



**AGENDA NO: CS-I**

**MEETING DATE: November 15, 2023**

**AGENDA CORRESPONDENCE  
RECEIVED BY THE CITY COUNCIL FOR  
PUBLIC REVIEW PRIOR TO THE MEETING**

Mayor Wixom and City Council,

Unless Morro Bay has good reason to demolish quaint waterfront cottages that have years of useful life remaining, the highest and best use of public Lease Site 51/51W is likely to operate the existing structures as intended - highly desirable vacation rentals that should be grossing \$300/night or more each, at 65% occupancy or higher - under city management or hired firm, for a revenue increase to the Harbor Fund of \$10,000/mo (\$120,000/year) over current annual minimum rents.

Here's how:

First, the city can and should assume ownership and management of Lease Site 51/51W, expend minimum funds restoring cottage interiors to pristine, period-specific condition, and contracting with a vacation management company (20% fee) to do what hasn't been done here in recent years: operate two highly profitable, highly unique STVRs on our public waterfront for a Harbor Fund revenue increase of 1000% or more.

Second, while continuing to generate \$10-12k a month in STVR revenue, the city can work with the CA State Conservancy, CA Coastal Commission, and other driven, well funded agencies to maximize use of these uniquely Morro Bay cottages. Crystal Cove in Orange County was similarly set for demolition of dozens of unique, coastal cottages to construct a luxury hotel until wiser heads prevailed, and now these cottages offer an ideal combination of lodging, education, and public access on state-owned lands.

Check out the Crystal Cove Conservancy and see how similar their offerings are to what we already have at Lease Site 51/51W: <https://crystalcove.org/>



Third, looking ahead to 2030 and beyond, there should be no reason we can't operate a MB Tideland Conservancy of sorts that features:

- 7 nights of bookable lodging to the public (in 2, 2, and 3-day increments)
- 3 weekly docent-led tours free to the public of the facility (1pm Weds, Fri, and Sun between guest stays)
- Educational field trips to schools and organizations several fixed days per year

Some version of the formula above would seem to maximize revenue, public access to the coast, and investment in younger generations who increasingly care about how life in Morro Bay used to be.

Alternatively, you can sign an exclusive COL agreement with a private developer to design and implement another two-story, mixed-use commercial structure that adds similar revenues to the city as the option above but potentially at the expense of the overall product that is Morro Bay. True, larger structures on the waterfront are some of our highest revenue generators, but unlike single-story structures such as Dutchman's, Boatyard, Hofbrau, and 451/471 Embarcadero, 25-foot buildings along the waterfront eliminate 100% of bay views from the bluff above and cast an afternoon shadow over Embarcadero Road.



Eliminating visual and physical access to our #1 asset does not always make the city better.

I have not seen the conceptual plans for the proposed project at Lease Sites 49/49W and 51/51W to be decided upon by Council at your closed-doored meeting today. In a perfect world, the proposed project satisfies all stakeholders (including the public), and we can all move forward on the same hopeful page. In the real world, we all know this is unlikely without proper engagement of all stakeholders, the most important of which may be the Morro Bay public. Unfortunately, under the current negotiating structure and leasing management practices, nowhere does the public come into play until long after Council has granted exclusive rights to a private developer, thus removing most city leverage from the equation and risking long-term stalemate at sites failing to progress expediently through a Planning process that is made more difficult by the last-minute addition of a thoughtful public who is finally made aware of what's soon to be constructed on its publicly owned waterfront based on the closed-doored approval of five council members months or years prior.

Before that happens at today's closed session meeting, I wished to introduce an alternative project for your consideration and for consideration by the public, who has access to this public comment but not the actual plans you are voting on.

Thank you to Harbor Director Schiafone and Council for pushing forward the process of addressing expired and expiring lease sites along our publicly owned waterfront, and I trust you all to thoughtfully consider what makes the most sense in the long run for Morro Bay.

Sincerely,

Sean Green  
Morro Bay, CA

## Dana Swanson

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**From:** betty winholtz [REDACTED]  
**Sent:** Sunday, November 12, 2023 10:48 PM  
**To:** Dana Swanson  
**Subject:** Fw: agenda item cs-1

**CAUTION:** This is an external email. Please take care when clicking links or opening attachments.

Dana,  
Please post.  
Betty

----- Forwarded Message -----

**From:** betty winholtz [REDACTED]  
**To:** Carla Wixom <cwixom@morrobayca.gov>; Laurel Barton <lbarton@morrobayca.gov>; Jennifer Ford <jford@morrobayca.gov>; Zara Landrum <zlandrum@morrobayca.gov>; Cyndee Edwards <cedwards@morrobayca.gov>  
**Cc:** Ted Schiafone <tschiafone@morrobayca.gov>; Yvonne Kimball <ykimball@morrobayca.gov>; Christopher Neumeyer <cneumeyer@morrobayca.gov>  
**Sent:** Sunday, November 12, 2023 at 09:46:51 PM PST  
**Subject:** agenda item cs-1

Dear City Council:

I walk the Embarcadero several times a week beginning at Tidelands Park. Therefore, I always walk by Lease Site 49/49W and Lease Sites 50-51/50W-51W. I make the following observations for your consideration as you evaluate the bidder's proposal for these sites.

1. *456 Embarcadero* is a productive, upscale hotel. These sites are directly across the street. Is the redevelopment of these sites restricted to the 17-foot height limit? Even 17 feet may have a negative impact to *456*. Is that a concern?
2. Since the first discussions of the "little red house" at the planning commission, old buildings have been given a second blush because they embody "old Morro Bay" character, something the residents, if not the city council, are interested in branding to promote our town. What if these buildings remain as is, STRs, and the real redevelopment be the water lease sites adding slips. Due to their location directly on the water, the STRs must or could bring in top rental money.
3. The RFP has 7 key objectives. Two of them are: "Improved viewshed and façade. Adds to overall tourism draw." How many times have I seen heads turn to look at these buildings, even trying to peek in the windows. The colors and facade are what attract people to them. A "modern" look is not a draw; there are plenty of those already. The viewshed can only be damaged, not improved, with vertical expansion.
4. A third key objective is "conform[ance] to the City's Downtown Waterfront Strategic Plan and Local Coastal Program." This objective goes on to highlight "emphasis on

fishing village / marine heritage / working waterfront / national estuary themes." Like the "little red house" this is/was who Morro Bay is/has been.

5. This is the end of the south end of the Embarcadero. There are not hoards of foot traffic. Not having 8-foot sidewalks is okay.

6. Only one key objective deals with investment or "maximizing revenues." Maybe it is fitting to have moderate to good revenues if there is intrinsic value involved that has its own reward.

Finally, Section IV of the RFP states, "The City reserves the right in its sole discretion to reject any and all proposals submitted, to revise its selection process at any time, and to rescind the RFP at any time." The RFP gives you the prerogative to look anew at these lease sites.

Sincerely,  
Betty Winholtz