Security system revisions • PCO 95: <u>1.5 acre</u> riparian enhancement plan (partial funding from Environmental Allowance) • PCO 96: January 2021 storm event (1-26 thru 1-29) • PCO 97: Hydroseeding soil amendment & coverage limits • PCO 98: Additional materials testing and inspection 	
Conveyance increased archeological costs	\$500,000
<ul style="list-style-type: none"> • Archeological investigation and impact mitigation plan for conveyance construction through archeologically/culturally sensitive portion of conveyance. (Far Western) • Additional \$200,000 for this effort included under construction contingency below. 	
Increased Program Management costs	\$1,000,000
<i>Amount represents costs above anticipated FY 21/22 Program Management budget and includes Carollo Engineers and all Program Management subcontractors.</i> <ul style="list-style-type: none"> • Additional construction management oversight due to Anvil schedule acceleration • Additional public outreach due to Anvil schedule acceleration • Additional permitting support for EPA/SHPO related to conveyance and wellfield archeological impact mitigation • Additional technical support for Title 22 and pre-treatment permitting/ordinances • Additional funding compliance support (Title XVI applications, SRF construction loan requirements/payment requests, and City/agency coordination.) 	
Additional hydrogeological, permitting, and design work for recycled water facilities	\$700,000
<ul style="list-style-type: none"> • Additional technical investigation, design and permitting work for IPR injection wells 	
Construction contingency increase	\$3,400,000
<ul style="list-style-type: none"> • Additional Water Reclamation Facility amendments due to PCOs (\$400K) • Water Reclamation Facility soil slip #2 additional investigation and mitigation design (\$300K) • Water Reclamation Facility soil slip # 2 mitigation (\$1M) • Additional conveyance amendments (\$500K) • Conveyance stop work change order (\$500K) • Additional archeological costs (conveyance) (\$200K) • Land acquisition for injection wells (\$500K) 	
Total Adjustment (rounded)	\$6,200,000

Key feedback from CFAC 5/18/2021

- General concern regarding FY 21/22 budget increase and nature of the cost drivers
- Discussion regarding anticipated Q4 contingency characterization
- Questions regarding permitting status and risk (e.g., DDW, CDFW)
- Questions provided by Bart Beckman will be addressed in writing
- Questions submitted by Morro Bay resident in advance of meeting will be addressed in writing
- Request to replace “estimate at completion” table

Questions and Discussion

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