

# City of Morro Bay

## City Council Agenda

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### *Mission Statement*

*The City of Morro Bay is dedicated to the preservation and enhancement of the quality of life. The City shall be committed to this purpose and will provide a level of municipal service and safety consistent with and responsive to the needs of the public.*

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**REGULAR MEETING  
TUESDAY, JUNE 24 2014  
VETERANS MEMORIAL HALL - 6:00 P.M.  
209 SURF ST., MORRO BAY, CA**

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

PUBLIC PRESENTATIONS – Status of Local Water Emergency Declaration by County of San Luis Obispo (Paavo Ogren)

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

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

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

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (805) 772-6205. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT AGENDA

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

A-1 APPROVAL OF MINUTES FOR THE SPECIAL CITY COUNCIL MEETING HELD ON JUNE 5, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE SPECIAL CLOSED SESSION CITY COUNCIL MEETING HELD ON JUNE 10, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 APPROVAL OF MINUTES FOR THE CITY COUNCIL MEETING HELD ON JUNE 10, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-4 APPROVAL OF MINUTES FOR THE SPECIAL CLOSED SESSION CITY COUNCIL MEETING HELD ON JUNE 13, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-5 ADOPTION OF RESOLUTION NO. 44-14, APPROVING THE COORDINATED GRANT APPLICATIONS FOR BOTH THE COASTAL COMMISSION LCP GRANT PROGRAM AND THE OCEAN PROTECTION COUNCIL LCP SEA LEVEL RISE GRANT PROGRAM; (PUBLIC SERVICES)

**RECOMMENDATION: Adopt Resolution No. 44-14.**

A-6 APPROVE AN MOU WITH COUNTY OF SAN LUIS OBISPO, BEGINNING THE PROCESS TO ESTABLISH THE SOUTH BAY BOULEVARD UNDERGROUND UTILITY DISTRICT-CITY AREA; (PUBLIC SERVICES)

**RECOMMENDATION: Approve a Memo of Understanding (MOU) with the County of San Luis Obispo as one step in the possible creation of the South Bay Boulevard Underground Utility District within City limits.**

A-7 RESOLUTION NO. 38-14 AUTHORIZING EXECUTION OF A CONSENT TO ENCUMBRANCE FOR THE LEASE AGREEMENT ON LEASE SITE 30W-33W (BAY FRONT MARINA, 201 MAIN ST.); (HARBOR)

**RECOMMENDATION:** Adopt Resolution No. 38-14 authorizing the Mayor to execute a Consent to Encumbrance Agreement regarding a Deed of Trust for Lease Site 30W-33W with Capital Bank and Bruce Foster & Susan Foster and Dean Marchant & Carly Marchant for refinancing and improvements at Lease Site 30W-33W located at 201 Main Street, Morro Bay.

B. PUBLIC HEARINGS

B-1 ADOPTION OF THE HOUSING ELEMENT UPDATE FOR 2014-2019 AND ADOPTION OF THE NEGATIVE DECLARATION; (PUBLIC SERVICES)

**RECOMMENDATION:** Review, consider and accept Planning Commission recommendation to adopt the Negative Declaration and adopt the 2014-2019 Housing Element Update.

B-2 RESOLUTION NO. 39-14 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (RECREATION & PARKS)

**RECOMMENDATION:** Complete the public protest hearing and approve the levy of the annual assessment for the North Point Natural Area Landscaping and Lighting Maintenance District.

B-3 RESOLUTION NO. 40-14 DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT FOR THE CLOISTERS LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT; (RECREATION & PARKS)

**RECOMMENDATION:** Complete the final public hearing and approve Resolution 40-14, approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District for FY 2014/15.

C. UNFINISHED BUSINESS / SECOND READING AND ADOPTION OF ORDINANCES

C-1 RESOLUTION NO. 42-14 ADOPTING THE FISCAL YEAR 2014/15 OPERATING BUDGETS; (ADMINISTRATIVE SERVICES)

**RECOMMENDATION:** Adopt Resolution No. 42-14, approving the fiscal year 2014/15 budget document, including any amendments made at this meeting.

D. NEW BUSINESS

D-1 CONSIDERATION OF CO-SPONSORSHIP OF THE 2014 MORRO BAY TRIATHLON; (RECREATION & PARKS)

**RECOMMENDATION:** Council review and discusses the possibility of co-sponsoring All Out Events for the Morro Bay Triathlon scheduled for November 1, 2014.

D-2 DISCUSSION OF PLACING A MEASURE ON THE NOVEMBER, 2014 BALLOT TO AMEND MORRO BAY MUNICIPAL CODE SECTION 2.09.010 CHANGING THE ELECTION PROCESS TO A GENERAL ELECTION ONLY IN NOVEMBER OF EVEN NUMBERED YEARS; (CITY ATTORNEY)

**RECOMMENDATION:** Discuss the matter and provide direction whether to prepare, for the July 8<sup>th</sup> regular council meeting, all resolutions and other documents necessary to place the subject amendment to the Morro Bay Municipal Code (MBMC), Section 2.09.010 before the voters on the November 4, 2014 ballot.

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

F. ADJOURNMENT

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

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

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

**MINUTES - MORRO BAY CITY COUNCIL  
BUDGET WORKSHOP – JUNE 5, 2014  
MORRO BAY COMMUNITY CENTER  
MULTI-PURPOSE ROOM – 5:00P.M.**

<b>PRESENT:</b>	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
<b>STAFF:</b>	Edward Kreins	Interim City Manager
	Joe Pannone	City Attorney
	Jamie Boucher	City Clerk
	Rob Livick	Public Services Director
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director

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

**ESTABLISH QUORUM AND CALL TO ORDER**

**MOMENT OF SILENCE**

**PLEDGE OF ALLEGIANCE**

**CLOSED SESSION REPORT – None**

**MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS**

Interim City Manager Ed Kreins presented an overview of the budget, stating the budget isn't written in stone, it is a living document that is a guide for the entire year that could be changed as Council deems necessary. He also felt that the City needs to investigate sources of new revenue or look into changing your service delivery model.

**PUBLIC PRESENTATIONS**

Chamber of Commerce President, Jennifer Redman thanked the City and Council for the office space which is currently housing 3 incubator businesses as well as the City's Volunteer Resource Center. She stated that the Chamber is requesting minimal funding from the City to help them in providing services on behalf of the City. She went on to describe what the Chamber is doing and/or intends to do for the Morro Bay: they are currently offering space to the City's Volunteer Resource Center; they are also hoping to provide a Morro Bay City-wide mobile app they are working on; they have prepared a business information packet to help with business license efforts; and, they have provided business forums, workshops, and business consultations. They are also requesting monies to help offset phone calls, printing, postage, personnel, and help reaching out to new businesses. The Chamber continues to offer support for local events in addition to their own; and are asking for financial support to offer that additional event support.

Their office also serves as a visitor contact center; people still come in asking questions which they feel is all part of business expansion and retention in Morro Bay. The Chamber appreciates that the budget is tight but feels their our activities are geared to creating additional revenue that ultimately should cover more than the money they are asking for. They are requesting \$24,000 for the fy 2014/15 at \$2,000/month to cover the 3 areas: mobile app; business outreach; and event support.

Brent Haugen spoke on behalf of the Tourism Bureau. In the last 2 years, the Tourism Bureau has seen an increase in budget between 11-12%. They are requesting continued funding of \$100,000 for the Visitor Center and \$116,000 for regional marketing from the City. He presented their 2014/15 proposed budget stating that they are looking forward to a measurable return on investment not just for their stakeholders but also the City. He described the breakdown for Regional Marketing funding and the hopeful impacts of a successful regional marketing campaign. These funds help support the Shop Local program, event support and marketing as well as creation of cooperative advertising programs all impacting the local economy. He also presented a Visitor Center funding breakdown as well as the impacts the Visitor Center has had in the previous year and proposed ideas and concepts for the future of the Visitor Center. Their goal is to create a climate and make things happen

#### PUBLIC COMMENT -

Ken McMillan spoke on the Chamber's mobile app request. He stated this would be a tool that you use on your phone instead of on your computer and allows you to immediately find people, places and things. Initially the project was going to be a marketing tool for Chamber members but then it took on the identity as a possible tool for the City as a whole. Included would be a business directory, cross promotion with other apps, and social media advertising. In addition, it would serve locals, visitors, provide an entertainment directory, an event directory, surf, tides and weather conditions and maps/directions. He hopes the City sees this as ownership for all as it will benefit all of us.

Linda Fidel spoke on behalf of the Monday evening Community Dinners being held at the Vet's Hall on Monday nights @ 430pm – 630pm. She is asking the City to continue to waive the fees for their use of the Vet's Hall. She also thanked all those who have been involved.

Nancy McCarray is the Avocado Margarita Festival Coordinator and spoke saying the biggest challenge for any large event is to reach beyond the City limits; these visitors ultimately stay in the area, spending their discretionary dollars for accommodations, food, drink and entertainment. Those same visitors learn of the multitude of other entertainment opportunities alongside the beauty of the area. The special event draws them in and the beauty brings them back. Marketing is expensive and in order to be able to bring the tourist in, they are asking for City financial support.

John Solu respects the fact that the citizens have spoken and have chosen to continue with your leadership. His hope is to make Morro Bay a better place to live, raise a family and retire. The City has been a partner with tourism marketing of Morro Bay since the early '80's and he hopes we continue to fund the regional marketing and the visitor center. He disagrees with staff's

recommendation that tourism is a vulnerable industry and would be happy to discuss that recommendation. He also advertised the upcoming Music Fest, an event that produces seed money for the Annual Harbor Fest. Both of these events are an all-volunteer effort.

Joan Solu stated that tourism and economic development are pillars of our economy that work together hand in hand and can be strengthened through partnership support and public/private collaboration. Five years ago the TBID was a concept brought to Morro Bay by the county; in the 5 years since, there has been a leveling and a steady growth in the revenue for both partners. In 2014/15, continued partnership will provide more stability and growth in the community. She hopes we continue the public/private partnership that has benefited everyone in Morro Bay.

Daniel Podesto spoke on behalf of Morro Bay 4<sup>th</sup>, requesting an annual line item in the City budget in the amount of \$20,000 as well as waiving all service fees for the event. They feel this is a good investment because it has a history of providing a strong return on that investment. Since taking over, the occupancy rate in July has increased 12% resulting in additional TOT and sales tax. They will also provide the City with over \$60,000 of TV and radio promotion hoping to drive up TOT and sales tax revenues that will more than cover the cost of the event.

Mary Hay stated that as a small, non-visitor serving business for the past 34 years, she has seen her business grow in the past 2 years which she attributes to the promotions started by TBID thanks to both Karin Moss and Brent Haugen's leadership. She feels the upturn is directly related to our increase in promotion, attention to media collateral in the visitor center and lastly, the helpful and professional services of the Visitor Center staff.

Kevin Winfield of Sub Sea Tour stated that the Visitor Center is very helpful to his business and do a great job.

Stacy Jacob spoke on behalf of Visit SLO County. She stated that tourism is an exciting industry and has a direct impact on local communities. There is power in partnerships both locally and countywide. She reminded the Council that tourism isn't just about supporting local businesses but it's also about providing jobs; there is a ripple effect. She hoped that when evaluating the budget, you continue supporting tourism.

Lynda Merrill supports whatever the City needs to do to make our finances right. She asked the Parks Department to please get the Bike Park built as soon as possible.

Susan Stewart stated that the Morro Bay Merchant's Association is a small non-profit group, operated solely for the benefit of local businesses; their minimal dues and profits from bi-yearly street fairs allows for advertising and promotions to members. They joined with Charter for a Shop Local campaign. Every dollar spent on promoting local businesses and events raises the profile of Morro Bay and strengthens its economic base. You can't rely on events alone. She hopes Council will continue to collaborate with existing groups and develop policies and programs that strengthen current business, encourage new business and that you continue to provide support for regional promotion.

John Headding agrees that a budget is a dynamic document. He asked Council to consider: focus on a long term view – do a 5 year plan; diversify your revenue streams; benchmark; set policy to review enterprise funds and rates – they need to be self-sustaining; focus on return on investment for all our expenditures that are quantified; when you hire a new City Manager, make sure they are financially astute; consider zero based budgeting; and focus on encouraging as much community input as possible.

Brent Haugen read a letter written by Dennis Krueger, owner of Kayak Horizons requesting continued funds be provided for the Visitor’s Center. They are in a great location, and are a great welcome to new visitors to our City. He encouraged the Council to continue providing funding to the Center; that which is received, far outweighs the cost.

Paul Sloan of Visit SLO County spoke in support of Tourism and the Visitor’s Center. He stated there is a collaborative aspect of tourism, working together, locally, regionally and nationally. The money spent in marketing and tourism is some of the most important; you may not see exactly what you’re getting but you definitely see what you’ve lost. The Visitor Center is a sign that says “hi, I’m from here and how can I help you”. You need to fund your marketing and your visitor center.

Jennifer Redman spoke in support of regional marketing for local businesses – shop local and coop advertising. Morro Bay has services that are great for local shoppers.

The public comment period was closed.

## **PRESENTATION & DISCUSSION OF THE 2014/15 FISCAL YEAR BUDGET TO INCLUDE REVIEW AND DISCUSSION OF CITY GOALS**

Each department head presented progress on the update of the 2013 goals.

Councilmember Smukler feels that more time spent on updating key tasks and bringing those back to a future meeting is necessary and would like to add “Unmet Bike Needs” to Goal #7, key tasks. He also feels it’s important to include the Recreation & Parks Department’s Work Program as we look at key tasks.

Mayor Irons thought it would be great to have a separate meeting to go over the goals in more detail. He wants to look at part time staffing effectiveness in regards to the General Plan update at a future meeting; he is also looking forward to the CalPERS rates update. In the future, he would also like to see more discussion on sidewalks and gap closures.

Administrative Services Director Susan Slayton gave an overview of the City’s budget process. She then presented the FY 2014/15 Budget. She stated that the budget was balanced. Discussion was then brought back to the City Council for questions and comments.

Fire Chief presented a summary for his request for an additional firefighter stating that it should save the City money in overtime as well as in expected costs with the Affordable Health Care Act.

Council reviewed the budget page by page, noting those sections they would like to return to.

Councilmember Christine Johnson would like to see a transfer of monies-in for vehicle purchases to reflect actual vehicle replacements; this year there is a request for 3 plus 1 from Measure Q.

Mayor Irons would like to see running totals on the 5 year Capital Projects Requirements pages.

P 13 Chamber of Commerce / Economic Development - Councilmember Smukler suggested it would be helpful to spend more time to work with the stakeholders; have deeper dialogue to allow them to present their options/programs. He suggests engaging them with the City Manager and Economic Development Sub-committee and come back to a future budget workshop. He doesn't think we can look at an amount without additional discussions.

Councilmember Christine Johnson agrees we need collaboration between key partners of the City, the Chamber and Tourism and now also the Merchant's Association. She is encouraged these discussions are already occurring without City involvement. Based on the model of success with TBID, there hasn't been enough time spent defining what a successful Economic Development program looks like. She would like to have a more global discussion with the right stakeholders which fits into the current budget talks. EVC is also critical to those discussions. She suggested the concept of having an RFP process to get us a facilitator to help us craft a 5 year economic development strategy. It would be great to get this done by the mid-year budget review.

Mr. Kreins stated that we can't conduct those meetings appropriately by June 24<sup>th</sup>; he suggests allocating funds to the Chamber on a monthly or quarterly basis until the meetings can be held; this way the Chamber has funds to continue to operate while these meetings are on-going.

Mayor Irons hoped that on the 24<sup>th</sup>, staff can come back with a 90± day proposal that Council can discuss and act on.

Councilmember Christine Johnson stated the Chamber asked for 3 things, support for the mobile app, funds to cover business support and funds to help with event support. She would like to continue proposing paying their rent; she has no intention of asking them pay rent but realizes that that is a expense they don't have and could be a way the City participates in supporting their activities. She believes there is business support role that the Chamber plays and she is willing to discuss that as an expectation for funds. She sees the mobile app as a way to increase membership in the Chamber; she would rather see the City wait to see how it works and look into possibly being part of the funding process next year.

Mayor Irons stated their request isn't to fund the full operations of the Chamber, just the Economic Development portion.

Councilmember Smukler wants to see the sub-committee meet with the stakeholders; he wants to set the stage for success and role definitions. He doesn't feel it's necessary to make any decisions between now and the 24<sup>th</sup>; the 90 days as a conceptual window sounds good, the City

Manager as well as Planning Manager will be on board and be able to bring additional skills to the table.

It was suggested to come back to the June 24<sup>th</sup> meeting on how Council wants to address this.

P 18 Police Department - Interim City Manager Ed Kreins stated that since he's been here, staff has been inundated with Code and Parking enforcement requests. He felt this is an important position to consider. Money is in the budget for the position but doesn't see it being spent until a full job analysis and potential revenue projections are done and job specs are drafted. He is seeking direction as to whether or not you wanted to spend the time to develop the concept for the position.

Mayor Irons acknowledged that there is a lot of staff time taken in code enforcement issues. His thought is to bring this back and update the Management Partners Plan which can be used as a tool to identify the need for things, possibly even this position.

Councilmember Leage doesn't think we need a full time code enforcement officer; we could get along with a part time employee. He thinks we can put this on the shelf for a little while.

Councilmember Smukler is cautious about adding personnel during this transition time as we haven't done enough work on revenue concepts. He agrees that a Management Partner Update will be helpful. In the short term, ask staff to discuss and recognize the requirements calling for enforcement in an effort to get by until the bigger conversations can be had.

Councilmember Christine Johnson thinks what we learned about Code Enforcement on Morro Bay Blvd was both a communication and an education issue which is a good sign. If we are going to parking enforcement, we need more public comment; she is not ready to have those conversations within this budget. Having an updated Management Partners Study would help in this and would appreciate staff coming back with potential costs to update that plan before the end of the month.

There was consensus that Code Enforcement/Parking position isn't something Council is willing to fund right now and that the Management Partners Study is something they want to revisit.

P 38/39 and 101/102 Measure Q - Council went on to discuss the Measure Q requests.

Public Services Director Rob Livick stated that in previous discussions with the Measure Q Committee, we should combine the streets and storm drain monies as they are tied together; make it one pot of money to work with; you aren't going to do one without the other. He went on to say that the streets project budget is \$457,340 as there was carryover money.

Regarding the Bike Bridge, Councilmember Smukler thinks we can pull the bridge monies from Measure Q and use Impact Fee funds instead and then use those Measure Q Funds for streets. Mr. Livick stated we shouldn't do this until we receive notice from CTC saying we were going to receive the funds that SLOCOG recommended we get. Councilmember Smukler went on to

say that even given that, we should use the Impact Fee Fund for the bridge and use all Measure Q funds for streets and storm drain maintenance. There was Council consensus to do this.

Councilmember Christine Johnson is in favor of funding the K9 program. Also, due to the maintenance of the Harborwalk, she sees the need to visit the possible purchase of the Skid Steer Tractor.

Page 41 Morro Bay Tourism Bureau - Any TBID discussion will occur at the same time the Chamber discussion happens.

Page 45 General Fund Emergency Reserve - Mayor Irons confirmed with staff that per resolution, we can allocate the excess \$30,680 to the General Fund. It could possibly go towards Economic Development, Management Partners, etc.

Councilmember Smukler doesn't want to touch those excesses, as the budget changes, so too could the percentage numbers.

Mayor Irons thinks that the Management Partner Report could address and help determine the General Fund Emergency Reserve Fund Policy.

P 47 General Fund Facility Maintenance - Mayor Irons wanted to bring this back to see how these funds were being allocated. Ms. Slayton stated that this is normally where there would be a Schedule for Maintenance as well as Completed Maintenance Schedule. Hopefully they will be completed by June 24<sup>th</sup>.

P 77 Risk Management - Councilmember Smukler feels we should respect the minimum limit and maintain the excess; spend as little as possible.

Mayor Irons stated that with \$191,000 over the required minimum, we have room to make adjustments. Should we be addressing liability issues with this; for example, lifted sidewalks? This is a fund that Council could address each year to deal with the excess.

Councilmember Smukler stated that if there are items identified as significant liabilities, let's address them.

P 85 Government Impact Fee Fund – there was consensus to use the allowable streets impact funds for the Bridge Project; up to \$207,435.

Councilmember Smukler would like to have Recreation & Parks Director Joe Woods be able to take a look at this with his overall work plan.

Mayor Irons stated that when we come back we should talk about funding the Management Partners Report, Economic Development and Chamber; he has a question on the general plan update; maybe explore creating a general plan update fund as we go through the process, possibly in the form of grants received on transfers.

Councilmember Smukler asked staff to look at this concept and bring it back to the 24<sup>th</sup>. Mr. Livick said there is a general plan maintenance fund that has approximately \$75,000 in it.

ADJOURNMENT

The meeting adjourned at 9:48pm.

Recorded by:

Jamie Boucher  
City Clerk

MINUTES – MORRO BAY CITY COUNCIL  
SPECIAL CLOSED SESSION MEETING –  
JUNE 10, 2014  
CITY HALL CONFERENCE ROOM – 5:00 P.M.

AGENDA NO: A-2  
MEETING DATE: 6/24/2014

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Edward Kreins	Interim City Manager
	Joe Pannone	City Attorney
	Eric Endersby	Harbor Director

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Irons called the meeting to order at 5:00pm.

SUMMARY OF CLOSED SESSION ITEMS - The Mayor read a summary of Closed Session items.

CLOSED SESSION PUBLIC COMMENTS - Mayor Irons opened the meeting for Public Comments; seeing none, the public comment period was closed.

The City Council moved to Closed Session and heard the following item:

**CS-1 CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Pursuant to Government Code Section 54956.8)**

Property: Lease Sites 138 & 139, 1253 and 1257 Embarcadero

Agency Negotiators: Edward Kreins, Interim City Manager and Eric Endersby, Harbor Director

Negotiating Party: United States Coast Guard

Under Negotiations: Price and Terms of Payment

CITY COUNCIL CONVENED TO OPEN SESSION

The City Attorney reported that with regards to the Closed Session Item, the Council did not take any reportable action pursuant to the Brown Act.

ADJOURNMENT

The meeting adjourned at 5:30pm.

Recorded by:

Jamie Boucher  
City Clerk

MINUTES - MORRO BAY CITY COUNCIL  
REGULAR MEETING – JUNE 10, 2014  
VETERAN’S MEMORIAL HALL – 6:00P.M.

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Edward Kreins	Interim City Manager
	Joe Pannone	City Attorney
	Jamie Boucher	City Clerk
	Susan Slayton	Administrative Services Director
	Rob Livick	Public Services Director

ESTABLISH QUORUM AND CALL TO ORDER  
MOMENT OF SILENCE  
PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT – Interim City Attorney Joe Pannone reported that with regards to the Closed Session Item: Government Code Section 54956.8, Conference with Real Property Negotiator regarding Lease Sites 138 and 139, 1253 and 1257 Embarcadero, the Council did not take any reportable action pursuant to the Brown Act.

MAYOR AND COUNCILMEMBERS’ REPORTS, ANNOUNCEMENTS & PRESENTATIONS

Mayor Irons requested and received consensus from Council to pull Item A-8 and present a Proclamation to Commander Bryan Millard declaring June 2<sup>nd</sup> and June 3<sup>rd</sup> as Special Olympics – Law Enforcement Torch Run Days.

PUBLIC PRESENTATIONS - None

PUBLIC COMMENT

Audrey Geesy presented the Morro Bay Business report. Audrey and her partners opened up Main Street Antiques located at 2200 Main Street on May 1<sup>st</sup>. Boasting over 25 years of combined experience, Main Street Antiques provides over 8700 square feet of no pressure shopping. They are owner staffed and vendor space is still available. They will be holding a ribbon cutting ceremony on Friday, June 27<sup>th</sup> at 5:15pm. They are open 7 days a week from 10am-5pm.

Gary Hixon thanked everybody for doing such a good job; it’s going to be a great 4<sup>th</sup> of July; he has his Gary Tyler Moore suit; and he encouraged the public to keep checking innerspace for his videos.

Garry Johnson announced the passing of longtime Morro Bay resident Dan Reddell. Dan contributed so much to our community; his services are being held on June 20<sup>th</sup> at the MB Community Center.

The public comment period was closed.

A. CONSENT AGENDA

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

A-1 APPROVAL OF MINUTES FOR THE SPECIAL CLOSED SESSION CITY COUNCIL MEETING HELD ON MAY 27, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-2 APPROVAL OF MINUTES FOR THE CITY COUNCIL MEETING HELD ON MAY 27, 2014; (ADMINISTRATION)

**RECOMMENDATION: Approve as submitted.**

A-3 STATUS REPORT OF A MAJOR MAINTENANCE & REPAIR PLAN (MMRP) FOR THE EXISTING WASTEWATER TREATMENT PLANT; (PUBLIC SERVICES)

**RECOMMENDATION: Receive and file.**

A-4 WATER RECLAMATION FACILITY (WRF) PROJECT STATUS AND DISCUSSION; (PUBLIC SERVICES)

**RECOMMENDATION: Review this informational item.**

A-5 ADOPTION OF RESOLUTION NO. 36-14, VARIOUS SECTIONS OF THE CITY COUNCIL POLICIES AND PROCEDURES RELATING TO MAYOR PRO TEMPORE; (CITY ATTORNEY)

**RECOMMENDATION: Adopt Resolution No. 36-14 amending the existing language in the City Council Policies and Procedures Manual (the "Manual") changing the references to "Vice Mayor" to "Mayor Pro Tempore."**

A-6 RESOLUTION NO. 35-14 APPROVING A COOPERATION AGREEMENT BETWEEN THE COUNTY OF SAN LUIS OBISPO AND THE CITY OF MORRO BAY FOR JOINT PARTICIPATION IN THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM, THE EMERGENCY SOLUTIONS GRANT PROGRAM, AND THE HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS PROGRAM FOR FISCAL YEARS 2015-2017; (PUBLIC SERVICES)

**RECOMMENDATION: Approve Resolution No. 35-14 including authorization for the City Manager to submit a letter of intent for participation in the Urban County for Fiscal Years 2015-2017.**

A-7 REQUEST FOR ADDITIONAL FUNDING FOR MORRO BAY NORTH T-PIER REPAIR PROJECT # MB-2013-H1; (HARBOR)

**RECOMMENDATION: Approve the request for additional funding of \$55,000 to be allocated to the North T-Pier Reconstruction Capital Account.**

A-8 APPROVAL OF PROCLAMATION DECLARING JUNE 2<sup>ND</sup> AND 3<sup>RD</sup>, 2014 AS SPECIAL OLYMPICS – LAW ENFORCEMENT TORCH RUN DAYS; (ADMINISTRATION)

**RECOMMENDATION: Adopt Proclamation.**

Mayor Irons opened up the public comment period for items on the Consent Calendar; seeing none, the public comment period was closed.

MOTION: Councilmember Nancy Johnson moved the City Council approve the Consent Calendar as presented. The motion was seconded by Councilmember Leage and carried unanimously, 5-0.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

B. PUBLIC HEARINGS - None

C. UNFINISHED BUSINESS

C-1 DISCUSSION AND CLARIFICATION OF COUNCIL POLICY REGARDING COUNCIL SUPPORT OF THE MORRO BAY 50TH CELEBRATION; (ADMINISTRATION)

Interim City Manager Ed Kreins presented the staff report.

Councilmember Nancy Johnson stated that 2 things have come up; there is a question on insurance payments, the committee was charged \$600 for the bike ride – Tours of City Park – is the City paying for insurance or are they not? She thinks we agreed to support a proposal for the Summit to the Sea drive with older cars; this event may need to go back to the MB 50<sup>th</sup> Committee to work out details and make a couple of recommendations.

Mr. Kreins stated that the insurance payment of \$600 covered 2 biking events and has already been paid; he isn't sure who made those payments. He spoke of a Yosemite to Morro Bay run because there was a deadline; to date, there has been no outlay of City funds.

Mayor Irons opened the public comment period for Item C-1.

Joan Solu is working with the MB 50<sup>th</sup> Committee on multiple events. There are 2 scheduled bike rides, one has already occurred and one is occurring in October touring historic locations in our community. The Yosemite to Morro Bay run is something completely separate. She thanked both Nancy Johnson and Christine Johnson for their commitment to the community and support and organization of events. She also thanked staff for working with the community group to celebrate Morro Bay's incorporation. She invited everybody to the Founders Day Picnic being held on July 17<sup>th</sup> at City Park. June 23<sup>rd</sup> is the next meeting of the MB 50<sup>th</sup> Committee.

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

Councilmember Smukler feels the City has been very generous with City funds for this event(s). We need to be careful we aren't expanding the realm of resources being put towards the 50<sup>th</sup> Celebration. He agrees with funding for the Founders Day Picnic, it is Morro Bay's birthday event. But he feels regarding the larger insurance items and staffing for other events, the committee needs to be self-sufficient.

Councilmember Christine Johnson said her question moving forward; if there is liability insurance that needs to be paid for an event; is it to come out of the \$15,000 or be waived by the City? She understands that for the Founders Day event, it will be waived.

Mr. Kreins said the Founders Day fee was waived but believes that the bike insurance should come out of the \$15,000 unless the Council authorizes differently.

Councilmember Christine Johnson reiterated that aside from the Founder's Day Picnic, whose fees will not be charged back to the 50<sup>th</sup>, are we comfortable with the liability insurance for some/all other events coming out of the \$15,000 or do we want to make a different decision tonight?

Ms. Solu stated that there is a financial review scheduled at the end of the week for their meeting on the 23<sup>rd</sup>. The Chamber is handling the finances as a neutral, 3<sup>rd</sup> party. They did pay \$600 in insurance fees for a co-sponsored bike ride. In terms of the Founders Day Picnic, they are getting to the point of having everything planned. If it is determined that they need to seek insurance, they need to know that now; if they aren't seeking the insurance, then that's fine – they just need clarity. When asked for a fund balance, she said that the balance is split, 50% to support the 50<sup>th</sup> and 50% to support the funding to complete the "For Those Who Wait" statue at Target Rock; the balance is roughly \$18,000-\$20,000 at this time.

Councilmember Smukler reiterated the City's generosity, it makes sense to waive the fees for the event on the City's birthday but doesn't feel it's prudent to outlay for any others going forward.

Mayor Irons feels the committee, with the exception of the Founders Day, can move forward absorbing any insurance fees and the City will continue to waive permit fees.

Mr. Kreins thinks we can handle most of the remaining decisions at the staff level and the Council shouldn't need to be involved.

## C-2 ADDITIONAL DISCUSSIONS AND DIRECTION FOR PROPOSED FY 2014/15 BUDGET; (ADMINISTRATIVE SERVICES)

Mayor Irons revisited some of the comments from the Budget Workshop. He spoke on the General Fund Emergency Reserve which currently is set at 27.5%, we currently have 2.9 million. He thinks we should have \$30,000 in excess but it was felt we should leave that for now as budget numbers can fluctuate. He stated that if we went to \$2.75 million as a static number that would allow for an additional \$176,000 of general fund monies; he wants to look towards that as an option; perhaps when revisiting the Management Partners Report. A conversation was also had on the Risk Management Fund; currently we have \$691,000 and per our policy we are required to maintain \$500,000 for land use and/or employee litigation. The Risk Management Fund funds our payments to CJPIA. As a past practice, the Council has had the opportunity to allocate those excess funds as they see fit. Regarding the Capital part of the budget, looking at what we have available and what we have programmed. He would like to see the following as a part of the capital budget as he feels we have funds to address them: Del Mar parking lot and pathway; Tidelands Playground mat area and picnic tables; Unmet Bike Needs; Parking Management Plan to include a sidewalk assessment. Administrative Services Director Susan Slayton said that the Tidelands Playground area has already been taken care of.

Councilmember Christine Johnson is supportive if staff agrees it makes sense to shift them into the Capital Budget. It's her understanding then that with the 3 projects; the funds could come from Parking in lieu and government impact fees.

Councilmember Smukler stated that when the budget comes back on the 24<sup>th</sup>, he hopes to see the Recreation & Parks work program included.

Mayor Irons brought up the cost visitor accumulation fees; can they be used for the Coastal Trail / Bridge Project? Mr. Livick stated that it makes sense to use those restricted funds on projects they are available for so that it frees up unrestricted funds to perform maintenance type projects.

Councilmember Christine Johnson stated that on page 63, COPS Special Safety Grant, she would like to see the items that these monies are spent on; what needs are being met?

Mayor Irons opened the public comment period for Item C-2.

John Heading brought forward the concept of prioritization from a capital stand point. Going through a process of prioritizing the projects most important to the City, those that might bring the best return on investment. There is benchmark resource data to look at. Those important projects can be used as a guideline, with a point of no return; then reserving monies in the case of emergencies; it's important to know where you're starting from.

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

Councilmember Smukler stated that the City does have a prioritization effort with large areas, specifically the Pavement Management Plan.

Councilmember Christine Johnson clarified the Risk Management Fund; stating we are fully reserved as far as our Risk Management fund goes. Every year we tend to get an unappropriated amount of money; the \$135,000 coming from that fund going into operations is not coming from Risk Management Reserves but is coming from unappropriated funds.

Mayor Irons stated that water and sewer reserves really aren't reserves, they are capital water and sewer accumulation funds used to fund capital projects; that's what the money is there for. On the Summary of All Budgeted Funds page of the budget, he would like to see a bit more clarification – he'd like 2 columns added under Revenue Estimates: Operating and Capital.

Councilmember Smukler stated that the Economic Development Sub-committee is going to meet with the Chamber and Tourism Bureau. He hopes to be able to see an actual proposal in hand from the Tourism Bureau that outlines the different items they are proposing to receive funds for. Along those lines, if we are discussing at what level are we going to allocate funds; what kinds of reporting processes and expectations will we be requiring? We have discussed modest improvements to the Embarcadero, Downtown Streetscapes, specific plan efforts for Beach Streets - it would be interesting to see what funds could be utilized in a specific way to advance this need.

Mayor Irons and Councilmember Smukler hoped we are coming back with a General Plan Update Fund in the budget. He'd like to have discussions on how that fund would be seeded.

D. NEW BUSINESS

D-1 RESOLUTION 37-14 APPROVING SUBMITTAL OF A CALIFORNIA ENERGY COMMISSION 1% LOAN APPLICATION FOR UP TO \$562,000 TO COMPLETE ENERGY EFFICIENT HVAC UPGRADES AND ENERGY GENERATION PROJECTS; (RECREATION & PARKS)

Interim City Manager Ed Kreins presented the staff report.

Mayor Irons opened up the public comment period for Item D-1; seeing none, the public comment period was closed.

Councilmember Smukler is really enthusiastic about this project; self-funding through savings and likes the ability to use local contractors.

Councilmember Christine Johnson is also fully supportive and hopes we are able to receive the money.

MOTION: Councilmember Smukler moved to approve Resolution 37-14 authorizing staff to submit an application for a low interest loan from the California Energy Commission Program Opportunity Notice to further the City's advancements improved energy efficiency and carbon footprint reduction. The motion was seconded by Councilmember Christine Johnson and carried unanimously, 5-0.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

D-2 APPOINTMENT OF VOTING DELEGATE(S) TO THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY; (ADMINISTRATION)

Interim City Manager Ed Kreins presented the staff report.

Mayor Irons opened up the public comment period for Item D-2; seeing none, the public comment period was closed.

Mayor Irons stated that this was just routine and something we do every year.

MOTION: Councilmember Christine Johnson moved to appoint Mayor Irons as the official representative on the CJPIA Board of Directors; appoint Interim City Manager Ed Kreins as the second alternate and Risk Manager, Dana Swanson as the third alternate. The motion was seconded by Councilmember Leage and carried unanimously, 5-0.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

E. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

Mayor Irons requested an item directing staff to provide Council with the necessary steps to place the June election on the November ballot for the residents of Morro Bay to determine if they want to eliminate the two step election process by returning back to a single election in November; Councilmembers Christine Johnson and Smukler concurred with this request.

Councilmember Smukler requested an item directing staff and Planning Commission to review the history of neighborhood compatibility with the potential of returning with Ordinance language to address neighborhood compatibility; Mayor Irons and Councilmember Christine Johnson concurred with this request.

ADJOURNMENT

The meeting adjourned at 7:56pm.

Recorded by:

Jamie Boucher  
City Clerk

MINUTES – MORRO BAY CITY COUNCIL  
SPECIAL CLOSED SESSION MEETING –  
JUNE 13, 2014  
CITY HALL CONFERENCE ROOM – 8:30 A.M.

AGENDA NO: A-4

MEETING DATE: 6/24/2014

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Edward Kreins	Interim City Manager
	Joe Pannone	City Attorney

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Irons called the meeting to order at 8:35am.

SUMMARY OF CLOSED SESSION ITEMS - The Mayor read a summary of Closed Session items.

CLOSED SESSION PUBLIC COMMENTS - Mayor Irons opened the meeting for Public Comments.

MOTION: Mayor Irons moved to accept and file the public comment sent via email to the Council from John Headding who was unable to attend. The motion was seconded by Councilmember Smukler and carried unanimously.

Ayes: Irons, C. Johnson, N. Johnson, Leage, Smukler

No's: None

The public comment period was closed.

The City Council moved to Closed Session and heard the following item:

**CS-1 GOVERNMENT CODE SECTION 54957(b)(1) – PUBLIC EMPLOYEE APPOINTMENT:**

Title: City Manager

CITY COUNCIL CONVENED TO OPEN SESSION

The City Attorney reported that with regards to the Closed Session Item, the Council did not take any reportable action pursuant to the Brown Act.

ADJOURNMENT

The meeting adjourned at 1:35pm.

Recorded by:

Jamie Boucher  
City Clerk

**AGENDA NO: A-5**

**MEETING DATE: 6/24/2014**

**RESOLUTION NO. 44-14**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
APPROVING THE COORDINATED GRANT APPLICATIONS FOR BOTH THE  
COASTAL COMMISSION LCP GRANT PROGRAM AND THE  
OCEAN PROTECTION COUNCIL LCP SEA LEVEL RISE GRANT PROGRAM**

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

**WHEREAS**, the Budget Act of 2013 provides an appropriation of \$1 million for Coastal Commission and \$1.2 million for Ocean Protection Council grants in FY 14-15 to local governments to support Local Coastal Program (LCP) planning; and

**WHEREAS**, the California Coastal Commission, under the authority of the California Coastal Act, may provide financial assistance to support coastal planning and has approved a competitive grant program to provide such financial assistance for LCP planning; and

**WHEREAS**, the California Ocean Protection Council, under the authority of the Ocean Protection Act, approved a competitive grant program to provide financial assistance for local and regional vulnerability assessments and updates to LCPs and other Coastal Act authorized plans to address sea-level rise, coastal hazards and other climate change-related impacts; and

**WHEREAS**, local governments responsible for developing and amending LCPs under the California Coastal Act are eligible to apply for both the Coastal Commission LCP Grant Program and the Ocean Protection Council LCP Sea Level Rise Grant Program; and

**WHEREAS**, the goal of the grant programs are to develop new or updated LCPs in conformance with the California Coastal Act and to reflect current circumstances and new scientific information, including new understandings and concern for the effects of climate change and sea level rise; and

**WHEREAS**, grant proposals submitted under these grant programs must complete land use plans and/or zoning work to either achieve submittal for certification of a LCP or of an LCP Amendment to significantly update a certified LCP or LCP segments, including with special emphasis on effects of climate change and sea-level rise; and

**WHEREAS**, the City of Morro Bay has an effectively certified LCP; and

**WHEREAS**, the City of Morro Bay desires to pursue a project that would result in the completion and submittal for certification by the California Coastal Commission an Amendment to update the LCP in whole; and

**WHEREAS**, the City of Morro Bay, recognizing the problems and issues associated with climate change identified in the application summary, desires to pursue a project that would result in the completion and submittal for certification by the California Coastal Commission of an LCP Amendment, that would address such impacts; and

**WHEREAS**, the City Council has reviewed a summary of the proposed projects for the Coastal Commission and Ocean Protection Council grant applications (Attached as Exhibit A); and

**WHEREAS**, the City of Morro Bay commits to and agrees to fully support a planning effort intended to update a certified LCP pursuant to the provisions of the California Coastal Act, with full public participation and coordination with the Coastal Commission staff, the State Coastal Conservancy and the Ocean Protection Council in undertaking the project, if approved.

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

1. Staff is directed to submit the grant application package to:
  - a. the California Coastal Commission to provide financial and planning assistance, under authority of the California Coastal Act, in the amount of \$147,000 to fund the project more particularly described in the grant application package; and
  - b. the Ocean Protection Council to provide financial and planning assistance, under authority of the Ocean Protection Act, in the amount of \$270,000 to fund the project more particularly described in the grant application package.
2. The Public Services Director is authorized to execute all necessary applications, contracts, agreements and amendments to implement and carry out the grant application package and any project authorized by the grant application.

**PASSED AND ADOPTED** by the Morro Bay City Council at a regular meeting held on this 24th day of June, 2014 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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JAMIE L. IRONS, Mayor

ATTEST:

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JAMIE BOUCHER, City Clerk

## **EXHIBIT ‘A’**

### **City of Morro Bay 2014 Local Coastal Program Planning Grant Application Summary**

For Fiscal Year 2013–2014, Governor Brown and the California Legislature approved an augmentation of \$1 million to the California Coastal Commission’s budget to support local governments responsible for planning under the California Coastal Act (Coastal Act) to develop or update Local Coastal Programs (LCPs). In September, 2013, the City submitted an application for the update of the Morro Bay Local Coastal Program that was not funded.

On April 23, 2014 the California Coastal Commission and the Ocean Protection Council announced a second call for grant applications to support local governments in planning for sea-level rise and climate change and completing or updating Local Coastal Programs (LCPs) consistent with the California Coastal Act.

Grants will be administered through the two coordinated grant programs as follows:

- Coastal Commission LCP Planning Grant Program: \$1 million available for updating and certifying LCPs; may include updates to address impacts of climate change and sea-level rise.
- Ocean Protection Council LCP Sea-Level Rise Grant Program (in partnership with the Coastal Commission and State Coastal Conservancy): \$1.2 million available for work that supports LCP updates, specifically to address sea-level rise, including sea-level rise modeling, vulnerability assessments, and adaptation planning and policy development.

This year, to simplify the process, the two programs are offering a joint application where the applicant may apply to one or both programs. Staff is preparing such an application for the 2014-2015 FY, requesting Coastal Commission to provide financial and planning assistance, under authority of the California Coastal Act, in the amount of \$147,000; and requesting the Ocean Protection Council to provide financial and planning assistance, under authority of the Ocean Protection Act, in the amount of \$270,000.

#### **Background**

At the March 26, 2013, goal setting workshop, Morro Bay City Council adopted the update of the Local Coastal Program/General Plan for current and future land use needs as a major City goal.

The impetus for the adoption of this major goal was derived from the decades-old age of the City’s planning documents, feedback from the community, and City staff’s efforts to protect and regulate natural resources with outdated technical studies, changing climate science, and potentially inconsistent land uses present on the City’s land use map. The City committed to update its Local Coastal Program and General Plan within the next two to three years from the workshop.

The grant application presents the City’s request for financial assistance to support preparation of the City’s Local Coastal Program (LCP). The goal is to merge the LCP into a new, unified single LCP/General Plan document that provides the community’s vision and accompanying policy and regulatory framework consistent with state regulations and guidelines.

The LCP will include implementing standards that maintain coastal access, adapt to sea level rise, and protect and improve environmentally sensitive habitats and coastal resources, including the Morro Bay National Estuary.

There are four key objectives to achieve the City’s goal to have an updated LCP that presents current and future coastal land use needs and prepares the City’s working waterfront and coastal-dependent industry to thrive in future climate, economic, natural, and social conditions.

**Key Objectives**

- Develop an accurate inventory of existing coastal land uses and environmentally sensitive resources.
- Use the City’s Sea-Level Rise Vulnerability Assessment project as a framework for completing a comprehensive climate change vulnerability assessment.
- Engage the community in the planning process, and enhance working relationships with stakeholders to support adoption and certification of the LCP update.
- Collaborate with the Coastal Commission as a partner in the LCP/General Plan process.

The LCP update is part of a comprehensive LCP/General Plan update process, and complete technical analysis and policy development is in support of the LCP/General Plan update.

The joint LCP Update and Sea-Level Rise Grant application includes tasks and deliverables per the draft budget below:

Task	Total Cost	Allocation of total cost among all funding sources			
		Match Funding <sup>(1)</sup>	In-kind Funding <sup>(2)</sup>	LCP Grant Funding	SLR Grant Funding <sup>(3)</sup>
<i>Project Management and Grant Administration</i>	\$ 19,000	\$ -	\$ 3,000	\$ 8,000	\$ 8,000
<i>Intergovernmental Coordination</i>	\$ 40,000	\$ 6,000	\$ 12,000	\$ 11,000	\$ 11,000
<i>Outreach and Engagement</i>	\$ 73,500	\$ 16,000	\$ 7,500	\$ 25,000	\$ 25,000
<i>Opportunities and Constraints</i>	\$ 196,000	\$ 22,000	\$ 4,000	\$ 25,000	\$ 145,000
<i>Evaluation</i>	\$ 88,000	\$ -	\$ 2,000	\$ 11,000	\$ 75,000
<i>Land Use Planning Documents</i>	\$ 25,500	\$ -	\$ 3,500	\$ 22,000	
<i>Implementing Ordinances</i>	\$ 32,000	\$ -	\$ 3,000	\$ 29,000	
<i>Final Documents</i>	\$ 31,000	\$ -	\$ 9,000	\$ 16,000	\$ 6,000
	<b>\$ 505,000</b>	<b>\$ 44,000</b>	<b>\$ 44,000</b>	<b>\$ 147,000</b>	<b>\$ 270,000</b>



cooperation from the City to allow the project to extend into Morro Bay City limits. The area of concern is the South Bay Boulevard corridor from the south side of the bridge to the City limits, approximately 1,500 feet.

**DISCUSSION**

The project area within City-limits is relatively small, but important to the County in achieving its beautification and safety goals. Those who live or work in Morro Bay and travel this route between the City and Los Osos will benefit from the enhanced safety and beautification of the route. City staff has made it clear to our County counterparts the City staff could support this project, as long as the City is not encumbered with any financial or other liability obligations in the performance of the work. The attached MOU is intended to meet that condition.

Successful completion of the project does, however, require certain administrative support from the City including:

- Establishing the South Bay Boulevard Underground Utility District – City Area
- Issuance of a no-fee encroachment permit to the contractor performing the work
- Providing informational items related to the project as available
- Waiving work hour limitations
- Accepting County Engineering Standards for trench repair and other such items related to the work

Establishing the Underground Utility District requires 30-day noticing of affected utilities and property owners. Once noticed, the City Council will hold a public hearing for the creation of the Underground District. Issuing a no-fee encroachment permit is routine for City sponsored projects and is a courtesy extended to projects sponsored by other public entities. The informational items are easily assembled. As this area is not adjacent to any residential or business properties, waivers of work hour limitations are of little consequence and will actually help minimize disturbance to traffic flow if the contractor is allowed to work around commute times. Use of County Engineering Standards are generally as good or better than City Standards and will provide uniformity in the final product.

The MOU also specifically relieves the City of potential liabilities and costs associated with this project. For example, the County will take responsibility for rectifying any problems related to hazardous materials or cultural resources, if encountered. Furthermore, the County is using its own Rule 20A allocations for work in the City Area, so allocations reserved for City projects remain intact.

**CONCLUSION**

As the undergrounding of utilities on South Bay Boulevard will increase safety and visual aspects of the commute between Morro Bay and Los Osos and the project can be implemented with minimal administrative cost to the City, staff recommends approving the MOU with the County.

Attachments: Memo of Understanding and related exhibits

**MEMORANDUM OF UNDERSTANDING  
(SOUTH BAY BOULEVARD UNDERGROUND UTILITY DISTRICT)**

This MEMORANDUM OF UNDERSTANDING (MOU) is entered into by and between the **County of San Luis Obispo** (COUNTY), and the **City of Morro Bay**, a California municipal corporation (CITY). COUNTY and CITY are sometimes individually referred to herein as "Party" and collectively as "Parties."

**I. BACKGROUND**

Beginning in the late 1960's early 1970's, the California Public Utilities Commission (CPUC) mandated that certain public utilities spend a designated amount of their annual income on undergrounding overhead lines that meet certain criteria. Since 1971 the COUNTY has been involved in formulating underground utility districts in cooperation with PG&E and other overhead utilities. As part of the CPUC Tariff Rule 20A program, PG&E distributes credits ("allocations") to each local agency which can be used to pay for Rule 20A underground projects.

The purpose of this MOU is to address a particular proposed project for the undergrounding of all overhead lines along South Bay Boulevard, beginning near the intersection of South Bay Boulevard and Turri Road, heading north and ending near the Chorro Creek Bridge (hereafter, the "Project Area"). The Project Area is depicted in the attached Exhibit A. All of the planning, design, construction and administrative work contemplated by such undergrounding project shall hereafter be referred to as the "Project."

Since the Project Area includes areas within the jurisdiction of each Party, the purpose of this MOU is to outline the role and responsibilities of the Parties for the successful completion of the Project.

**II. RESOLUTIONS ESTABLISHING UNDERGROUND UTILITY DISTRICTS**

- A.** Each Party agrees to present to its governing body for approval the appropriate resolution(s) for establishing an underground utility district that covers the portion of the Project Area that is within that Party's geographical boundaries. The resolution(s) shall establish the underground utility district under Tariff Rule 20A (and any applicable local ordinances or regulations).
- B.** When the resolution is presented to the CITY's governing body, the underground utility district shall be designated as the South Bay Boulevard Underground Utility District - City Area. When the resolution is presented to the COUNTY's governing body, the underground utility district shall be designated as the South Bay Boulevard Underground Utility District - County Area.
- C.** Nothing in this MOU requires any Party to establish any underground utility districts or to adopt any resolution(s) related thereto. If a Party's governing body does adopt resolution(s) establishing an underground utility district as described above, this MOU may be approved by that Party's governing body (concurrently with said resolution (s) or shortly thereafter).

### **III. COOPERATION**

- A. The Parties recognize and agree that each of the Parties hereto are considered stakeholders with a vested interest in the undergrounding of all overhead utilities within the Project Area for the safety and beautification of the public thoroughfare.
- B. The Parties agree to cooperate and communicate during all phases of the Project in order to facilitate a successful completion of the Project.
- C. To maintain consistency throughout the Project Area, the Parties agree that the Project will be completed such that it meets the San Luis Obispo County Public Improvement Standards.

### **IV. COMPLIANCE WITH PG&E CONDITIONS**

- A. It is anticipated that PG&E will not perform any work regarding the Project unless the COUNTY signs the attached Agreement with PG&E to Perform Tariff Scheduled Related Work per Rule 20A General Conditions (Exhibit B) including Supplemental Conditions (Exhibit C). The terms and conditions set forth in Exhibits B and C shall hereafter be referred to as "PG&E Conditions."
- B. The Parties agree that the entire Project Area shall be subject to the PG&E Conditions, and that the Project will be implemented in a manner consistent with the PG&E Conditions. Subject to the tasks assigned to the CITY in paragraph IV.C. below, the COUNTY shall be responsible for the Project being implemented in a manner consistent with the PG&E Conditions. To the extent the COUNTY needs to enter upon any portions of the Project Area located within the CITY in order to maintain compliance with any PG&E Conditions, the CITY hereby authorizes the COUNTY to make such limited entry for such limited purpose.
- C. The CITY's responsibility for compliance with the PG&E Conditions shall be limited to the following obligations to be performed by the CITY (each of the following numbered obligations correspond with the same numbered condition set forth in the agreement form attached hereto as Exhibit B, except for those obligations that expressly refer to the Supplemental Conditions attached hereto as Exhibit C).
  - 1. Assist the COUNTY in confirming to PG&E the requirements and location of the project.
  - 2. Adopt a resolution as stated in Section II.
  - 3. N/A
  - 4. N/A
  - 5. Provide utility atlas maps or future road improvements of the area if available. Review and comment on the Base map when prepared by the COUNTY.

6. N/A
7. Provide information regarding any known or potential soil contamination within PROJECT area.
8. Provide information regarding any known or potential cultural resources within PROJECT area.
9. Provide pot holing/core samplings and soil/paving information from projects that were recently completed in the PROJECT area.
10. N/A
11. N/A
12. Waive any paving moratoriums within PROJECT area.
13. Provide plans for any future projects resulting in grade changes within PROJECT area.
14. Agree that the California Joint Utility Traffic Control Manual is acceptable for traffic control within CITY limits.
15. N/A
16. N/A
17. N/A
18. Issue and waive cost of encroachment permits for this PROJECT, including bonds.
19. Agree with the Supplemental Conditions (Exhibit C) as it pertains to waiving work hour restrictions for PROJECT construction, including holiday and/or special construction limitations.
20. Agree with the Supplemental Conditions (Exhibit C) as it pertains to waiving all permit fees and other incidental PROJECT specific costs, including but not limited to: parking charges; rental cost of city properties; and lost revenues.

## **V. FUNDING**

### **A. PG&E Project Costs.**

1. Pursuant to the CPUC Tariff Rule 20A program, PG&E annually allocates funds to communities to convert overhead electric facilities to underground electric facilities (These funds are commonly referred to as Rule 20A Funds). The amount of said funds allocated by PG&E to the COUNTY are hereafter referred to as the "COUNTY Allocation." The amount of said funds allocated by PG&E to the CITY are hereafter referred to as the "CITY Allocation."
2. None of the CITY Allocation shall be affected by this PROJECT. The COUNTY shall deliver a written request to PG&E, with a copy to CITY, that PG&E use the COUNTY Allocation to pay for undergrounding costs that would have otherwise been deducted from the CITY Allocation under the Tariff Rule 20A program.

**B. The Parties Administrative Costs.**

Each Party shall be responsible for covering its costs associated with complying with its obligations under this MOU, and its related administrative costs associated with the Project.

**VI. DECISION MAKING**

- A.** The Parties will use a consensus decision-making process. A consensus does not mean the recommendation or action is every Party's first choice; it means that every Party is reasonably satisfied with or has no strong objection to that recommendation or action and will support the decision.
- B.** Sufficient time will be provided for the Parties to seek advice from constituents, other responsible agencies, or other experts, when desired, before a decision is made.

**VII. EFFECTIVE DATE, TERMINATION & MODIFICATION**

- A.** This MOU will become effective when executed by all Parties. It will remain in force from the date of execution of this agreement unless the parties mutually agree in writing to terminate the agreement.
- B.** This MOU may be amended by the Parties through written mutual agreement.

####

IN WITNESS WHEREOF CITY and COUNTY hereby execute this contract on the day and year set forth below.

**CITY**

By: \_\_\_\_\_  
City Mayor

\_\_\_\_\_  
Date

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM AND LEGAL EFFECT:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
City Attorney

**COUNTY**

By: \_\_\_\_\_  
Chairperson of the Board of Supervisors

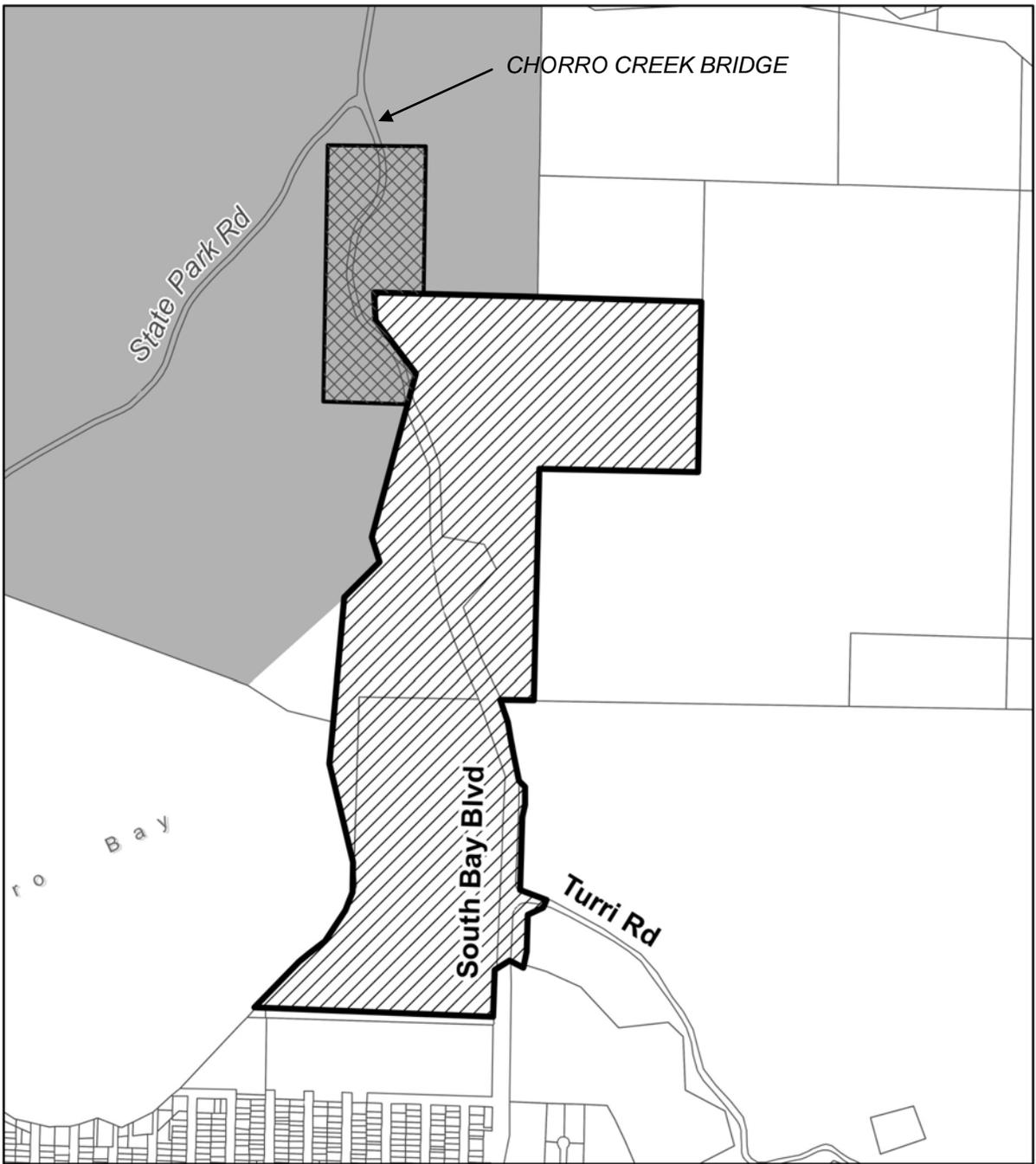
\_\_\_\_\_  
Date

ATTEST:

By: \_\_\_\_\_  
County Clerk

APPROVED AS TO FORM AND LEGAL EFFECT:

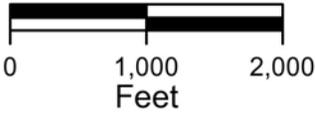
By:  Date: 5/2/14  
County Attorney



**EXHIBIT "A"**

**AFFECTED APNs**

- 038-701-004
- 066-381-003
- 067-011-043
- 067-011-044
- 073-171-027
- 073-171-032



**Proposed districts**

- South Bay Blvd. Underground Utility District - County Area
- South Bay Blvd. Underground Utility District - City Area



**SOUTH BAY BLVD. UNDERGROUND UTILITY DISTRICT  
CITY OF MORRO BAY  
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA**



Agreement to Perform  
Tariff Schedule Related Work,  
Rule 20A General Conditions<sup>1</sup>

PROJECT MGR.  
PM #

PROJECT NAME: \_\_\_\_\_

LOCATION: \_\_\_\_\_, CALIFORNIA

City: \_\_\_\_\_

City/County of \_\_\_\_\_, (Applicant) has requested PACIFIC GAS AND ELECTRIC COMPANY, a California corporation (PG&E) to perform the tariff schedule related work as located and described herein.

**General Conditions:**

PG&E will, at its expense, replace its existing overhead electric facilities with underground electric facilities as outlined in the Rule 20 Tariff. To ensure the success of this program, the Applicant agrees to support the Rule 20A Program as follows:

**Responsibilities of the Applicant:**

1. Consult with PG&E to confirm the requirements and location of the project.
2. Provide a resolution and boundary map as required in Electric Rule 20.
3. Provide a list of all recorded property owners, APN#, phone number and address.
4. Provide a list of the most recent tenant (for rental properties).
5. Provide Base Map (in AutoCAD) showing the following: boundary, roads, future road improvements, sidewalks, curbs, property lines, buildings, existing water and sewer, easements, and any other known utilities or obstacles.
6. Secure all required rights-of-way and easements, which must be satisfactory to and approved by PG&E.
7. Own and manage all contaminated soils. (Rule 20A funding cannot be used for environmental remediation costs)
8. Own and manage all cultural resource findings. (Rule 20A funding cannot be used for managing cultural resource findings).
9. Provide recent pot holing/core samplings and soils/paving information from projects that were recently completed.
10. Provide acceptable construction yard for materials and equipment storage.
11. Pay for paving and restoration costs beyond the standard excavations and restorations necessary for the construction of the project. Joint trench participants will replace paving, landscaping, sidewalk, etc. that is removed during construction. (Rule 20A funding cannot be used for additional restoration costs).
12. Waive paving moratorium requirements, or pay for additional costs above PG&E's responsibility for restoration.
13. Stake and survey for any associated future grade changes.
14. Should applicant require additional traffic control beyond that which PG&E provides (per California Joint Utility Traffic Control Committee), Applicant will pay for the additional costs.
15. Should Applicant require a traffic control plan, Applicant will prepare or pay to prepare such a plan.
16. Pay for streetlight costs per Street Light Agreement.
17. Remove Applicant owned streetlights attached to utility poles and located within the underground district at Applicant cost. .
18. Issue and waive cost of encroachment permit.
19. Waive work hour restrictions for construction, including holiday and/or special construction limitations.
20. Waive all permit fees and other incidental project specific costs, including but not limited to: parking charges; rental cost of city or county properties; and lost revenues.

**Responsibilities of PG&E:**

1. Provide consultation to Applicant to establish resolution and boundary map.
2. If designated as the design/trench lead, prepare the Intents, Composite and Form B (costs will be shared by all joint trench participants).
3. Provide electric design to the design/trench lead agency, if lead is other than PG&E.
4. Identify all locations that require an easement.
5. Prepare easement documents for signature.
6. Upon request of the Applicant, Rule 20A allocation may be used for the installation of no more than 100 feet of each customer's underground electric service lateral.
7. Upon request of the Applicant, the Rule 20A allocation may be used for the conversion of electric service panels to accept underground service, up to \$1,500 per service entrance (excluding permit fees). Alternatively, if the Applicant requests that PG&E manage the panel conversion work, perform such conversions by agreement (Form 79-1113, Agreement to Perform Tariff Schedule Related Work, Rule 20A).

<sup>1</sup> Automated Document, Preliminary Statement, Part A.



**Agreement to Perform  
Tariff Schedule Related Work,  
Rule 20A General Conditions<sup>1</sup>**

PROJECT MGR.  
PM #

- 8. Provide inspection services for the installation of PG&E facilities.
- 9. Remove poles, or portions of poles, from the underground district as required by the Joint Pole Utility Agreement.
- 10. Provide proper notification to all affected customers when electrical outages are necessary to complete project conversion to the new underground system.

**We have read the above information and understand and agree with the provisions and responsibilities as described above/.**

Executed this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

City/County of : \_\_\_\_\_  
Applicant

PACIFIC GAS AND ELECTRIC COMPANY

By: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print or Type Name)

\_\_\_\_\_  
(Print or Type Name)

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Title:

Mailing Address: \_\_\_\_\_

City/County of : \_\_\_\_\_

Supplemental Conditions to  
Agreement to Perform Tariff Schedule Related Work  
Rule 20A General Conditions

These Supplemental Conditions supplement the "Agreement to Perform Tariff Schedule Related Work, Rule 20A General Conditions" (henceforth referred to as "General Conditions") for all underground utility district project agreements entered into between Pacific Gas and Electric Company (PG&E) and the County of San Luis Obispo (County). These Supplemental Conditions represent clarifications and limitations for the terms of particular Articles listed under the General Conditions. PG&E and the County hereby agree to the following Supplemental Conditions:

A. Article 4            *Provide a list of the most recent tenant (for rental properties)*

The County obligation under this article will be satisfied by providing tenant information if and only if known through comparing water service applications submitted to the County with the property owner listed with the Assessor's office. If County is not the water purveyor in the project area, the only list of tenants the County can provide is property owners as provided by the Assessor's office. If deemed necessary by the County and PG&E at time of construction, PG&E may request some County staff assistance in contacting tenants.

B. Article 5            *Provide Base Map (in AutoCAD) showing the following:  
boundary, roads, future road improvements, sidewalks, curbs,  
property lines, buildings, existing water and sewer, easements, and  
any other known utilities or obstacles.*

The County only need provide a base map and other information listed above to the extent such base map and information are already in the County's possession. Should future road improvements be unknown when the base map is submitted to PG&E, this information will not be included. The County shall not be responsible for the accuracy of facility location information provided by other utility companies and included in the base map. It is PG&E's understanding that should a utility conflict be first discovered in the field, and the conflicting utility was not placed in the right of way by PG&E, all utility trench participants will share the cost for resolving the conflict. Unless noted otherwise, the base map will be a compilation of record data and not based upon a field survey.. Any boundary or right-of-way lines will be approximate only. It is the County's understanding that the base map will be used for concept design and/or schematic purposes, and not as detailed construction plans. The County will indicate on all materials the limitations of the information as indicated above.

C. Article 6            *Secure all required rights-of-way and easements, which  
must be satisfactory to and approved by PG&E.*

Exhibit C

The County need not secure any additional rights-of-way or easements if the facilities required for the project's underground conduit and support facilities for the transmission system can be placed within the existing County right-of-way under a County encroachment permit. PG&E agrees to provide preliminary design plans showing rights-of-way or easements needed for the project, which may lead to further discussion between the County and PG&E for possible project realignment should the County deem the rights-of-way or easement requirements to be excessive or infeasible. County will not be obligated to provide easements for lateral service lines to properties adjoining the County right-of-way. In the event the project is located within Caltrans right-of-way, the County and PG&E agree to coordinate with Caltrans to satisfy this article.

D. Article 7            *Own and manage all contaminated soils.*

The County reserves the right to do preliminary research and investigation to assess the risk of contaminated soils in the project area. Results of the investigation may lead to further discussion between the County and PG&E for possible project realignment to avoid issues involved with existing site conditions and possible termination of the project if extensive issues are discovered.

E. Article 8            *Own and manage all cultural resource findings.*

The County reserves the right to do preliminary research and investigation to assess the risk of cultural resources in the project area. Results of the investigation may lead to further discussion between the County and PG&E for possible project realignment to avoid issues involved with existing site conditions.

F. Article 10           *Provide acceptable construction yard for materials and equipment storage*

It is mutually understood by both PG&E and the County that a yard will only need to be provided by the County if PG&E does not have access to an acceptable yard near the project area and the County does have such a yard available. This item will be mutually agreed upon prior to the start of construction through a specific project agreement.

G. Article 11           *Pay for paving and restoration costs beyond the standard excavations and restorations necessary for the construction of the project*

It is understood that PG&E will restore the roadway with hot mix asphalt in a six inch T-trench matching existing thickness of asphalt at the conclusion of construction and no additional compensation will be required. For work within State Highway right of way, a specific project agreement between the County and PG&E would address any restoration needs over and above the T-trench described above and what, if any, compensation is required.

H. Article 12 *Waive paving moratorium requirements, or pay for additional costs above PG&E's responsibility for restoration*

The County obligation under this article will be satisfied by prioritizing these projects to the mutual satisfaction of both parties and keeping the paving moratorium and future repaving or overlay projects in mind as Tariff 20A projects move forward.

I. Article 13 *Stake and survey for any associated future grade changes*

The County obligation under this article will be satisfied by staking said associated future grade changes, if and only if, they are known at the time the Tariff 20A project moves into construction. The County requires a survey request form to be submitted as well as a two week lead time to accommodate staking requests. This article is for staking of future grade changes only and NOT to be used for any other construction staking, including but not limited to right-of-way, monuments, or other items associated with construction of the Tariff 20A project.

J. Article 14 *Should Applicant require additional traffic control beyond that which PG&E provides (per CA Joint Utility Traffic Control Committee), Applicant will pay for the additional costs*

&

Article 15 *Should Applicant require a traffic control plan, Applicant will prepare or pay to prepare such a plan*

County has reviewed the standards by the CA Joint Utility Traffic Control Committee and as they have been approved by Caltrans they will meet the County standards as well. This article does NOT waive the requirement for PG&E to provide a traffic control plan with application for encroachment permit, nor the requirement that they or their contractor be liable for carrying out the traffic control plan as submitted. For work on County major arterials, the County agrees to provide or pay for the use of changeable message signs to give a three day advance notice per County standards.

K. Article 16 *Pay for streetlight costs per Streetlight Agreement*

&

Article 17 *Remove Applicant owned streetlights attached to utility poles and located within the underground district at Applicant cost*

It is understood these articles are only applicable if the County chooses to make changes to the streetlight poles within the boundary of the Tariff 20A project. For all streetlight poles owned by the County, the County reserves the right to keep the existing streetlight poles and have utility companies top said poles. Changes to any existing lighting and the responsible party for the cost of these changes, will be addressed in a Streetlight Agreement.

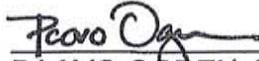
Exhibit C

- L. Article 18      *Issue and waive cost of encroachment permit*  
    &  
Article 20      *Waive all permit fees and other incidental project specific costs, including but not limited to: parking charges, rental cost of city or county properties, and lost revenues*

The County obligation under this article will be satisfied by waiving encroachment permit fees for projects located within County owned right-of-way. For projects located within right-of-way or easements owned by other agencies (ex. Caltrans, UPRR, City, DWR, etc.), PG&E shall be required to obtain all required encroachment permits and/or other permits. The County agrees to pay for such permit fees, but reserves the right to negotiate with PG&E should such permit fees or requirements be deemed excessive by the County. The requirement for PG&E to obtain an encroachment permit issued by either the County or other agencies is NOT waived by this article. PG&E shall notify the County of its work schedule and shall cooperate with the County and/or other agencies for inspections as required. For projects located within Caltrans right-of-way, PG&E agrees to coordinate issues other than permits with Caltrans directly. The County reserves the right to authorize items resulting in other incidental project specific costs to minimize cost or lost revenue

- M. Article 19      *Waive work hour restrictions for construction, including holiday and/or special construction limitations*

The County obligation under this article will be satisfied by considering a request for weekend work, extended work hours and night work if requested by PG&E or its contractors. This work must still abide by local ordinances including noise restrictions. The encroachment permit will give any work hour restrictions. The County and PG&E agree to work together to minimize the impact of this article. For projects within Caltrans right-of-way, PG&E agrees to work with Caltrans directly should any night, extended work hours and/or weekend work be requested.



\_\_\_\_\_  
PAAVO OSREN, Director of County  
of San Luis Obispo Public Works Department



\_\_\_\_\_  
SINDY MIKKELSEN, Program Manager  
PG&E

APPROVED AS TO FORM AND LEGAL EFFECT:

WARREN R. JENSEN  
County Counsel

By: \_\_\_\_\_

  
Deputy Counsel

Dated: \_\_\_\_\_

5/8/12



AGENDA NO: A-7

MEETING DATE: June 24, 2014

# Staff Report

**TO:** Honorable Mayor and City Council                      **DATE:** June 4, 2014

**FROM:** Eric Endersby, Harbor Director

**SUBJECT:** Resolution No. 38-14 Authorizing Execution of a Consent to Encumbrance for the Lease Agreement on Lease Site 30W-33W (Bay Front Marina, 201 Main St.)

## RECOMMENDATION

Staff recommends City Council adopt Resolution No. 38-14 authorizing the Mayor to execute a Consent to Encumbrance Agreement regarding a Deed of Trust for Lease Site 30W-33W with Capital Bank and Bruce Foster & Susan Foster and Dean Marchant & Carly Marchant for refinancing and improvements at Lease Site 30W-33W located at 201 Main Street, Morro Bay.

## ALTERNATIVES

1. Approve Resolution authorizing execution of the consent (staff recommendation).
2. Do not approve Resolution.

## FISCAL IMPACT

None.

## SUMMARY

The tenants for Lease Site 30W-33W, Bay Front Marina, are requesting City approval of a Consent to Encumbrance document so they may refinance their investment of the lease site for financial and capital improvement purposes.

## BACKGROUND/DISCUSSION

On January 30, 2014, the City executed a new 20-year lease for Lease Site 30W-33W with Bruce Foster & Susan Foster and Dean Marchant & Carly Marchant. Conditions of this lease require the tenants to make significant repairs and upgrades on the lease site. The tenants are requesting City Council approval of financial security agreements with Capital Bank which will generate capital for the required improvements, as well as to refinance the existing loans on their recent purchase of the lease site. If any equity revenue is realized from the refinancing, then that too must be used only for capital improvements.

No long-term lease could be redeveloped or significantly upgraded without the City agreeing to

Prepared By: EE                      Dept Review: \_\_\_\_\_  
City Manager Review: \_\_\_\_\_  
City Attorney Review: \_\_\_\_\_

secure the leasehold interest for collateral purposes to a financing institution. In addition, the Harbor Department Lease Management Policy stipulates securing a lease for collateral purposes can only be done for City-required lease improvements or financing purposes. The attached Consent to Encumbrance includes standard language that tenants require for bank financing and security for lease site investment and capital construction purposes on City lease sites. Resolution No. 38-14 will authorize the Mayor to execute the consent document.

**CONCLUSION**

Staff recommends that the City Council adopt Resolution 38-14 to enable financing the leasehold interest of Lease Site 30W-33W for investment and capital construction purposes on the site.

**RESOLUTION NO. 38-14**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
APPROVING THE AGREEMENT REGARDING CONSENT TO  
ENCUMBRANCE FOR THE LEASE AGREEMENT FOR LEASE SITE  
30W-33W LOCATED AT 201 MAIN STREET BETWEEN  
THE CITY OF MORRO BAY, BRUCE FOSTER & SUSAN FOSTER  
AND DEAN MARCHANT & CARLY MARCHANT**

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

**WHEREAS**, the City of Morro Bay is the lessor of property known as Lease Site 30W-33W located at 201 Main Street; and

**WHEREAS**, Bruce Foster & Susan Foster and Dean Marchant & Carly Marchant are the current lessees of Lease Site 30W-33W; and

**WHEREAS**, Bruce Foster & Susan Foster and Dean Marchant & Carly Marchant are currently the upland property owners of 201 Main Street adjacent to Lease Site 30W-33W; and

**WHEREAS**, Bruce Foster & Susan Foster and Dean Marchant & Carly Marchant are refinancing their investment in said property to generate capital for improvements and repairs as required in their lease with the City; and

**WHEREAS**, Bruce Foster & Susan Foster and Dean Marchant & Carly Marchant's lender, Capital Bank, is requesting approval of a Consent to Encumbrance agreement to provide certain rights under the lease agreement to secure the loan; and

**WHEREAS**, the City Attorney has reviewed and approved the attached agreement.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that the attached agreement regarding Consent to Encumbrance for Lease Site 30W-33W is hereby approved and that the Mayor is hereby authorized to execute said agreement.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of June, 2014 on the following vote:

AYES:  
NOES:  
ABSENT:

---

Jamie L. Irons, Mayor

ATTEST:

---

Jamie Boucher, City Clerk

**CONSENT TO ENCUMBRANCE**

**THIS CONSENT TO ENCUMBRANCE** ("Consent") is dated for reference purposes and effective as of June 24, 2014, by the City of Morro Bay, a municipal corporation ("Landlord"), for the benefit of Capital Bank, a Corporation ("Lender"), with reference to the following facts:

**ARTICLE I: RECITALS**

1.1 Landlord and Bruce Foster & Susan Foster and Dean Marchant & Carly Marchant, (collectively, "Tenant") have entered into that certain lease dated January 28, 2014 (the "Lease") covering certain premises located in San Luis Obispo County, California, commonly known as Lease Site 30W-33W, as delineated on Parcel Map of the City of Morro Bay No. 68-30, which map was recorded on October 10, 1968, in book 3, Page 10 of Parcel Maps in the office of the County Recorder, San Luis Obispo County, California (the "Premises"). The Premises are further described in the Lease Sites map prepared by Garing, Taylor and Associates, which include detailed survey and dimensional data on said Premises. A copy of the official Lease Site map for Lease Site 30W-33W adopted by City Council Resolution 77-74 is attached hereto as Exhibit A.

1.2 Lender has made or is about to make a loan to Tenant in the amount of One Million Dollars and No Cents (\$1,000,000) (the "Loan"). Repayment of the Loan will be secured by a leasehold deed of trust ("Deed of Trust") encumbering Tenant's leasehold interest in the Premises created by the Lease (the "Leasehold").

1.3 Landlord understands the accuracy in all respects of the information set forth herein by it may be and shall be relied upon by Lender.

**1.4 NOW, THEREFORE, TO INDUCE LENDER TO MAKE THE LOAN TO TENANT, LANDLORD HEREBY DECLARES, UNDERSTANDS AND REPRESENTS TO LENDER THAT:**

**ARTICLE II: CONSENT**

2.1 **Landlord's Consent.** Landlord hereby consents to the encumbrance of the Leasehold, as evidenced by a Deed of Trust, approved by the City Attorney for Landlord, executed by Tenant in connection with the Loan; provided, that the proceeds from the Loan are used only (i) to finance acquisition of the Leasehold, (ii) to pay costs directly associated with capital improvements Tenant makes to the Premises or (iii) to refinance an existing debt secured by the Lease; provided, that any equity is used to pay for costs directly associated with capital improvements Tenant makes to the Premises.

2.2 **Surrender or Premises; Amendment of Lease.** Landlord agrees it shall not allow or agree to any cancellation, mutual termination, surrender, acceptance of surrender, modification, or amendment of the Lease without the prior written consent of Lender.

**IN WITNESS WHEREOF**, this Consent is executed on behalf of the parties' duly authorized representatives on the date(s) indicated below and effective as of the date set forth above.

**DATE:** \_\_\_\_\_

**LANDLORD:**

**City of Morro Bay:** \_\_\_\_\_

By:

\_\_\_\_\_

Jamie L. Irons, Mayor  
City of Morro Bay

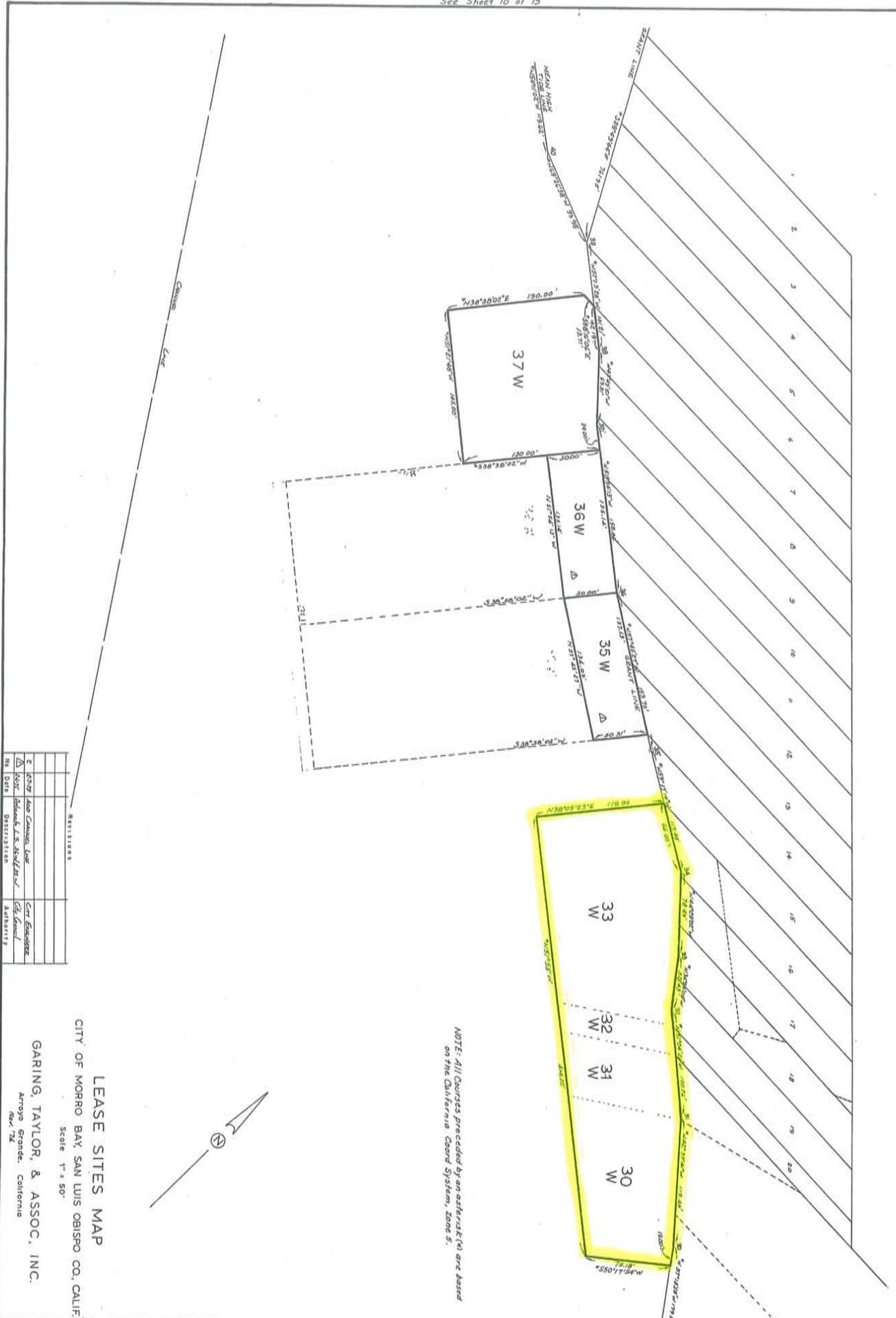
Approved as to Form:

\_\_\_\_\_

Joseph W. Pannone, Interim City Attorney  
City of Morro Bay

# EXHIBIT A

See Sheet 10 of 13



NOTE: All courses preceded by an asterisk (\*) are based on the California Grid System, Zone 5.

REVISIONS	
5	ADD Channel Line
4	REV. Station & S. Station
3	REV. Station
2	REV. Station
1	REV. Station

LEASE SITES MAP  
 CITY OF MORRO BAY, SAN LUIS OBISPO CO., CALIF.  
 Scale: 1" = 50'  
 GARING, TAYLOR, & ASSOC., INC.  
 Arroyo Grande, California  
 Nov. '74



AGENDA NO: B-1

MEETING DATE: June 24, 2014

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** June 18, 2014

**FROM:** Cindy Jacinth, Associate Planner

**SUBJECT:** Adoption of the Housing Element Update for 2014-2019 and Adoption of the Negative Declaration

### RECOMMENDATION

1. Review, consider and accept Planning Commission recommendation to adopt the Negative Declaration and adopt the 2014-2019 Housing Element Update.

### ALTERNATIVES

1. Provide direction to Planning Commission to review Housing Element with further program modifications to the 2014-2019 Update and direct staff to re-submit a revised Housing Element to State Department of Housing and Community Development (HCD) to be re-certified.

### FISCAL IMPACT

Not applicable.

### BACKGROUND

City staff contracted with the consulting firm PMC to assist in the preparation of the Housing Element. Following public participation and the Planning Commission review of the public review draft in April of this year, City staff and PMC consulted with the California Department of Housing and Community Development, who found that with the incorporation of specified revisions, the document would meet all statutory requirements of State element law. The final draft is currently available for public review and input, has been presented to the Planning Commission for their review, and will be presented to the City Council today.

Prepared By: CJ

Dept Review: \_\_\_\_\_

City Manager Review: EK

City Attorney Review: \_\_\_\_\_

## **DISCUSSION**

Each local government in California is required to adopt a comprehensive, long-term General Plan for the physical development of the city or county. The Housing Element is one of the seven mandated elements of the local General Plan. California law requires local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. In order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development. California law also requires the Department of Housing and Community Development (HCD) to review local housing elements for compliance with State law and to report its written findings to the local government. Morro Bay and the other jurisdictions within the San Luis Obispo County Council of Governments (SLOCOG) have an HCD due date of June 30, 2014, for adoption of the Housing Element to remain in compliance with State law.

According to State law, the Housing Element must:

- Provide goals, policies, quantified objectives and scheduled programs to preserve, improve and develop housing;
- Identify and analyze existing and projected housing needs for all economic segments of the community;
- Identify adequate sites that are zoned and available within the five year housing cycle to meet the city's fair share of regional housing needs at all income levels;
- Identify the special housing needs of the community including the homeless, farmworkers and persons with disabilities;
- Be certified (approved) by HCD as complying with state law; and
- Be internally consistent with other parts of the Local Coastal Program.

Among other things, the Housing Element provides an inventory of land adequately zoned or planned to be zoned for housing, certainty in permit processing procedures, and a commitment to assist in housing development through regulatory concessions and incentives. The Housing Element update process also provides an opportunity for establishing and updating housing and land-use strategies reflective of changing needs, resources and conditions.

### **Regional Housing Needs Allocation (RHNA)**

The Housing Element update process begins with HCD allocating a region's share of the statewide housing need to Councils of Governments (COG) based on Department of Finance population projections and regional population forecasts used in preparing regional transportation plans. The COG develops a Regional Housing Need Plan (RHNP) allocating the region's share of the statewide need to the cities and counties within the region.

The RHNA issued to the City for the 2014 to 2019 planning period is shown in the following table.

<b>REGIONAL HOUSING NEEDS ALLOCATION BY INCOME</b>						
<b>City of Morro Bay 2014-2019</b>						
	TOTAL	Extremely Low	Very Low	Low	Moderate	Above Moderate
<b>City of Morro Bay</b>						
RHNA Allocation	155	19	20	24	27	65
Percent of Total	100%	12.2%	12.9%	15.4%	17.4%	41.9%

The Housing Element is required to demonstrate the City has enough vacant land zoned for a variety of housing types to meet the RHNA allocation over the time period covered by the Housing Element, 2014-2019. The law does not require the above housing actually be constructed during the above period. It only requires the City to show there are opportunities for that housing to be constructed. Section 3 of the proposed Housing Element contains an inventory of land showing that the City has met this requirement.

Programmatic Revisions

At the April 15, 2014, meeting, Planning Commission reviewed the draft Housing Element, which was also made available for public review, and recommended the draft be amended to include seven additional programs prior to submittal to HCD for review. The additional programs that have been incorporated into Section 7 of the Housing Element are listed below:

1. Program H-1.4 call for the City to inventory vacant and underutilized lots in and adjacent to the downtown business district and identify areas to consider for rezoning to high density residential or mixed-use and modify the City’s zoning map as appropriate.
2. Program H-1.5 states the City will consider establishing minimum densities in the R-3, R-4 and MCR zoning districts.
3. Program H-1.6 calls for the City to explore the option of expanding the number of live-aboard slips in the City.
4. Program H-6.6 calls for the City to consider amending the Community Housing Ordinance to require housing units developed under the ordinance be restricted for those with moderate or lower incomes.
5. Program H-22.4 states the City will consider adopting an ordinance requiring active or passive solar features or other renewable energy generating systems in all new residential construction.
6. Program H-22.5 directs the City to consider establishing a rotating fund providing low-interest loans for energy upgrades.
7. Program H-22.6 calls on the City to consider adopting an ordinance that requires, as a condition of approval for a permit to expand or modify a residential dwelling, the entire residence be brought into compliance with Title 24 of the California Code of Regulations.

At the direction of HCD, the discussion surrounding the City's growth management ordinance (Ordinance No. 266) in Section 4 was also expanded. The Growth Management program mandates the annual number of building permits issued be limited, based on water availability, and only up to a total City population of 12,200. Additional analysis is now provided assessing the number or "water equivalency units" (WEUs) and the number of units actually constructed annually. Although the annual number of WEUs has varied over time, actual development has never reached or exceeded the total available, even during the years of greatest growth (2005-2007).

The City has not yet reached a population of 12,200. As noted in Section 2., Housing Needs Assessment, the City's population in 2013 was 10,317 and based on population growth in the 30 years since adoption of the ordinance, it does not appear to have had the effect of limiting growth within the City. If the number of WEUs allocated annually from 2014 to 2019 is conservatively estimated at 50, then it would allow the approval of a maximum of 250 residential units during the planning period, more than enough to accommodate the City's RHNA of 155 units.

#### Public Participation

The City conducted a series of community meetings, other outreach, and public hearings to receive community input concerning Morro Bay's housing goals, policies, and programs. In addition, the Housing Element was posted on the City's website during the 60-day public review period to ensure it was available to all community members.

The City held a public workshop with the Planning Commission to solicit input from City residents on March 12, 2014. The format for that meeting was a presentation with an overview of the 5th cycle Housing Element update process and solicited input from the Planning Commissioners and meeting attendees on housing needs in Morro Bay. The public workshop was noticed in the newspaper, on the City's website, and via mailed public hearing notices and the Notice of Availability (NOA) to agencies and interested groups. Additionally, as a public meeting, this was broadcast on the City's governmental access channel. Recordings of meetings were broadcast at several times after the initial meeting for those who weren't available to watch live.

Additionally, the City held a roundtable discussion with stakeholders on March 18, 2014. Over 30 housing stakeholders were invited to attend via email. The format for that meeting was a small informal group discussion with a set of questions to elicit discussion. Five stakeholders, one City staff person and two members of the consultant team attended the meeting. The five stakeholder-attendees included real estate agents, a for-profit developer, a representative of People's Self-Help Housing (PSHH), a nonprofit affordable housing developer and a Morro Bay resident.

To accommodate those unable to attend other workshops or public hearings, the City also prepared and hosted an online survey on its website. The survey was designed to be accessible to stakeholders and members of the general public and was available between March 18, 2014, and April 1, 2014. The survey was advertised to the general public via the City's website and distributed to key stakeholders via e-mail. Thirty-one Morro Bay residents completed the survey, providing feedback on the availability of housing, factors that influence housing

decisions, and the perceived level of importance of special needs groups in the City.

A summary of the comments received at the two workshops or via mail, as well as the results of the online survey are included in the Housing Element and a summary of comments from the workshops are included in Section 1 of the draft Housing Element.

City staff presented the draft Housing Element to the City Planning Commission on April 15, 2014. Subsequently, on April 21, 2014, the draft Housing Element was submitted to HCD for review. HCD staff requested clarification on several issues discussed in the document and requested some revisions. Those issues were discussed among HCD, PMC, and City staff over a conference call on May 15, 2014. Clarifications and revisions were submitted and HCD issued a conditional certification letter on May 28, 2014 (Attachment 2). The final draft Housing Element is included as Attachment 3.

On June 17, 2014, City staff presented the draft Housing Element to Planning Commission for a review and status update as a duly noticed public hearing item. Commissioners reviewed and discussed the Housing Element and the conditional certification status received by HCD.

At that Planning Commission meeting, the Commissioners recommended the following revisions and additions to the Housing Element document:

- Pages 51 and 52 – Add additional information about water supply in the City and City efforts to secure long-term supply. Also, add additional information about plans for the City’s wastewater treatment plant.
- Page 130, Program H-22.4. Revise as shown below in underlined text:

#### Program H-22.4

The City will consider adopting an ordinance to require all new residential construction to incorporate active or passive solar energy features, gray water systems or rain water collection systems, or other renewable energy generating systems.

***Responsible Agency/Department:***

***City Council, Public Services Department***

***Time Frame:***

***Prepare recommendation on whether to adopt an ordinance by December 2016. If decision is made to adopt an ordinance, adopt by August 2017.***

***Funding:***

***General Fund***

- Page 131, Program H-22.6. Revise as shown in underline and strikethrough text below:

#### Program H-22.6

The City will consider adopting an ordinance that would require, as a condition for approval of any permit for a significant remodel or addition to ~~the expansion or modification~~ of a residential dwelling within the City of Morro Bay, that the entire residence, including both the existing structure and the proposed addition or modification be brought into compliance with the currently-enacted requirements of Title 24 of the

California Code of Regulations to the greatest degree feasible. In the event that full compliance with the requirements of Title 24 is asserted to be less than feasible by the applicant for such permit or by the Planning Department of the City of Morro Bay, approval of the requested permit should be granted only by action, in a duly-noticed public hearing, of the Planning Commission or City Council of the City of Morro Bay.

**Responsible Agency/Department:** *City Council, Public Services Department*  
**Time Frame:** *Prepare recommendation on whether to adopt an ordinance by December 2016. If decision is made to adopt an ordinance, adopt by August 2017.*

**Funding:** *General Fund*

The Planning Commission recommended the revised Housing Element and Initial Study/Negative Declaration be forwarded to the City Council for adoption.

#### Environmental Determination

In compliance with CEQA, City staff prepared an Initial Study for the Housing Element Update. The conclusion of the Initial Study is there is no substantial evidence, in light of the whole record, the project may have a significant effect on the environment. A Negative Declaration has been deemed appropriate for the Housing Element Update (Attachment 4). The Initial Study and proposed Negative Declaration were made available for public review and comment. The 30-day public review period for the Initial Study/proposed Negative Declaration was from May 14, 2014 to June 12, 2014. A Notice of Availability of a Negative Declaration was published in the San Luis Obispo Tribune paper on May 15, 2014. The notice also included the date, time and location of the Planning Commission and City Council public hearings.

#### Public Notice

Notice of this item was published in the San Luis Obispo Tribune newspaper on June 13, 2014, and other interested parties were notified of this evening's public hearing and invited to voice any concerns on this application.

#### **CONCLUSION**

Staff recommends City Council review the revised draft 2014-2019 Housing Element, accept Planning Commission's recommendation and approve the Negative Declaration and 2014-2019 Housing Element update.

Report prepared by: PMC Consultants

#### **ATTACHMENTS:**

1. Resolution 41-14
2. HCD conditional certification letter dated May 28, 2014
3. Final draft Housing Element with changes tracked (also available online at the following link: <http://morro-bay.ca.us/DocumentCenter/View/7452>)
4. Negative Declaration, (SCH# 2014051053) (also available online at the following link: <http://morro-bay.ca.us/DocumentCenter/View/7453>)

**RESOLUTION NO. 41-14**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING THE NEGATIVE DECLARATION AND  
APPROVING AN UPDATE TO THE HOUSING ELEMENT OF THE  
GENERAL PLAN FOR THE 2014-2019 PLANNING PERIOD  
(APPLICANT: CITY OF MORRO BAY; CASE NO. A00-021)**

**WHEREAS**, pursuant to the applicable provisions of the planning and land use law (California Government Code sections 65300 *et. seq.*), studies were commenced for the purpose of considering the City's need for amending the Housing Element of the General Plan; and

**WHEREAS**, a draft Housing Element, attached as Exhibit 'A' and which has been incorporated by reference, has been prepared for the planning period 2014-2019 and submitted to the City Council for review and approval; and

**WHEREAS**, the draft Housing Element consists of an extensive analysis with supporting appendix, and comprehensively addresses the statutory requirements of Government Code section 65583 relating to housing element requirements; and

**WHEREAS**, City staff has been in consultation with the State of California Department of Housing and Community Development (HCD) regarding compliance with Government Code section 65583, including City consideration of HCD guidelines; and

**WHEREAS**, the San Luis Obispo Council of Governments (SLOCOG) adopted and released a Final Report on its Regional Housing Needs Assessment establishing regional fair share housing allocations for each City in San Luis Obispo County; and

**WHEREAS**, the City submitted drafts of the City's proposed Housing Element to HCD for comment and revision; and

**WHEREAS**, HCD suggested revisions to the draft Housing Element that have been incorporated into the draft Housing Element as submitted to the City Council; and

**WHEREAS**, HCD has made findings pursuant to Government Code subsection 65585(b) stating the draft Housing Element as attached hereto is in substantial compliance with housing element statutory requirements; and

**WHEREAS**, the draft Housing Element has been subject to environmental review under the California Environmental Quality Act (CEQA); and

**WHEREAS**, the Planning Commission held a noticed public hearing at the Morro Bay Veteran's Hall on June 17, 2014, after which the Planning Commission recommended the City Council adopt the Negative Declaration and proposed Housing Element; and

**WHEREAS**, the City Council has conducted a noticed public hearing on June 24, 2014 to receive comments and consider the proposed amendment to the Housing Element, Case No. A00-021 on file with the Planning Division of the City.

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

SECTION 1. The City Council relied upon the evidence presented at the public hearing in making the determinations set forth in this Resolution and in reaching the conclusions set forth in Sections 2 and 3.

SECTION 2. The City Council at the time of the public hearing on the above matter reviewed and considered the proposed Initial Study and Negative Declaration, relating to the Housing Element Amendment (SCH #2014051053) and based on that review finds and determines the following:.

- a) The public review period for the Negative Declaration began on May 14, 2014 and ended on June 13, 2014; and
- b) No comments were received from the State Clearinghouse on the proposed Negative Declaration; and
- c) There is no substantial evidence the proposed project (Housing Element Update) will have a significant effect on the environment; and
- d) Based upon its public review, the City Council has determined there is no substantial evidence the amendment will have a significant impact on the environment; and.
- e) Based on the foregoing, adopts the Negative Declaration.

SECTION 3. The City Council does hereby find, determine and declare as follows:

- a) The City Council has conducted a noticed public hearing on the proposed amendment to the Housing Element, Case No. A00-021 on file with the Planning Division of the Public Services Department of the City, and an environmental analysis, as hereinabove described; and
- b) The proposed Housing Element Update is consistent with the goals, policies, and objectives of the City's General Plan/Local Coastal Program in that it encourages a balanced approach to achieving a range of housing opportunities and designates sites noted for residential purposes at densities consistent with the goals of providing housing to households within the full range of incomes. Further, the Housing Element Update is internally consistent with other land use goals and policies of the General Plan and Local Coastal Program; and

c) The proposed amendment will not conflict with the provision of the City's Local Coastal Program, Zoning Ordinance, subdivision regulations or any applicable specific plan. The proposed Housing Element Update contains goals, policies, and implementation programs related to the development and rehabilitation of housing throughout the City and serves the goals and purposes of the Local Coastal Program, Zoning Ordinance, subdivision regulations and existing specific plans. The proposed Housing Element Update does not conflict with the City's Local Coastal Program, Zoning Ordinance or State Housing Law.

SECTION 4. Based on all the foregoing, the City Council hereby approves and adopts the Housing Element Update, Case No. A00-021, to delete the existing Housing Element and replace the same in its entirety with the attached Housing Element of the General Plan for the 2014-2019 Planning Period.

SECTION 5. Except as expressly amended herein including Exhibit A or as the context otherwise requires, all the terms and provisions of the existing General Plan/Local Coastal Program shall remain in full force and effect.

SECTION 6. The City Clerk shall certify to the adoption of the Resolution and shall forward a copy hereof to the Secretary of the Planning Commission. The Planning Division shall file the Notice of Determination and the Fish and Game Paperwork with the San Luis Obispo County Clerk.

**PASSED, APPROVED AND ADOPTED** by the City of Morro Bay City Council at a regular meeting held on this 24<sup>th</sup> day of June, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

JAMIE L. IRONS, MAYOR

ATTEST:

---

JAMIE BOUCHER, CITY CLERK

# ATTACHMENT 2

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

EDMUND G. BROWN JR., Governor

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500  
Sacramento, CA 95833  
(916) 263-2911 / FAX (916) 263-7453  
www.hcd.ca.gov



May 28, 2014

Mr. Rob Livick, Director  
Public Services Department  
City of Morro Bay  
955 Shasta Ave.  
Morro Bay, CA 93442

Dear Mr. Livick:

**RE: Morro Bay's 5<sup>th</sup> Cycle (2014-2019) Draft Housing Element**

Thank you for submitting the City of Morro Bay's draft housing element update that was received for review on April 21, 2014, along with revisions received on May 23, 2014. Pursuant to Government Code Section 65585(b), the Department is reporting the results of its review. Our review was facilitated by a telephone conversation on May 15, 2014 with Ms. Cindy Jancith, Associate Planner, and Ms. Amy Shinsheimer, the City's consultant.

The Department conducted a streamlined review of the draft housing element based on the City meeting all eligibility criteria detailed in the Department's Housing Element Update Guidance. The City also utilized San Luis Obispo Council of Government's pre-approved housing element data. The revised draft element, with additional revisions, will meet the statutory requirements of State element law (Article 10.6 of the Government Code) when the draft and revisions are adopted and submitted to the Department, in accordance with Government Code Section 65585(g).

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

The Department appreciates the hard work of Ms. Jacinth and Ms. Shinsheimer in preparation of the housing element and looks forward to receiving Morro Bay's adopted housing element. If you have any questions or need additional technical assistance, please contact Brett Arriaga, of our staff, at (916) 263-7439.

Sincerely,

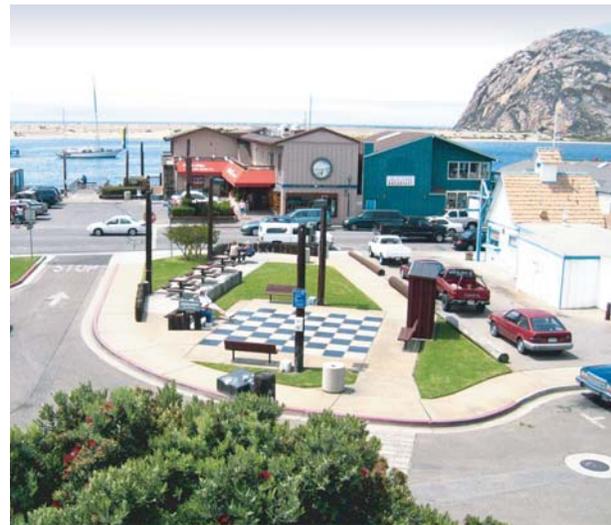
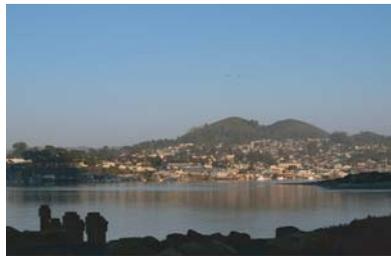
Paul Mc Dougall  
Housing Policy Manager



CITY OF  
**MORRO BAY**

2014-2019 HOUSING ELEMENT UPDATE

ADOPTION DRAFT, JUNE 2014



PREPARED BY:



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## **1. INTRODUCTION**

The Housing Element is one of the seven State-mandated elements of the City’s General Plan. The Housing Element is updated every five years to identify recent demographic and employment trends that may affect existing and future housing demand and supply. The Housing Element serves as a tool to identify and provide for the housing needs of the community. The Housing Element addresses the City’s ability to meet the regional housing needs as determined by the State of California. The City has developed a set of objectives and specific policies and programs for the production of housing to meet the needs of all Morro Bay citizens.

A Housing Element is required by California law to establish policies and programs that will support the provision of an adequate housing supply for citizens of all income levels. The intent of state law is to ensure that all jurisdictions in the state provide adequate housing to all members of the community. While the State reviews the Housing Element to ensure compliance with housing law, each jurisdiction must identify its particular issues to successfully address its housing needs.

This document provides a detailed assessment of the existing housing stock in Morro Bay, including data on housing types, physical condition, cost, and availability. The report also examines special housing needs populations such as the elderly, persons with disabilities, farmworkers, and the homeless. It also identifies opportunities for energy conservation when housing is constructed or remodeled. The report assesses the effectiveness of past housing programs. The availability and capacity of land and public services for housing development are examined along with factors that may constrain the production of affordable housing

An understanding of existing housing conditions in the city is necessary as a basis for new Housing Element policies to guide the use and development of housing that will be adequate and affordable. In addition to this focused information, throughout the document, comparisons to San Luis Obispo County demographics and statistics will be used to identify possible issues or pertinent relationships. This assessment is representative of the larger area and informative of the trends the entire county is experiencing, helping to gain a better understanding of the city in a regional context.

State law is more specific about the content of the Housing Element than any other portion of the General Plan. That specificity is reflected in the detailed demographics and other data contained herein. The Housing Element is also the only part of the General Plan that is subject to mandatory deadlines for periodic updates. Except for the Local Coastal Plan, it is the only element that is subject to review and “certification” by the State.

### **CONTENT OF THE HOUSING ELEMENT**

The Housing Element contains the following information as required by state law:

- Analysis of population and employment trends and documentation of projections and a quantification of the locality’s existing and projected housing needs for all income levels.



- Analysis of any special housing needs populations, such as those with disabilities, the elderly, large families, farmworkers, homeless persons, and single-parent households.
- Analysis and documentation of household characteristics including level of payment compared to ability to pay, and housing characteristics including the extent of overcrowding and an estimate of housing stock conditions.
- Analysis of potential and actual governmental constraints on the maintenance, improvement, or development of housing for all income levels. These constraints include land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures.
- Analysis of potential and actual non-governmental constraints on the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction.
- Site-specific inventory of land suitable for residential development, including vacant and underutilized sites, and an analysis of the relationship of zoning, public facilities, and City services to these sites.
- Analysis of opportunities for energy conservation with respect to residential development.
- Analysis of the existing and projected needs including the locality's share of the regional housing need in accordance with Government Code Section 65584.

### DATA SOURCES

The California Department of Housing and Community Development (HCD) developed a data packet for jurisdictions in San Luis Obispo County that contains much of the information required for the Housing Needs Assessment of this Housing Element and is the primary source of data for this document. Where additional information is required, the US Census, which is completed every 10 years, is the preferred data source, as it provides the most reliable and in-depth data for demographic characteristics of a locality. This report uses the 2010 US Census for current information and the 2000 US Census to assess changes since the year 2000. The California Department of Finance (DOF) is another source of data that is more current than the Census. However, the DOF does not provide the depth of information that can be found in the 2010 US Census. Whenever possible, the San Luis Obispo County data packet, DOF data, and other local sources were used in the Housing Needs Assessment in order to provide the most current profile of the community.

The 2010 US Census did not collect information in several categories that are required for the Housing Needs Assessment. Where this is the case, historical DOF data is used. Where DOF data is not available, information from the 2000 US Census is retained. In cases where this is not feasible or



useful, this assessment references US Census Bureau American Community Survey (ACS) data. The ACS provides estimates of numerous housing-related indicators based on samples averaged over a five-year period. Whereas the US Census provides complete counts of various demographic indicators, the ACS provides estimates based on statistically significant samples. Due to the small size of the sample taken in Morro Bay, the estimates reported by the ACS have large margins of error. Where ACS data is used, the numbers should not be interpreted as absolute fact, but rather as a tool to illustrate general proportion or scale.

Information on available sites and services for housing comes from numerous public agencies. Information on constraints on housing production and past and current housing efforts in Morro Bay comes from City staff, other public agencies, and some private sources.

### **GENERAL PLAN/LOCAL COASTAL PLAN CONSISTENCY**

The City's Land Use Element and Local Coastal Plan currently designate the sites noted in this Housing Element for residential purposes at densities consistent with the goals of providing housing to households within the full range of incomes. The policies in this Housing Element will guide that process, ensuring internal consistency among the elements. Due to the passage of Assembly Bill (AB) 162 relating to flood protection in 2007, the City may be required to amend the Safety and Conservation elements of the General Plan. If amendments are needed, the Housing Element will be amended to be consistent with the Safety and Conservation elements.

### **PUBLIC PARTICIPATION**

State law requires that "the local government shall make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element . . ." (Government Code Section 65583).

In order to satisfy this requirement, the City conducted a series of community meetings and public hearings to receive community input concerning Morro Bay's housing goals, policies, and programs. (Descriptions of these meetings are listed below.) In addition, the Housing Element was posted on the City's website during the element's 60-day public review period to ensure it was available to all community members.

The public workshop on March 12, 2014 was noticed in the newspaper as well as on the City's website. In an effort to reach all segments of the community, the City mailed public hearing notices and the Notice of Availability (NOA) to the agencies and groups listed below. Additionally, all public meeting and hearing were broadcast on the City's governmental access channel. Recordings of meetings were broadcast at several times after the initial meeting for those who weren't available to watch live.

- SLO Green Build
- US Green Building Council – C4 Chapter



- Northern Chumash Tribal Council
- San Luis Obispo Housing Trust Fund
- Salinan Tribe of Monterey & San Luis Obispo Counties
- SLO County Chumash Council
- People's Self-Help Housing Corporation
- Habitat for Humanity
- City of Morro Bay Planning Commission and City Council

### **Public Workshop, March 12, 2014**

The City held a public workshop with the Planning Commission to solicit input from city residents on March 12, 2014. The format for this meeting was a presentation with an overview of the 5<sup>th</sup> cycle Housing Element update process and solicited input from the Planning Commissioners and meeting attendees on housing needs in Morro Bay.

The following is a listing of the comments received from public input:

- There are many older residents and they can be picky. This can make younger people and families feel unwelcome.
- Let people know about housing opportunities in the city
- More young people would contribute to the vitality of the city.
- The rehabilitation program that the City used to administer didn't work for many households because they didn't have equity in their home and that was needed to qualify for the program.
- Challenging for employers to recruit and retain the workforce they need.
- Economic Vitality Corporation's Building and Designing Cluster put out countywide workforce housing survey. The purpose was to hear from employers and employees about housing needs and preferences.
- 87 percent of employers say workforce housing is needed.
- 88 percent of employees said it was very difficult to find housing.



- City should define workforce housing. Suggest using the County's definition of 120 to 160 percent of area median income (AMI).
- Infrastructure costs are a significant constraint to building housing affordable to the workforce categories. City could pursue options for infrastructure financing.

The following is a list of the comments received from the Planning Commission:

- Seems Morro Bay fell short on accommodating the units the City committed to in the previous Housing Element. It would be good to know what the results were.
- The city definitely needs housing. We have homeless and older folks that need additional care.
- There would be of a demographic shift looking back 20 or more years as opposed to 2000 to 2010.
- The indices on the percentages of people in the various age groups in the city didn't change in those 10 years, but the people involved and replacement populations have changed quite a bit.
- As a demographically stable community, how do we find the resources to be able to push along or get some of these programs to completion, especially with the state cutting back?
- Morro Bay's demographics are atypical. Any indication why that's the case and why that continues to be the case? If one of the main factors that keeps Morro Bay's population older is retirement, then housing needs are different than in other places.
- The price of land here puts the city out of affordability range.
- Do we get credit for granny or secondary units?
- There are many interesting issues that have led Morro Bay to where it is today; the fishing collapse and power plant changes removed middle-income family incomes. On the other hand, there is the significant group of retirees.
- The amount of agriculture in the Morro Creek area is changing drastically. There is more land in irrigation. Are there migrant farmworker issues that we need to address?
- It should also be noted that because of Morro Bay's hotels and tourist-serving amenities, our 10,000-person resident population is on a relatively small footprint.



- It seems like one of the groups that we aren't reaching is the young families. Although numbers stayed constant from 2000 to 2010, we're not seeing kids up and down streets like they used to. How can the problem be addressed? Can telecommuting or other options be employed to make Morro Bay more attractive to that type of population?
- Should consider what the community wants looking forward for, instead of just looking back.
- Consider city broadband ordinance for telecommuting. Would that be a goal that could be in the Housing Element?
- There is little opportunity for young families to purchase for-sale housing.
- According to the 2009 Housing Element, 83 percent of housing stock is 25 years or older, and more of it is 50 years or older. How do we address that in the Housing Element? How do we allow for upgrades/remodeling? The City has had a rehabilitation program in the past; there have also been some countywide efforts.
- Can we start to look at where existing zoning precludes housing? One area only allows houses by themselves, other areas allow multi-family. It would be helpful to allow residential uses on upper floors in the Embarcadero area. It could make that area livelier at night and provide options for renters.
- The idea of transitional and emergency shelters is good. The City should support it. People who are in need don't necessarily have mobility. The City doesn't need a large facility, but it is a need in our community. We see homeless people on the street. Resources for people in crisis need to be in the community and not elsewhere.
- All of these issues are related. How we look at zoning inhibits certain groups/makes things economically viable. The city doesn't have many parcels. We have to be creative to make things work. To accommodate more housing and more types of housing, the City either needs to increase density or find other opportunities where residential uses aren't currently allowed.
- The City should also look at the needs of recruited businesses.
- Addressing workforce housing would address a lot of the topics that have been brought up.
- Rehabilitation is a great idea. It fits well into the greenhouse gas reduction program that the City has talked about. On the other hand, older houses are often the most affordable. It is important not to reduce affordable housing stock due to rehabilitation efforts.



### **Stakeholder Roundtable Discussion, March 18, 2014**

The City held a roundtable discussion with stakeholders on March 18, 2014. Over 30 housing stakeholders were invited to attend via email. The format for this meeting was a small informal group discussion with a set of questions to elicit discussion. Five stakeholders, one City staff person and two members of the consultant team attended the meeting. The five attendees included real estate agents, a for-profit developer, a representative of People's Self-Help Housing (PSHH), a nonprofit affordable housing developer; and a Morro Bay resident. The following input was received from the stakeholders:

- Most seniors live independently as long as they can.
- Many of the remaining vacant residential lots have significant environmental constraints including slopes and being located in or partially in environmentally sensitive habitat (ESH) areas.
- People's Self-Help Housing builds affordable sweat equity ownership affordable rental housing on the Central Coast.
  - They usually require a local funding match of approximately 20 percent.
  - Many of their projects are funded through tax credit financing.
  - Funds from a community's inclusionary housing in-lieu fee fund can be used towards the 20 percent match.
  - PSHH looks for opportunities to build on surplus land owned by local jurisdictions as the up front costs for the land can be much less under this scenario.
  - The recently passed Farm Bill did not alter Morro Bay's USDA status in terms of the opportunity to pursue USDA funding and Morro Bay remains in the rural category.
- It is important to keep lenders informed of funding opportunities. For example the County's first-time homebuyer program.
- Parking exceptions can be granted in Morro Bay.
- Compact development and infill should be promoted in Morro Bay

### **Online Survey**

The City prepared and hosted an online survey on its website. The survey was designed to be accessible to stakeholders and members of the general public and was available between March 18,



2014, and April 1, 2014. The survey was advertised to the general public via the City's website and distributed to key stakeholders via e-mail.

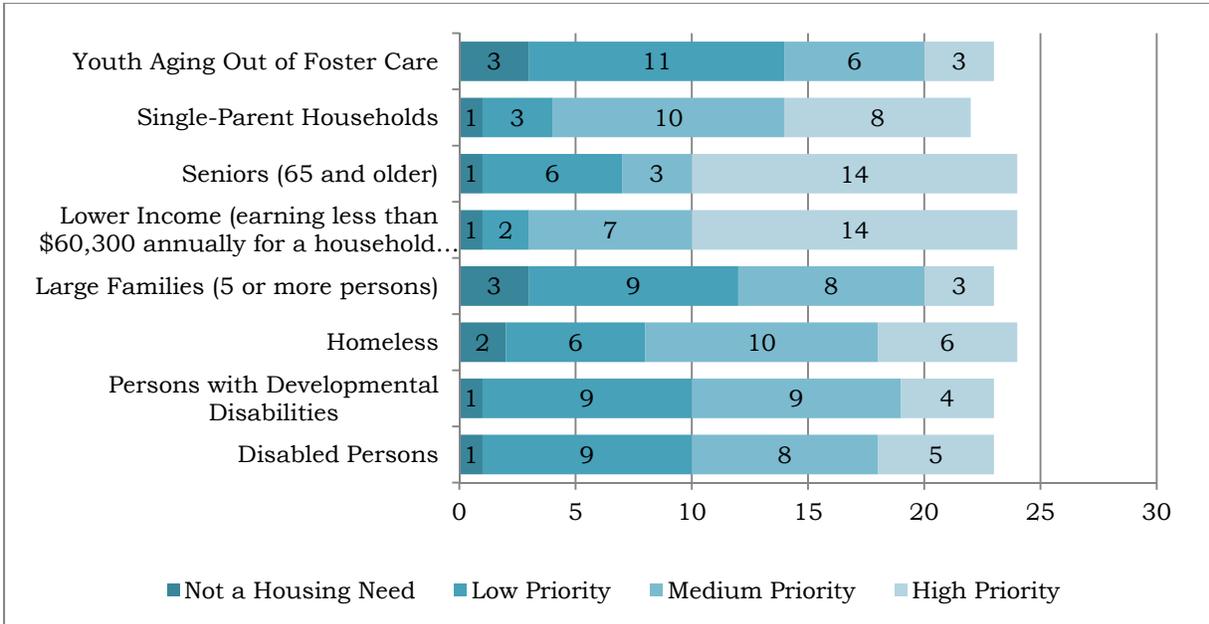
Thirty one Morro Bay residents completed the survey, providing feedback on the availability of housing, factors that influence housing decisions, and the perceived level of importance of special needs groups in the City. Approximately 90 percent of survey participants own their own home (compared with the city's 53 percent homeownership rate, see Table 11), which suggests that responses may be skewed to reflect the views of homeowners. The survey results are presented here for informational purposes and provide the best available information about the respondents' housing related opinions.

Over 60 percent of participants reported that renting and purchasing safe, decent, and affordable housing in Morro Bay is either somewhat difficult or very difficult for the average person or family. Nearly 75 percent of respondents identified land and construction costs as severe constraints to accessing quality housing. Other constraints include insufficient income, which was identified as a severe constraint by 67 percent of respondents, and development fees, which were identified as a severe constraint by 40 percent of respondents.

As illustrated in Figure 1, respondents identified seniors and lower-income families as the highest priority special needs groups in the City. The City's current housing may become more accessible to these special needs groups through Housing Element policies such as Policy H-18 (Senior Housing), Policy H-6.a (General Affordability), and Policy H-5 (Housing Costs). Respondents also identified single-parent households, the homeless, disabled persons, and persons with developmental disabilities as general priorities.



**FIGURE 1. SURVEY PARTICIPANT PRIORITIZATION OF HOUSING NEEDS BY SPECIAL NEEDS GROUP**



**Public Hearing, April 15, 2014**

The City presented the public review draft Housing Element at the Planning Commission meeting on April 15, 2014. The Planning Commission recommended that the draft be amended to include seven additional programs and submitted to HCD for review. The additional programs are listed below.

- Program H-1.4 call for the City to inventory vacant and underutilized lots in and adjacent to the downtown business district and identify areas to consider for rezoning to high density residential or mixed use and modify the City’s zoning map as appropriate.
- Program H-1.5 states that the City will consider establishing minimum densities in the R-3, R-4 and MCR zoning districts.
- Program H-1.6 call for the City to explore the option of expanding the number of liveaboard slips in the City.
- Program H-6.6 calls for the City to consider amending the Community Housing Ordinance to require that housing units developed under the ordinance be restricted for those with moderate or lower incomes.



- Program H-22.4 states that the City will consider adopting an ordinance requiring active or passive solar features or other renewable energy generating systems in all new residential construction.
- Program H-22.5 directs the City to consider establishing a rotating fund providing low-interest loans for energy upgrades.
- Program H-22.6 call on the City to consider adopting an ordinance that requires as a condition of approval for a permit to expand or modify a residential dwelling, that the entire residence be brought into compliance with Title 24 of the California Code of Regulations.

Everyone on the mailing list received notice of these meetings to encourage participation in the hearings and to provide input on the draft Housing Element. No members of the public provided comments.

### **Public Hearing, XXXXXXXX**

[to be completed after public outreach is complete]

### **Other Input Received**

The City received a comment letter from the Homeless Services Oversight Council (HSOC) on March 11, 2014. The letter included information about the homeless needs in San Luis Obispo County and formal recommendations for the Morro Bay Housing Element update. The following needs and statistics were mentioned:

- San Luis Obispo County's has a severe need for extremely low, very low and low income rental housing. Overpayment is a serious issue for these income categories.
- San Luis Obispo County has a higher rate of homelessness than San Francisco, New York City and Los Angeles County.
- 90 percent of the homeless population in San Luis Obispo is unsheltered which is the fourth highest percentage of unsheltered homeless of the 415 areas surveyed.

The following specific recommendations were provided:

- Adjust development impact fees to be lower for smaller units and higher for larger units.
- Allow and encourage SROs (studio apartments as small as 150 square feet), boarding houses and rooming houses and rooming houses in all areas that allow multi-family housing.
- Allow and encourage manufactured homes and park models to be used as second units.



- Consider floor area ratios, rather than number of dwelling units, when setting density limits for affordable housing.
- Allow more and larger group homes and residential care facilities to be built and operated in all zones where residential uses are allowed.
- Encourage more apartments by allowing higher densities, removing barriers that limit achieving maximum densities and streamlining the approval process.

A resident of North Morro Bay and realtor provided comments via phone. The resident stated that the vacant properties zoned R-4 should be used or encouraged to be used for affordable housing. They also referenced a City owned lot at the corner of San Jacinto and Coral.

### **COASTAL ZONE REQUIREMENT**

Communities located within coastal zones are required to review coastal zone affordable housing obligations including the preservation of existing occupied units affordable to low- or moderate-income households and where feasible include low- and moderate-income housing in new developments.

To assist a locality's determination of whether the affordable housing stock in the coastal zone is being protected and provided as required by Section 65590, the element must contain data on the new construction, demolition, conversion, and replacement of housing units for low- and moderate-income households within the coastal zone, including the following:

1. The number of new housing units approved for construction within the coastal zone (after January 1982).
2. The number of housing units for persons and families of low and moderate income required to be provided in new housing developments either within or within 3 miles of the coastal zone.
3. The number of existing residential dwelling units occupied by low- and moderate-income households required either within or within 3 miles of the coastal zone that have been authorized to be demolished or converted.
4. The number of residential dwelling units for low- and moderate-income persons and families that have been required for replacement (of those units being demolished or converted) within or within 3 miles of the coastal zone, and designate the location of the replacement units in the housing element review for coastal zones.

The entirety of the city's housing stock is located within three miles of its coastal zone and includes a total of 126 affordable housing units; all of these units were constructed after 1982. These units provide housing for low- and moderate-income households. No units have been demolished and



therefore none have needed replacement. Table 1 presents coastal zone affordable housing documentation.

**TABLE 1: COASTAL ZONE AFFORDABLE HOUSING DOCUMENTATION**

New housing units approved for construction within the coastal zone since January 1982 <sup>1</sup>	Approximately 2,000
Housing units for persons and families of low- or moderate-income required to be provided in new housing developments within the coastal zone, or within 3 miles <sup>2</sup>	126
Existing residential dwelling units occupied by low- and moderate-income households required either within the coastal zone or within 3 miles of the coastal zone that have been authorized to be demolished or converted since January 1982 <sup>3</sup>	0
Residential dwelling units for low- and moderate-income households that have been required for replacement <sup>4</sup>	0

<sup>1</sup>Estimate based on 2000 Census and City building permits issued between 2009 and 2014.

<sup>2</sup>Total affordable housing units already built or approved based on affordable housing within 3 miles of the Morro Bay coastal zone.

<sup>3</sup>No required affordable housing has been demolished or converted.

<sup>4</sup>Since 2009, no low- and/or moderate-income units in the coastal zone have been required for replacement.



## 2. HOUSING NEEDS ASSESSMENT

The Housing Needs Assessment is the section of the Housing Element that presents the characteristics of the city's population and housing stock as a means of better understanding the nature and extent of unmet housing needs.

### POPULATION CHARACTERISTICS

The type and amount of housing needed in a community is largely determined by population growth and demographic characteristics such as age, household size, occupation, and income.

#### Population Trends

According to the DOF, the population of Morro Bay decreased slightly from 10,350 in 2000 to 10,234 in 2010 (Table 2). The DOF estimated the city's 2013 population to be 10,317 persons, which represents an annual growth rate of less than 1 percent since 2010. The city's growth rate is consistent with other coastal communities in the county; Grover Beach and Pismo Beach each had stagnant or declining populations from 2000 to 2013.

**TABLE 2: SAN LUIS OBISPO COUNTY POPULATION CHANGE, 2000–2013**

Jurisdiction	2000 Population	2010 Population	Percentage Change 2000–2010	2013 Population	Percentage Change 2010–2013
Morro Bay	10,350	10,234	-1%	10,317	1%
Arroyo Grande	15,851	17,252	9%	17,395	1%
Atascadero	26,411	28,310	7%	28,687	1%
El Paso de Robles	24,297	29,793	23%	30,504	2%
Grover Beach	13,067	13,156	1%	13,211	<1%
Pismo Beach	8,551	7,655	-10%	7,717	1%
San Luis Obispo	44,179	45,119	2%	45,541	1%
Unincorporated	103,975	118,118	14%	118,805	1%

Source: DOF 2012: E-8 Historical Population and Housing Estimates for Cities, Counties, and the State, 2000–2010; DOF 2013 (San Luis Obispo County Housing Element Data Profiles 2013)



The San Luis Obispo Council of Governments (SLOCOG) published a Long Range Socio-Economic Projections Report in August 2011, updating the 2009 projections. Population, households, and jobs were projected through 2040 for low, mid, and high scenarios. Table 3 reports the “mid” growth scenario of a 13 percent increase in population from 10,073 residents in 2000 to 11,831 residents in 2040.

**TABLE 3: POPULATION GROWTH**

Year	Jurisdiction	
	Morro Bay	Unincorporated San Luis Obispo County
2010	10,073	104,324
2015	10,152	107,452
2020	10,244	113,789
2025	10,482	118,982
2030	10,778	125,467
2035	11,078	132,023
2040	11,381	138,644
Percentage Change 2010–2040	13%	33%

Source: SLOCOG projections, August 2011

**Age Characteristics**

Each age group has distinct lifestyles, family type and size, income levels, and housing preferences. As people move through each stage of life, housing needs and preferences also change. As a result, evaluating the age characteristics and trends of a community is important in determining existing and future housing needs. Table 4 provides the age characteristics of Morro Bay’s residents according to the 2000 and 2010 US Census. There was little change between 2000 and 2010, with the exception of a small decrease in persons ages 25–44 and an increase in persons ages 45–64. Despite these changes, the population in Morro Bay remains older than in most cities; over 50 percent of residents are 45 years old or older.

**TABLE 4: AGE CHARACTERISTICS, 2000–2010**

Age Group	2000		2010	
	Number	Percentage	Number	Percentage
Under 5 years	378	4%	447	4%
5–17 years	1,188	12%	1,083	11%
18–24 years	873	8%	815	8%
25–44	2,627	25%	2,264	22%
45–64	2,778	27%	3,200	31%
65+	2,506	24%	2,425	24%
<b>Total</b>	<b>10,350</b>	<b>100%</b>	<b>10,234</b>	<b>100%</b>

Source: US Census 2000, 2010

The age of householder is another way to measure age in the city. As shown in Table 5, owner-occupied households tend to have older householders, while renter-occupied households tend to have younger householders.



**TABLE 5: AGE OF HOUSEHOLDER BY TENURE**

Age of Householder	Number	Percentage
Owner occupied	2,746	55%
Householder 15 to 24 years	0	0%
Householder 25 to 34 years	39	1%
Householder 35 to 44 years	214	4%
Householder 45 to 54 years	477	10%
Householder 55 to 59 years	401	8%
Householder 60 to 64 years	384	8%
Householder 65 to 74 years	656	13%
Householder 75 to 84 years	413	8%
Householder 85 years and over	162	3%
Renter occupied	2,256	45%
Householder 15 to 24 years	266	5%
Householder 25 to 34 years	462	9%
Householder 35 to 44 years	354	7%
Householder 45 to 54 years	344	7%
Householder 55 to 59 years	330	7%
Householder 60 to 64 years	200	4%
Householder 65 to 74 years	204	4%
Householder 75 to 84 years	80	2%
Householder 85 years and over	16	0%
<b>Total</b>	<b>5,002</b>	<b>100%</b>

Source: ACS 2007–2011 Estimates (HCD SLO County Housing Element Update Data Profile)

**Employment**

Employment has an important impact on housing needs. Different jobs and associated income levels determine the type and size of housing a household can afford. Employment growth in the region typically increases housing demand.

The California Employment Development Department (EDD) estimates that as of January 2014, 5,500 Morro Bay residents were in the labor force, with 4.9 percent unemployment, compared to a countywide unemployment rate of 6.2 percent.



According to the ACS 2007–2011 Five Year Estimates, jobs held by Morro Bay residents were primarily concentrated in the education, health and social services sectors (21 percent). Table 6 identifies employment by industry type for Morro Bay and San Luis Obispo County.

**TABLE 6: EMPLOYMENT BY INDUSTRY TYPE, 2010**

Occupation	Morro Bay		San Luis Obispo County	
	Number	Percentage	Number	Percentage
Agriculture, forestry, fishing and hunting, and mining	96	2%	2,848	6%
Construction	300	6%	4,369	9%
Manufacturing	302	6%	3,118	6%
Wholesale trade	43	1%	1,154	2%
Retail trade	772	15%	5,477	11%
Transportation and warehousing, and utilities	128	3%	2,194	4%
Information	190	4%	744	1%
Finance and insurance, and real estate and rental and leasing	300	6%	2,575	5%
Professional, scientific, and management, and administrative and waste management services	376	8%	5,817	12%
Educational services, and health care and social assistance	1,046	21%	10,835	22%
Arts, entertainment, and recreation, and accommodation and food services	911	18%	5,499	11%
Other services, except public administration	166	3%	2,721	6%
Public administration	371	7%	2,501	5%
Civilian employed population 16 years and over	5,001	100%	49,852	100%

*Source: ACS 2007–2011 Five-Year Estimates (HCD San Luis Obispo County Housing Element Update Profiles)*

The EDD produces an Occupational Employment and Wage Data spreadsheet by metropolitan statistical area (MSA) yearly. Table 7 shows employment projections from 2010 through 2020 as related to job growth for the San Luis Obispo-Paso Robles Metropolitan Statistical Area. During the next seven years, the San Luis Obispo-Paso Robles MSA expects new employment to be concentrated in a variety of occupations. When comparing these annual incomes to the median income in 2014 for a family of four (\$77,000), only two occupational groups are above this median income (electrical power-line installers and repairers and software developers).



Of these ten occupational groups, the highest annual salary falls under the electrical power-line installers and repairers occupation at \$92,435. The lowest annual salary is within the nonfarm animal caretaker occupations at \$21,683.

**TABLE 7: SAN LUIS OBISPO-PASO ROBLES METROPOLITAN STATISTICAL AREA  
PROJECTIONS OF EMPLOYMENT**

Occupation	Median Hourly Wage	Median Annual Salary	Estimated Employment		Percentage Change
			2010	2020	
Electrical Power-Line Installers and Repairers	\$44.44	\$92,435	190	300	58%
Home Health Aides	\$10.49	\$21,819	460	700	52%
Cost Estimators	\$27.72	\$57,657	180	270	50%
Market Research Analysts and Marketing Specialists	\$26.44	\$54,995	180	270	50%
Veterinary Technologists and Technicians	\$14.63	\$30,430	200	300	50%
Nonfarm Animal Caretakers	\$10.43	\$21,694	200	290	45%
Operating Engineers and Other Construction Equipment Operators	\$33.80	\$70,304	300	430	43%
Software Developers, Systems Software	\$34.32	\$71,385	120	170	42%
Insurance Sales Agents	\$31.34	\$65,187	170	240	41%
Construction Laborers	\$23.90	\$49,712	730	1,030	41%

Source: EDD 2014

Note: Annual salary is calculated by multiplying hourly wages by 2,080.

**Commute**

Commute distance is an important factor in housing availability and affordability and is also an indicator of jobs/housing balance. Communities with extended commute distances generally have a poor jobs/housing balance, while those with short average commutes tend to have a strong jobs/housing balance. The burden of the additional costs associated with extended commuting disproportionately affects lower-income households who must spend a larger portion of their overall income on fuel. This in turn affects a household’s ability to occupy decent housing without being overburdened by cost. Table 8 indicates that the vast majority of Morro Bay residents travel less than 30 minutes from home to work. This figure indicates that many of the jobs are within 20 miles of the city and that there is a strong jobs/housing balance, meaning that the available jobs are within relatively close distance to the employees’ places of residence.

**TABLE 8: TRAVEL TIME TO WORK**

Travel Time to Work	Percentage
Less than 30 minutes	75%
30 to 59 minutes	23%
60 or more minutes	2%
<b>Total</b>	<b>100%</b>

Source: ACS 2008–2012 Five-Year Estimates Household Characteristics

## HOUSEHOLD CHARACTERISTICS

According to the Department of Finance and as shown in Table 9, there were 4,844 households in the City of Morro Bay in 2010. This represents a 3 percent decrease, or 142 households, from 4,986 households in 2000.

**TABLE 9: HOUSEHOLDS TRENDS, 2000–2010**

Jurisdiction	2000	2010	Percentage Change
Morro Bay	4,986	4,844	-3%

Source: US Census 2010 (HCD SLO County Housing Element Data Profile)

## Overcrowding

The US Census Bureau defines overcrowding as occurring when a housing unit is occupied by more than the equivalent of one person per room (not including kitchens and bathrooms). A typical home might have three bedrooms, a living room, and a dining room, for a total of five rooms. If more than five people were living in the home, it would be considered by the Census Bureau to be overcrowded. Because some households require less “space” per person, there is some question on whether units with slightly more than one person per room really have an overcrowding problem. In most cases, units with more than 1.01 persons per room are overcrowded. Units with more than 1.50 persons per room are considered highly overcrowded and should be recognized as a significant housing problem.

Morro Bay has a low incidence of overcrowding. Less than 4 percent of all the occupied housing in the city contains more than one person per room. A total of 84 units are considered to be highly overcrowded, having more than 1.50 persons per room. Of these, 10 are owner-occupied units and 74 are renter-occupied units. Table 10 shows the persons per room for homeowners and renters in Morro Bay.



**TABLE 10: TENURE BY PERSONS PER ROOM, 2011**

Persons per Room	Morro Bay	
	Households	Percentage
Owner-Occupied Units		
1.00 or less	2,736	99%
1.01 to 1.50	0	0%
1.51 or more	10	<1%
<b>Total</b>	<b>2,746</b>	<b>100%</b>
Renter-Occupied Units		
1.00 or less	2,109	94%
1.01 to 1.50	73	3%
1.51 or more	74	3%
<b>Total</b>	<b>2,256</b>	<b>100%</b>

Source: ACS 2007–2011 Five-Year Estimates (HCD SLO County Housing Element Update Profiles)

**Tenure of Occupied Units**

Tenure refers to whether a unit is owner-occupied or renter-occupied. Table 11 shows that just over half of the housing units in Morro Bay are owner-occupied.

**TABLE 11: TENURE OF OCCUPIED HOUSING UNITS, 2010**

Type of Unit	Units	Percentage
Owner-Occupied	2,583	53%
Renter-Occupied	2,261	47%
<b>Total Occupied Units</b>	<b>4,844</b>	<b>100%</b>

Source: US Census 2010 (HCD SLO County Housing Element Update Data Profile)

**Persons per Household**

Household size by tenure is shown in Table 12. In 2011, the majority of owner-occupied households were inhabited by two to four residents. Most renter-occupied households were also inhabited by two to four residents.

**TABLE 12: HOUSEHOLD SIZE BY TENURE, 2011**

	Number	Percentage
Owner	2,746	55%
Householder living alone	946	34%
Households 2–4 persons	1,761	64%
Large households 5+ persons	39	1%
Rental	2,256	45%
Householder living alone	882	39%
Households 2–4 persons	1,300	58%
Large households 5+ persons	74	3%
<b>Total</b>	<b>5,002</b>	
Total householders living alone	1,828	37%
Households 2–4 persons	3,061	61%
Large households 5+ persons	113	2%

Source: 2007–2011 ACS Five-Year Averages (HCD SLO County Housing Element Update Data Profile)

## HOUSING STOCK CHARACTERISTICS

The existing housing stock in Morro Bay can be described by a number of characteristics, including the number of units, type (single-family, mobile home, apartment, etc.), their tenure (owner-occupied vs. rental), the number of people living in the unit (household size), and unit size. Later sections of this chapter discuss cost and the physical condition of homes in the city.

### Number of Housing Units

The 2000 Census reported a total of 6,286 housing units in the City of Morro Bay, and the California Department of Finance reported a total of 6,356 housing units in 2013. Table 13 shows the percentage increase in the number of housing units in Morro Bay between 2000 and 2013.

**TABLE 13: INCREASE IN HOUSING UNITS, 2000 AND 2013**

	2000	2013
<b>Total Housing Units</b>	<b>6,286</b>	<b>6,356</b>
Percentage Increase	—	1%

Source: US Census 2000; DOF 2013 (HCD SLO County Housing Element Update Data Profile)



**Vacant Units**

A vacancy rate measures the overall housing availability in a community and is often a good indicator of how efficiently for-sale and rental housing units are meeting the current demand for housing. A vacancy rate of 5 percent for rental housing and 2 percent for ownership housing is generally considered healthy and suggests that there is a balance between the demand and supply of housing. A lower vacancy rate may indicate that households are having difficulty in finding housing that is affordable, leading to overcrowding or households having to pay more than they can afford.

According to the 2007–2011 ACS Five-Year Estimates, there were a total of 1,476 vacant units recorded in Morro Bay. The vacancy rate for the city was 20 percent in 2000 and slightly higher in 2011 at 23 percent. With the exception of Pismo Beach and Grover Beach, this rate is substantially higher than many other cities in the county, primarily because of the large number of vacation homes in Morro Bay. As noted in Table 14, there were a total of 1,476 vacant units recorded in Morro Bay in 2011. Of this total, 154 were for rent, 88 were for sale, and 1,125 were for seasonal, recreational, or occasional uses.

**TABLE 14: HOUSING UNITS BY OCCUPANCY STATUS, 2011**

	Number	Percentage
<b>Total housing units</b>	<b>6,320</b>	<b>77%</b>
Occupied housing units	4,844	23%
Vacant housing units	1,476	2%
For rent	154	0%
Rented, not occupied	12	1%
For sale only	88	0%
Sold, not occupied	6	18%
For seasonal, recreational, or occasional use	1,125	1%
All other vacant	91	0%
Vacancy rate	23%	
Homeowner vacancy rate	3%	
Rental vacancy rate	6%	

Source: 2007–2011 ACS Five-Year Estimate (HCD SLO County Housing Element Update Data Profile)



## Type of Housing Unit

Table 15 shows the different types of housing units in Morro Bay by the number of units in the structure. In Morro Bay, 72 percent of the housing units are single-family detached homes, while attached single-family homes provide another 6 percent of the housing stock. Multi-family units constitute 15 percent and mobile homes make up 8 percent of the housing stock in the city.

**TABLE 15: OCCUPIED HOUSING UNITS BY TYPE, 2013**

Housing Unit Type	Morro Bay	
	Units	Percentage
Single-Family Detached	4,558	72%
Single-Family Attached	359	6%
2 to 4 Units	446	7%
5 or More Units	507	8%
Mobile Homes	486	8%
<b>Total Housing Units</b>	<b>6,356</b>	<b>100%</b>

Source: DOF 2013

## Age of Housing Stock

An indication of the quality of the housing stock is its general age. Typically housing over 30 years old is likely to have rehabilitation needs that may include plumbing, roof repairs, foundation work, and other repairs. Table 16 displays the age of Morro Bay's housing stock as of 2008. Note that 2008 data is retained because only ACS data with large margins of error is currently available; since this data has not been vetted by HCD, the slightly dated but more accurate US Census and HCD numbers below are preferred. Among these units, approximately 18 percent of the housing units in Morro Bay have been built since 1990 and approximately 46 percent, almost one-half of the housing stock, is more than about 40 years old.



**TABLE 16: HOUSING UNITS BY AGE, 2000–2008**

Structure Built	Units	Percentage
2009 to 2014**	75	1%
2000 to 2008*	350	5%
1990 to 2000	858	13%
1980 to 1989	882	13%
1970 to 1979	1,551	23%
1960 to 1969	1,186	18%
1950 to 1959	1,034	15%
Prior to 1950	775	12%
<b>Total Units</b>	<b>6,711</b>	<b>100%</b>

Source: US Census, \*Department of Finance numbers, 2000–2008; \*\*City of Morro Bay, 2009-2014.

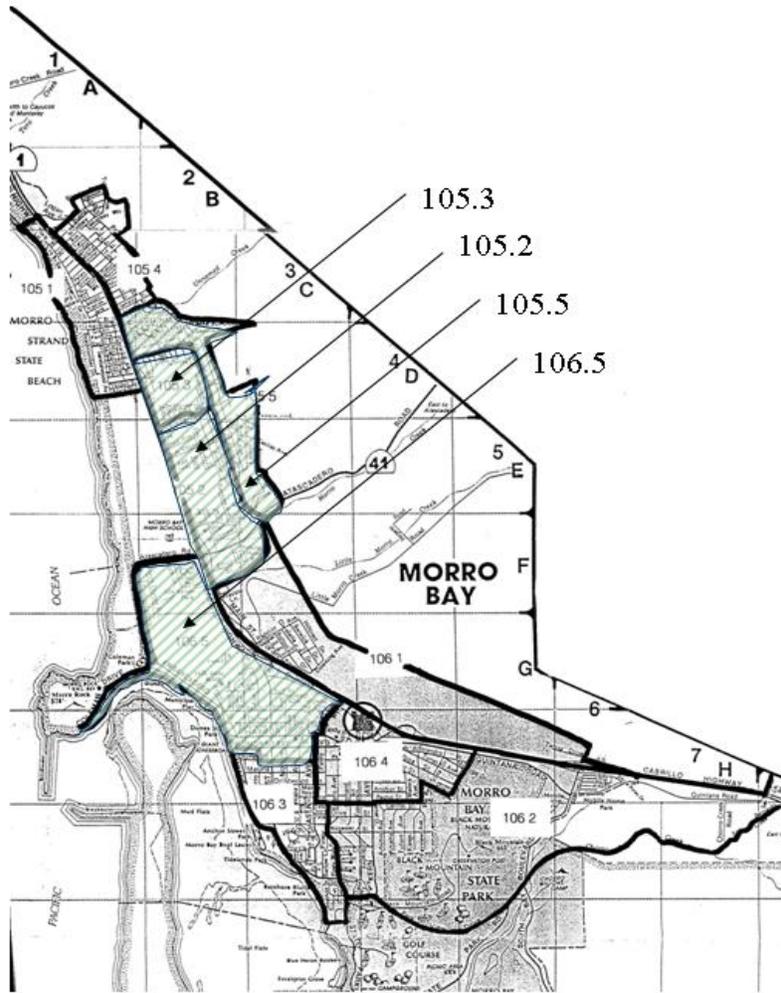
### **Housing Conditions**

As of May 2009, according to the City’s building inspector, approximately 20 to 25 percent of the housing stock was in need of rehabilitation. In 2004, City staff conducted a house-by-house survey (100 percent of housing units) in four identified Target Income Census Block Groups (TIG) (see Figure 2).



FIGURE 2. CENSUS BLOCK GROUPS

# Census Block Groups





Using the survey and point rating system prescribed by HCD, each unit was catalogued by condition of the roof, siding, foundation, windows, and electrical components. The figures were tabulated to establish a total score and identify each structure as sound, needs minor repair, needs moderate repair, needs substantial repair, or is dilapidated. Table 17 outlines the criteria used to determine the condition of the homes. Table 18 shows the breakdown of homes in each TIG area surveyed. Of the 1,502 homes surveyed, 403 were deemed to be in sound condition, 25 were dilapidated, and 1,074 were in need of some degree of repair. The survey did not differentiate between owner-occupied and renter-occupied properties.

Mobile homes were also evaluated by City staff in 2004. That survey found that a lesser percentage of these residences were categorized in the “Excellent” and “Sound 1” ratings, but that in general, approximately one-quarter of the mobile homes were in need of major rehabilitation or replacement.

In 2014, City staff confirmed that the assessment in this section was still current. The rehabilitation need in the city has not changed significantly since 2009 though conditions will deteriorate over time as housing stock ages. During the previous 2009–2014 planning period, approximately 10 code enforcement cases related to substandard housing were opened. All cases have since been resolved.

**TABLE 17: HOUSING CONDITION SURVEY CRITERIA**

Rating	Criteria
Sound	Units that appear structurally sound and well maintained.
Minor Repair	Units that appear structurally sound but show signs of deferred maintenance or upkeep. The house may need a roof replacement or new windows and a paint job.
Moderate Repair	Involves repair or replacement of more than one rated system. This category varies widely and may include, for example, a unit that needs replacement of the roof, electrical system, windows and doors.
Substantial Repair	Replacement of several major systems, including complete or major foundation work, replacement or repair of exterior siding, reconstruction of the roof system and complete re-plumbing.
Dilapidated	All the rated systems need repair and making those repairs to bring the structure into compliance with the current Uniform Building Code would not be cost-effective.

*Source: City of Morro Bay Staff, 2004*

**TABLE 18: HOUSING CONDITIONS IN TARGET INCOME GROUPS, MORRO BAY, 2004**

Census Block Group	Number of Units Sampled	Condition of Housing Units		
		Condition	Count	Percentage
105.2	605	Sound	168	28%
		Minor	292	48%
		Moderate	109	18%
		Substantial	30	5%
		Dilapidated	6	1%
105.3	301	Sound	66	22%
		Minor	117	39%
		Moderate	72	24%
		Substantial	27	9%
		Dilapidated	19	6%
105.5	351	Sound	124	35%
		Minor	161	46%
		Moderate	64	18%
		Substantial	2	1%
		Dilapidated	0	0%
106.5	245	Sound	45	18%
		Minor	135	55%
		Moderate	51	21%
		Substantial	14	6%
		Dilapidated	0	0%

Source: City of Morro Bay Staff, 2004



**HOUSEHOLD INCOME**

For the purpose of evaluating housing affordability, housing need, and eligibility for housing assistance, income levels are defined by guidelines adopted each year by the California Department of Housing and Community Development. For San Luis Obispo County, the applicable median income for a family of four in 2014 is \$77,000.

HCD has defined the following income categories for San Luis Obispo County, based on the median income for a household of four persons:

- Extremely low income: 30 percent and below (\$0 to \$22,600)
- Very low income: 31 to 50 percent of median income (\$22,601 to \$37,700)
- Low income: 51 to 80 percent of median income (\$37,701 to \$60,300)
- Moderate income: 81 to 120 percent of median income (\$60,301 to \$92,400)
- Above moderate income: 120 percent or more of median income (\$92,401 or more)

Table 19 shows the maximum annual income level for each income group adjusted for household size for San Luis Obispo County. The maximum annual income data is then used to calculate the maximum affordable housing payments for different households (varying by income level) and their eligibility for federal housing assistance.

**TABLE 19: MAXIMUM HOUSEHOLD INCOME LEVEL BY HOUSEHOLD SIZE, 2014**

Household Size	Maximum Income Level				
	Median	Extremely Low	Very Low	Low	Moderate
1-Person	\$53,900	\$15,850	\$26,400	\$42,250	\$64,700
2-Person	\$61,600	\$18,100	\$30,200	\$48,250	\$73,900
3-Person	\$69,300	\$20,350	\$33,950	\$54,300	\$83,150
4-Person	\$77,000	\$22,600	\$37,700	\$60,300	\$92,400
5-Person	\$83,150	\$24,450	\$40,750	\$65,150	\$99,800
6-Person	\$89,300	\$26,250	\$43,750	\$69,950	\$107,200
7-Person	\$95,500	\$28,050	\$46,750	\$74,800	\$114,600
8-Person	\$101,650	\$29,850	\$49,800	\$79,600	\$121,950

Source: HCD 2014



Table 20 provides a summary of household income in Morro Bay according to the ACS 2008–2012 Five-Year Estimates. Table 20 also provides the HCD income category for households in 2012. However, HCD income categories and the Census Bureau’s income categories do not correlate directly, and the comparison between HCD and Census categories is for informational purposes only.

**TABLE 20: HOUSEHOLD INCOME, 2012**

HCD Income Category	Household Income	Number	Percentage
Extremely Low	Less than \$10,000	144	3%
	\$10,000 to \$14,999	322	6%
	\$15,000 to \$24,999	555	11%
Very Low	\$25,000 to \$34,999	525	11%
Low	\$35,000 to \$49,999	689	14%
	\$50,000 to \$74,999	937	19%
Moderate	\$75,000 to \$99,999	664	13%
Above Moderate	\$100,000 to \$149,999	654	13%
	\$150,000 to \$199,999	283	6%
	\$200,000 or more	188	4%
<b>Total</b>		<b>4,961</b>	<b>100%</b>

Source: ACS 2008–2012 Five-Year Estimates

## HOUSING COSTS AND AFFORDABILITY

The cost of housing is directly related to the extent of housing problems faced by lower- and moderate-income households in a community. If housing costs are high relative to household income, correspondingly the incidence of housing cost burden and overcrowding will be high. This section summarizes the cost and affordability of housing to Morro Bay residents.

### Sales Cost

According to DataQuick, the median home sale price in Morro Bay was \$429,500 in 2013, an increase of approximately 14 percent from the 2012 median of \$376,000. Median prices in Morro Bay tend to be in the middle to low range when compared to other San Luis Obispo communities, and are just above the county average. Table 21 shows median home sales prices in Morro Bay and nearby communities for 2012 and 2013. Assuming a 5.75 percent interest rate and 10 percent down payment, a family of four would need to make approximately \$115,000 to afford a \$376,000 house. A median priced home in Morro Bay is only affordable to families with “above moderate” income levels.



**TABLE 21: ANNUAL MEDIAN SALES PRICE, 2012-2013**

Community/City	2013 Median Price	2012 Median Price	Percentage Increase
San Luis Obispo County	\$415,000	\$360,000	15%
Cambria	\$500,000	\$452,500	11%
Cayucos	\$650,000	\$575,000	13%
Los Osos	\$371,500	\$325,000	14%
Morro Bay	\$429,500	\$376,000	14%
San Luis Obispo (City)	\$525,000	\$485,000	8%

Source: DataQuick 2014 ([www.DQNews.com](http://www.DQNews.com))

**Rental Housing Cost**

Examining the rental housing market is a direct means to identifying rental price information. Rents are ultimately determined by the interaction of supply and demand within the housing market. The two most significant factors contributing to rental prices are location and amenities. Morro Bay’s close proximity to the ocean makes it a high-demand location in which to reside, causing rental costs to increase as the demand increases. Table 22 provides samples of “typical” rental housing in the Morro Bay area as identified through a point-in-time survey conducted in March 2014.

**TABLE 22: RESIDENTIAL RENTAL PRICES, MORRO BAY, 2014**

Type	Number of Units Surveyed	Low	High
Studio	5	\$725	\$1,350
1 bedroom	9	\$850	\$1,450
2 bedrooms	5	\$1,200	\$1,850
3 bedrooms	5	\$1,900	\$2,150
4+ bedrooms	3	\$2,000	\$2,300

Source: Rental Survey, March 2014

Although the monthly cost of rental housing is important, most landlords require the first and last month rental payment plus a security deposit prior to moving in. Many landlords require a minimum monthly income of up to three times the monthly rent. There may also be requirements for deposits to connect to services such as water and electricity and possibly extra charges for additional people or pets. Due to these factors, often the actual cost of moving into a rental unit is a greater burden.



According to the 2014 HCD income limits (Table 23), a very low-income household of four could afford up to \$943 a month for rent. If this household lived in a three-bedroom unit in Morro Bay, according to the rental survey, this household would be paying between \$1,900 and \$2,150. A household earning 50 percent of the area median income would need to allocate nearly 60 percent of their gross income to be able to afford the rent for the least expensive three-bedroom unit in Morro Bay. This indicates a need for more affordable housing for households in the extremely low-, very low-, and low-income ranges in the city.

### **Housing Affordability by Income Level**

Housing affordability can be inferred by comparing the cost of renting or owning a home with the maximum affordable housing cost to households at different income levels. The area median income provides a benchmark for estimating the affordability of housing and the ability of newcomers to move into the community. Taken together, this information can generally demonstrate who can afford what size and type of housing and indicate the type of households most likely to experience overcrowding or a burden on housing cost.

In evaluating affordability, the maximum affordable price refers to the maximum amount that could be afforded by households in the upper range of their respective income category. Households in the lower end of each category can afford less in comparison. The maximum affordable home and rental prices for residents of San Luis Obispo County are shown in Table 23. The affordability of the county's housing stock for each income group is discussed below. HCD has identified the 2014 county area median income to be \$77,000 for a family of four.

Table 23 shows the maximum rents and sales prices, respectively, that are affordable to extremely low-, very low-, low-, moderate-, and above moderate-income households. Affordability is based on the following assumptions: a household spending 30 percent or less of their total household income for shelter; the maximum household income levels established by the US Department of Housing and Urban Development (HUD) and HCD; and maximum affordable sales prices based on 10 percent down with a 30-year fixed rate mortgage at a 5.75 percent annual interest rate.



**TABLE 23: HOUSING AFFORDABILITY BY INCOME LEVEL**

Household Size	1	2	3	4	5	6
<b>Extremely Low Income (Households at 30% of Median Income)</b>						
Annual Income	\$15,850	\$18,100	\$20,350	\$22,600	\$24,450	\$26,250
Maximum Monthly Gross Rent <sup>1</sup>	\$396	\$453	\$509	\$565	\$611	\$656
Maximum Purchase Price <sup>2</sup>	\$48,880	\$59,141	\$67,000	\$74,460	\$80,630	\$86,460
<b>Very Low Income (Households at 50% of Median Income)</b>						
Annual Income	\$26,400	\$30,200	\$33,950	\$37,700	\$40,750	\$43,750
Maximum Monthly Gross Rent <sup>1</sup>	\$660	\$755	\$849	\$943	\$1,019	\$1,094
Maximum Purchase Price <sup>2</sup>	\$86,400	\$99,750	\$111,230	\$123,120	\$133,340	\$143,830
<b>Low Income (Households at 80% of Median Income)</b>						
Annual Income	\$42,250	\$48,250	\$54,300	\$60,300	\$65,150	\$69,950
Maximum Monthly Gross Rent <sup>1</sup>	\$1,056	\$1,206	\$1,358	\$1,508	\$1,629	\$1,749
Maximum Purchase Price <sup>2</sup>	\$138,200	\$157,930	\$179,050	\$198,390	\$215,160	\$230,960
<b>Moderate Income (Households at 120% of Median Income)</b>						
Annual Income	\$64,700	\$73,900	\$83,150	\$92,400	\$99,800	\$107,200
Maximum Monthly Gross Rent <sup>1</sup>	\$1,618	\$1,848	\$2,079	\$2,310	\$2,495	\$2,680
Maximum Purchase Price <sup>2</sup>	\$210,120	\$242,620	\$251,780	\$274,000	\$327,230	\$345,900

Source: 2014 Income Limits: Department of Housing and Community Development. Monthly mortgage calculation: <http://www.realtor.com/home-finance/financial-calculators/home-affordability-calculator.aspx?source=web>

<sup>1</sup> Affordable housing cost for renter-occupied households assumes 30% of gross household income, not including utility cost.

<sup>2</sup> Affordable housing sales prices are based on the following assumed variables: approximately 10% down payment, 30-year fixed rate mortgage at 5.75% annual interest rate.



## Overpayment

Overpayment compares the total shelter cost for a household to the ability of that household to pay. Specifically, overpayment is defined as monthly shelter costs in excess of 30 percent of a household's income. Shelter cost is defined as the monthly owner costs (mortgages, deed of trust, contracts to purchase or similar debts on the property and taxes, insurance on the property, and utilities) or the gross rent (contract rent plus the estimated average monthly cost of utilities).

Table 24 shows to what extent occupied housing units (households) are overpaying for housing cost by their income category and whether or not they were overpaying. As of 2011, 43 percent of all households were overpaying based on their income categories. More than half of these overpaying households are in the low-, very low-, or extremely low-income category.

**TABLE 24: TOTAL HOUSEHOLDS OVERPAYING BY INCOME, 2011**

Household	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total	Lower Income
<b>Ownership Households</b>	<b>42</b>	<b>307</b>	<b>456</b>	<b>390</b>	<b>1,359</b>	<b>2,854</b>	<b>1,105</b>
Overpaying owner households	248	131	88	260	225	952	467
Percentage of overpaying owners	73%	43%	19%	67%	17%	33%	42%
<b>Renter Households</b>	<b>556</b>	<b>381</b>	<b>553</b>	<b>332</b>	<b>276</b>	<b>2,098</b>	<b>1,490</b>
Overpaying renter households	528	248	227	154	0	1,157	1,003
Percentage of overpaying renters	95%	65%	41%	46%	0%	55%	67%
<b>Total Households</b>	<b>897</b>	<b>689</b>	<b>1,009</b>	<b>722</b>	<b>1,635</b>	<b>4,952</b>	<b>2,595</b>
Overpaying households	775	380	315	414	225	2,109	1,470
Percentage of overpaying households	86%	55%	31%	57%	14%	43%	57%

Source: ACS 2007–2011 Five-Year Estimates (HCD SLO County Housing Element Data Profile)

The Comprehensive Housing Affordability Strategy (CHAS) was developed by HUD to assist jurisdictions in writing their consolidated plans. According to this data (Table 25), there were 395 owner households and 770 renter households earning less than 50 percent of the median family income (MFI) in the city in 2010. Approximately 76 percent of these lower-income renter-occupied households were identified as having at least one of four housing problems (which include incomplete kitchen facilities, incomplete plumbing facilities, more than one person per room, and a



cost burden greater than 30%). Conversely, approximately 55 percent of lower-income owner-occupied households experienced at least one of those four housing problems. It is important to note that, similar to ACS data, the CHAS dataset uses small samples and is subject to large margins of error and therefore may have totals and percentages that are slightly different than other data sources used in this document.

**TABLE 25: HOUSING PROBLEMS FOR ALL HOUSEHOLDS, 2010**

	Total Renters	Total Owners	Total Households
Household Income ≤30% MFI	385	185	570
Household Income >30% to ≤50% MFI	385	210	595
% Households (≤50% MFI) with any housing problems	76%	55%	68%

Source: CHAS 2006–2010

### SPECIAL NEEDS GROUPS

Certain groups have greater difficulty in finding acceptable, affordable housing due to special circumstances relating to employment and income, household characteristics, and disabilities, among others. These “special needs” groups include seniors, persons with disabilities, large households, single-parent households (female-headed households with children, in particular), homeless persons, and agricultural workers. This section discusses the housing needs facing each group, as well as programs and services available to address the housing needs.

#### Persons with Disabilities

Table 26 shows the 2000 Census information regarding non-institutionalized people in Morro Bay who have disabilities that either prevent them from working or make self-care or mobility difficult. Generally, disabled persons constitute 10 percent of any given population; in Morro Bay, the percentage is slightly higher at 20 percent (2,162 persons). Since there is no DOF, 2010 US Census, or reliable ACS data, 2000 US Census information is used for this analysis.

**TABLE 26: PERSONS WITH A DISABILITY BY DISABILITY TYPE, 2000**

	<b>Number</b>	<b>Percentage</b>
<b>Total Disabilities Tallied</b>	<b>3,816</b>	<b>100%</b>
<b>Total Disabilities for Ages 5–64</b>	<b>2,268</b>	<b>59%</b>
Sensory disability	197	5%
Physical disability	469	12%
Mental disability	358	9%
Self-care disability	135	4%
Go-outside-home disability	302	8%
Employment disability	807	21%
<b>Total Disabilities for Ages 65 and Over</b>	<b>1,548</b>	<b>41%</b>
Sensory disability	369	10%
Physical disability	577	15%
Mental disability	179	5%
Self-care disability	105	3%
Go-outside-home disability	318	8%

Source: US Census 2000 (HCD SLO County Housing Element Update Data Profile)

There are two major housing problems facing disabled persons: (1) the need for housing that meets particular physical needs (wheelchair accessible, etc.) and (2) monetary needs. Because of limited job opportunities for the handicapped and disabled, their incomes are often below the median income. Table 27 identifies the employment status of disabled persons in the city.

**TABLE 27: PERSONS WITH A DISABILITY BY EMPLOYMENT STATUS**

<b>Employment Status</b>	<b>Number</b>	<b>Percentage</b>
Age 16–64, Employed Persons with a Disability	164	16%
Age 16–64, Not Employed Persons with a Disability	305	29%
Persons Age 65 Plus with a Disability	577	55%
<b>Total Persons with a Disability</b>	<b>1,046</b>	<b>100%</b>

Source: US Census 2000 (HCD SLO County Housing Element Update Data Profile)

The disabled or handicapped residents of Morro Bay have varying housing needs depending on the nature and severity of the disability. Physically disabled persons generally require modifications to their housing units such as wheelchair ramps, elevators or lifts, wide doorways, accessible cabinets, and modified fixtures and appliances. If the disability prevents the person from operating a vehicle,



then proximity to services and access to public transportation are important. Severely physically disabled persons may also require nursing or care facilities.

If the physical disability prevents the individual from working or limits income, the cost of housing and needed modification can be significant. Because physical handicaps vary, this group rarely congregates toward a single service organization and makes estimating the number of individuals and specific needs difficult.

The physical modification of housing is not generally necessary to accommodate mentally disabled persons, but they will generally require special services and monetary support. Since jobs and incomes are often limited for such individuals, affordable housing is important. Many mentally disabled persons would prefer to live independently, but because of monetary circumstances they are forced to live with other family members or with roommates. This may cause additional stress and problems. In some instances, the need for a resident assistant to help deal with crisis or challenging situations may also create special housing demands. This would suggest that there is a need for some apartment or condominium complexes which are reserved exclusively for persons requiring extra assistance in dealing with their daily routines. Many mentally handicapped persons are unable to drive, so access to public transportation is also important.

Disabled elderly often fall into one or both of the above categories. Many elderly have some minor physical handicap. For instance, climbing stairs may be difficult, especially when carrying groceries or other bulky items. Other elderly persons may have difficulty cooking, cleaning, performing daily chores, or remembering to take medication. Congregate care facilities and retirement homes help meet the needs of many of these individuals.

### **Persons with Developmental Disabilities**

Senate Bill (SB) 812 requires the City to include the needs of individuals with a developmental disability within the community in the special housing needs analysis. According to Section 4512 of the Welfare and Institutions Code, a “developmental disability” means a disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual which includes mental retardation, cerebral palsy, epilepsy, and autism.

Many developmentally disabled persons can live and work independently in a conventional housing environment. More severely disabled individuals require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for the developmentally disabled is the transition from the person’s living situation as a child to an appropriate level of independence as an adult.

The California Department of Developmental Services (DDS) currently provides community-based services to approximately 243,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based



facilities. The Tri-Counties Regional Center is one of 21 regional centers in California that provides point of entry to services for people with developmental disabilities. The center is a private, nonprofit community agency that contracts with local businesses to offer a wide range of services to individuals with developmental disabilities and their families. Table 28 provides information about Morro Bay’s population of developmentally disabled persons; Table 29 provides information about those persons’ place of residence.

**TABLE 28: DEVELOPMENTALLY DISABLED RESIDENTS BY AGE**

Zip Code	0–13 Years	14–21 Years	22–51 Years	52–61 Years	62+ Years	Total
93442	16	9	39	6	4	74

Source: HCD SLO County Housing Element Updated Data Profile 2014

**TABLE 29: DEVELOPMENTALLY DISABLED RESIDENTS BY RESIDENCE TYPE**

Zip Code	Community Care	Home Parent/Guardian	Independent Living	Other	Total
93442	3	36	24	11	74

Source: HCD SLO County Housing Element Updated Data Profile 2014

A number of housing types are appropriate for people living with a development disability: rent-subsidized homes, licensed and unlicensed single-family homes, inclusionary housing, Section 8 vouchers, special programs for home purchase, HUD housing, and SB 962 homes. The design of housing-accessibility modifications, the proximity to services and transit, and the availability of group living opportunities represent some of the types of considerations that are important in serving this special needs group. Incorporating “barrier-free” design in all new multi-family housing (as required by California and federal fair housing laws) is especially important to provide the widest range of choices for disabled residents. Special consideration should also be given to the affordability of housing, as people with disabilities may be living on a fixed income.

In order to assist in the housing needs for persons with developmental disabilities, the City will implement programs to coordinate housing activities and outreach with the Tri-Counties Regional Center and encourage housing providers to designate a portion of new affordable housing developments for persons with disabilities, especially persons with developmental disabilities, and pursue funding sources designated for persons with special needs and disabilities. **Program H-19.1** is proposed to specifically address the needs of the developmentally disabled.



**Elderly**

Analysis of the housing needs of the elderly is important for three reasons: (1) many elderly have fixed, limited incomes, (2) many elderly persons are “over-housed” (living alone in a three- or four-bedroom house), and (3) because some elderly have mobility and health problems, these needs can create special housing requirements.

Table 30 illustrates the population of residents aged 65 and older in Morro Bay in 2000 and 2010. Table 31 illustrates the tenure of senior households in the city. Approximately 80 percent of senior-headed households own the home they live in. The senior population numbers and the percentage they make up of the city’s overall population changed very little between 2000 and 2010.

**TABLE 30: SENIOR RESIDENTS, 2000-2010**

Age Group	2000		2010	
	Number	Percentage	Number	Percentage
65+	2,506	24%	2,425	24%
<b>Total Population</b>	<b>10,350</b>	<b>100%</b>	<b>10,234</b>	<b>100%</b>

Source: US Census 2000, 2010 (HCD SLO County Housing Element Update Data Profile)

**TABLE 31: SENIOR-HEADED HOUSEHOLDS BY TENURE, 2011**

Age of Householder	Number	Percentage
Owner-occupied senior household	1,231	80%
Householder 65 to 74 years	656	43%
Householder 75 to 84 years	413	27%
Householder 85 years and over	162	11%
Renter-occupied senior household	300	20%
Householder 65 to 74 years	204	13%
Householder 75 to 84 years	80	5%
Householder 85 years and over	16	1%
<b>Total</b>	<b>1,531</b>	<b>100%</b>

Source: ACS 2007-2011 Estimates (HCD SLO County Housing Element Update Data Profile)

To address the needs of seniors in the community, the City will implement **Program H-18.1** to utilize CDBG and other state or federal monies to assist in the development of lower-income senior rentals.



### **Farmworkers**

The ACS 2007–2011 Five-Year Estimates identified 96 residents of Morro Bay employed in agriculture, forestry, fishing and hunting, or mining operations. Because of Morro Bay’s role as a significant commercial fishing center, this information is not surprising. This number, however, probably underestimates migrant farmworkers who move with the seasons according to the availability of work. There are still several large tracts of productive agricultural land within and near the Morro Bay city limits that periodically employ such workers. It is not clear where migrant workers live while employed in the Morro Bay area.

According to information provided by the Employment Development Department for the San Luis Obispo-Paso Robles Metropolitan Statistical Area, there were 3,600 people employed within the agriculture industry in January 2014, a decrease of 100 people since January 2013.

### **Large Households**

Large families present special housing needs if they cannot find affordable and adequate housing units. The result may be overcrowding. As identified in Table 12 above, 113 households (approximately 2 percent of all households) in Morro Bay were occupied by five or more persons (considered a large household) of which 39 were owner-occupied households and 74 were renter-occupied households. This proportion is substantially lower than in the county as a whole and is very low when compared to other cities and counties. Thus, housing for large families does not appear to be a significant need in Morro Bay.

### **Female-Headed Households**

Female-headed single-parent households experience numerous housing problems, including affordability (the individuals are often on public assistance), overcrowding (the individuals often cannot afford units large enough to accommodate their families), insufficient housing choices, and discrimination. The City of Morro Bay recognizes these problems and has included policies and programs in this document to address affordability, overcrowding, and discrimination for all segments of the population.

Table 32 illustrates the number of family households that are headed by a female with no husband present. Female-headed households with no husband present account for 14 percent of all households in the city. The table also reports the presence of children in female-headed households, as well as poverty indicators for female-headed households. Female-headed householders with their own children make up approximately five percent of all householders in the city (as shown in the table below) and 37 percent of the female-headed householders.



**TABLE 32: FEMALE-HEADED HOUSEHOLDS**

	Number	Percentage of Householders
Female-Headed Householders	398	14%
Female Heads with Own Children	147	5%
Female Heads without Children	251	9%
Total Householders	2,746	100%
Female-Headed Householders Under the Poverty Level	18	1%
<b>Total Families Under the Poverty Level</b>	<b>189</b>	<b>7%</b>

Source: ACS 2007–2011 Five-Year Estimates (HCD SLO County Housing Element Update Data Profile)

**Homeless**

According to HUD’s 2012 Continuum of Care Homeless Assistance Programs (as provided by the HCD SLO County Housing Element Update Data Profile), the County of San Luis Obispo has approximately 2,057 homeless persons (Table 33). Of these homeless persons, approximately 343 are in families with at least one child. The homeless population is mostly unsheltered, with only 8 percent of the 2,057 identified as sheltered. The Community Action Partnership of San Luis Obispo County (CAPSLO) provided 2013 estimates of the Maxine Lewis Memorial Shelter and Prado Day center population by home community. At these two shelters, approximately 54 people call Morro Bay home.

**TABLE 33: HOMELESSNESS, SAN LUIS OBISPO COUNTY**

	Sheltered	Unsheltered	Total
Person in household without children	100	1,614	1,714
Person in household with at least one adult and one child	56	287	343
<b>Total Homeless Persons</b>			<b>2,057</b>

Source: HUD 2012 (HCD SLO County Housing Element Update Data Profile)

**TABLE 34: HOME CITY BY SHELTER POPULATION, 2013**

Community	Maxine Lewis Memorial Shelter	Prado Day Center
Morro Bay	21	33
Los Osos	21	40
Other North Coast Communities	9	13

Source: CAPSLO 2014



Regional services for the homeless include Chorro Creek Ranch, which serves the South County area that includes Morro Bay and provides a range of services such as emergency shelter, counseling services, and rental assistance. The Estero Bay Alliance for Care is an all-volunteer network of organizations and individuals dedicated to enhancing the quality of life for local homeless and in-need citizens through outreach, education, and liaison with appropriate agencies and organizations. The CAPSLO emergency shelter and services center, located near the intersection of Broad Street and Orcutt Road in San Luis Obispo, provides emergency shelter, on-site information and referral services, and assistance in finding permanent housing. The People's Kitchen, the Salvation Army Homeless Outreach program, the Senior Nutrition program, which provides meals to seniors over the age of 60 up to five times a week, and other programs offered by local churches are also available. The City of San Luis Obispo is centrally located and it is appropriate that services for homeless individuals be located there. San Luis Obispo is the county seat; many governmental social services can be received there. Additional service providers include the El Camino Homeless Coalition in Atascadero, Loaves and Fishes in Paso Robles, the 5 Cities Coalition in Arroyo Grande, and Transitional Food and Shelter in the North County.

To further assist with providing homelessness services, Morro Bay's City Council has approved a temporary fee waiver for a local group serving a free weekly meal at the city's Veterans Memorial Building. The decision covers an estimated \$2,000 in city rental fees for the building through June 30, 2014.

### **Assisted Units**

As shown in Table 35, Morro Bay contains four assisted housing developments owned by People's Self-Help Housing (PSHH) that provide 95 affordable housing units. The City has utilized various funding sources to provide affordable housing to residents, including Section 8, Section 202, Section 515, and tax credits. PSHH is currently in negotiations with the tax credit investors for both Oceanside Gardens and Sequoia Street Apartments to facilitate maintaining their role as general partner. PSHH is also currently applying to HUD for approving a plan to refinance Ocean View Manor using tax credit syndication and a renewed HUD contract, through which PSHH plans to rehabilitate and continue to operate the property as affordable. If these negotiations are successful the length of the deed restriction would be extended on this property. These three properties continue to operate as affordable, and PSHH communicated that they do not plan to experience any interruption in offering affordable rents to the tenants.

The Housing Authority of San Luis Obispo (HASLO) reported that as of March 2014, the City of Morro Bay had 79 Section 8 vouchers being used in the city. HASLO also reported that due to too much interest, the waitlist for Section 8 vouchers has been closed since 2010.



**TABLE 35: INVENTORY OF ASSISTED UNITS**

Projects	Total Units	Assisted Units	Type	Funding Source	Earliest Date of Conversion
Ocean View Manor	40	39	Senior	Section 202	12/1/2030
Pacific View Apartments	26	25	Family	Section 515	2/25/2041
Oceanside Garden Apartments	21	21	Senior	Tax Credits	2/26/2049
Sequoia Street Apartments	11	10	Large Family	Tax Credits	7/30/2054
<b>Total</b>	<b>98</b>	<b>95</b>	—	—	—

Source: HCD SLO Housing Element Update Data Profile 2014; personal communication with People’s Self-Help Housing 2014

**At-Risk Units**

California housing element law requires all jurisdictions to include a study of all low-income housing units which may at some future time be lost to the affordable inventory by the expiration of some type of affordability restrictions. The law requires that the analysis and study cover a 10-year period beginning at the start of the Housing Element planning period, so June 30, 2014 through June 30, 2024.

At-risk units are subsidized low-income housing projects that may be convertible to market-rate units as they are nearing the end of their subsidized contract. Such units are deemed “at risk” of being lost as affordable housing. Currently there are not any subsidized housing units considered at risk of converting to market-rate units within 10 years of the beginning of this Housing Element planning period. However, **Program H-15.1** states that the City will maintain a list of all dwellings within the city that are subsidized by government funding or low-income housing developed through local regulations or incentives and that the City will contact all property owners and ask them to provide at least two years’ notice prior to the conversion of any units for lower-income households to market-rate units.



### 3. ADEQUATE SITES INVENTORY

The San Luis Obispo Council of Governments (SLOCOG) is responsible for developing the Regional Housing Needs Allocation (RHNA), which assigns a share of the region's future housing need to each jurisdiction in the region. State law requires jurisdictions to demonstrate that "adequate sites" will be made available over the planning period (2014–2019) to facilitate and encourage a sufficient level of new housing production. Jurisdictions must also demonstrate that appropriate zoning and development standards, as well as services and facilities, will be in place to facilitate and encourage housing. The Housing Element must inventory land suitable for residential development, including vacant and underutilized sites, and analyzes the relationship of zoning and public facilities and services to these sites.

In complying with the adequate site requirement, jurisdictions can take credit for the number of new units built during the planning period of 2014–2019 toward the RHNA. This includes new housing units either built or issued a certificate of occupancy since January 1, 2014.

#### Regional Housing Needs Allocation

An important component of the Housing Element is the identification of sites for future housing development and evaluation of the adequacy of these sites in fulfilling Morro Bay's share of the Regional Housing Needs Allocation, as determined by SLOCOG. The intent of the RHNA is to ensure that local jurisdictions address their fair share of the housing needs for the entire region. Additionally, a major goal of the RHNA is to ensure that every community provides an opportunity for a mix of affordable housing to all economic segments of its population. The RHNA jurisdictional allocations are made to ensure that adequate sites and zoning are provided to address existing and anticipated housing demands during the planning period and that market forces are not inhibited in addressing the housing needs for all facets of a particular community. Table 36 provides the RHNA target for the planning period 2014 to 2019.

**TABLE 36: MORRO BAY REGIONAL HOUSING NEEDS ALLOCATION PROGRESS**

Income Level	RHNA	Units Built Since January 2014	Remaining RHNA
Extremely Low	19	0	19
Very Low	20	0	20
Low	24	0	24
Moderate	27	0	27
Above Moderate	65	6 <sup>1</sup>	59
<b>Total</b>	<b>155<sup>2</sup></b>	<b>6</b>	<b>149</b>

Source: SLOCOG 2013

Notes:

1. Single-family building permits

2. The total RHNA number of 154 in the SLOCOG Regional Housing Needs Plan is off by one unit due to a rounding error. Per HCD direction, the numbers in the income categories were totaled and the total RHNA number used for analysis in the Housing Element update is 155.



Based on the above projections, the City of Morro Bay will need to allow for 63 housing units affordable to lower-income households to comply with the City's regional allocation targets for these income levels. In addition, the City will allow for 27 housing units available to moderate-income households. A total of 155 new housing units have been allocated by HCD for the City of Morro Bay from 2014 through 2019.

As of March 2014, there have not been any housing units constructed, but six single-family units have been approved. As a result, the City will need an additional 149 housing units to meet Morro Bay's 2014–2019 RHNA. However, the City currently has the vacant land capacity to accommodate all of the RHNA need. See Table 38 for a complete list of available sites to meet the City's 2014–2019 RHNA.

### **Land Availability**

This section provides the inventory of vacant land that is available in Morro Bay for both multi-family and single-family residential development. Table 38 provides the number of acres, zoning, unit potential, and availability of infrastructure for all vacant acreage not earmarked for pending projects in Morro Bay. All sites listed in Table 38 have no known constraints related to infrastructure or environmental conditions.

### Realistic Capacity

The zoning districts and General Plan land use designations are shown for each site and are used to determine the realistic unit capacity of each site. Realistic capacity was determined by multiplying the number of acres by the maximum density for the site, and then 80 percent of that result was used as the final realistic unit number to account for site and regulatory constraints. The capacity for the 10 mixed-use sites included in the inventory was determined by taking 80 percent of the total site acreage, multiplying the acreage by the maximum density for the site, and then taking 80 percent of that number to determine the realistic unit number.

Although these Mixed Commercial/Residential (MCR) zoned sites permit commercial development, based on current trends as well as approved projects, allowing for 100 percent residential would be appropriate. However, the City took a conservative approach and used only 80 percent of the total site acreage. Currently, Morro Bay has a high vacancy rate in commercial buildings; therefore, the City is allowing for solely residential development in the MCR district. In addition, the City approved an affordable project at Main at Bonita, which proposes 23 units to be developed on 1.14 acres in the Mixed Commercial/Residential (MCR)/Multi-family Residential-Hotel-Professional (R-4) district. This project was developed with 100 percent residential units at 20 units to the acre.

### Small Sites

A majority of the vacant parcels that allow up to 27 units per acre are less than a half acre in size, and it can be difficult to build multi-family, lower-income housing on smaller sites. However, recent trends show that multi-family housing development is occurring on sites of less than one-half acre.



For the high-density sites listed in Table 38, each of the site groups 4–6, 21-22, 24-25, and 28-30, contiguous. Of the total units the City assumes can be developed on high-density land (260 units), 86 units or 33 percent of the units are being accommodated on sites that have potential for lot consolidation into larger sites more feasible for development of affordable housing. To help facilitate the development of affordable housing on smaller lots, the City has included **Program H-1.2** to assist in the consolidation of small lots.

Table 37 compares the City of Morro Bay's RHNA to the site inventory capacity. Including the credit of six building permits and the site inventory capacity, the City has a surplus of 41 units available to extremely low-, very low-, and low-income households, 48 units available to moderate-income households, and 320 units available to above moderate-income households, a total surplus of 320 units. Table 38 provides the characteristics of the available sites for the development of single-family homes and multi-family units, and Figure 3, the Land Inventory Map, shows the location of each site.

**TABLE 37: COMPARISON OF REGIONAL GROWTH NEED AND RESIDENTIAL SITES**

Income Group	Total RHNA	Building Permits	Remaining RHNA	Site Inventory Capacity	RHNA Surplus
Extremely Low	19	0	19	260 <sup>1</sup>	170
Very Low	20	0	20		
Low	24	0	24		
Moderate	27	0	27		
Above Moderate	65	6	59	383	324
<b>Total</b>	<b>155</b>	<b>6</b>	<b>149</b>	<b>643</b>	<b>494</b>

Source: SLOCOG 2013; City of Morro Bay 2014

Notes:

<sup>1</sup> Sites allowing up to 27 dwellings per acre and those allowing up to 15 dwellings per acre have been combined to address lower- and moderate-income RHNA.



**TABLE 38: LAND INVENTORY**

APN	Acres	Property Address	Use Status from Aerial	Map ID #	Zoning	GP Designation	Allowed Density	Units at 80% Capacity	Infrastructure	Constraints
066-176-006	0.27	416 MAIN ST	Vacant	41	R-3	High Density	15-27	6	Yes	None
066-075-017	0.37	KERN AVE	Vacant	38	R-4	High Density	15-27	3	Yes	None
068-231-016	0.61	HWY 41	Vacant	25	R-4 (PD)	High Density	15-27	13	Yes	None
068-231-043	0.49	HWY 41	Vacant	24	R-4 (PD)	High Density	15-27	9	Yes	None
068-323-028	0.32	ROCKVIEW ST	Vacant	31	R-4 (PD)	High Density	15-27	10	Yes	None
068-323-035	0.08		Vacant	30	MCR/R-4	High Density	15-27	11	Yes	None
068-323-036	0.17		Vacant	29	MCR/R-4	High Density	15-27	11	Yes	None
068-323-034	0.73		Vacant	28	MCR/R-4	High Density	15-27	11	Yes	None
068-381-014	0.15	2930 JUNIPER AVE	Vacant	14	R-1	Low-Medium Density	4-7	1	Yes	None
068-381-008	0.15	JUNIPER AVE	Vacant	15	R-1	Low-Medium Density	4-7	1	Yes	None
068-381-015	0.15	2960 JUNIPER AVE	Vacant	13	R-1	Low-Medium Density	4-7	1	Yes	None
068-383-006	0.15	IRONWOOD AVE	Vacant	12	R-1	Low-Medium Density	4-7	1	Yes	None
068-391-001	0.16	JUNIPER AVE	Vacant	16	R-1	Low-Medium Density	4-7	1	Yes	None
068-391-002	0.15	JUNIPER AVE	Vacant	17	R-1	Low-Medium Density	4-7	1	Yes	None
066-273-001	0.23	DANA WAY	Vacant	42	R-1	Low-Medium Density	4-7	1	Yes	None



APN	Acres	Property Address	Use Status from Aerial	Map ID #	Zoning	GP Designation	Allowed Density	Units at 80% Capacity	Infrastructure	Constraints
065-113-064	0.12	MINDORO ST	Vacant	3	R-1/S.2A	Low-Medium Density	4-7	1	Yes	None
068-257-004	0.17	ELENA ST	Vacant	18	R-1/S.2	Low-Medium Density	4-7	1	Yes	None
066-134-015	0.22		Vacant	39	R-2	Low-Medium Density	8-15	1	Yes	None
065-150-015	0.49	SEQUOIA ST	Vacant	8	R-A	Low Density	0-4	1	Yes	None
065-150-008	0.51	IRONWOOD AVE	Vacant	9	R-A	Low Density	0-4	2	Yes	None
068-192-001	0.12	ALDER AVE	Vacant	10	R-A	Low Density	0-4	1	Yes	None
068-192-011	0.15	2900 ALDER AVE	Vacant	11	R-A	Low Density	0-4	1	Yes	None
068-350-061	0.52		Vacant	23	R-A (PD)	Low Density	0-4	2	Yes	None
068-401-011	16.27	LITTLE MORRO CREEK RD	Vacant	34	R-A (PD)	Low Density	0-4	53	Yes	None
068-401-007	13.49	LITTLE MORRO CREEK RD	Vacant	33	R-A (PD)	Low Density	0-4	43	Yes	None
068-401-001	17.26		Vacant	32	R-A (PD)	Low Density	0-4	55	Yes	None
068-411-007	44.07		Vacant	37	R-A (PD)	Low Density	0-4	141	Yes	None
<b>Low Density Subtotals</b>	<b>97.56</b>							<b>383</b>		
066-134-016	0.22		Vacant	40	R-2	Low-Medium Density	8-15	1	Yes	None
066-034-002	0.19	WEST ST	Vacant	35	R-2	Low-Medium	8-15	1	Yes	None

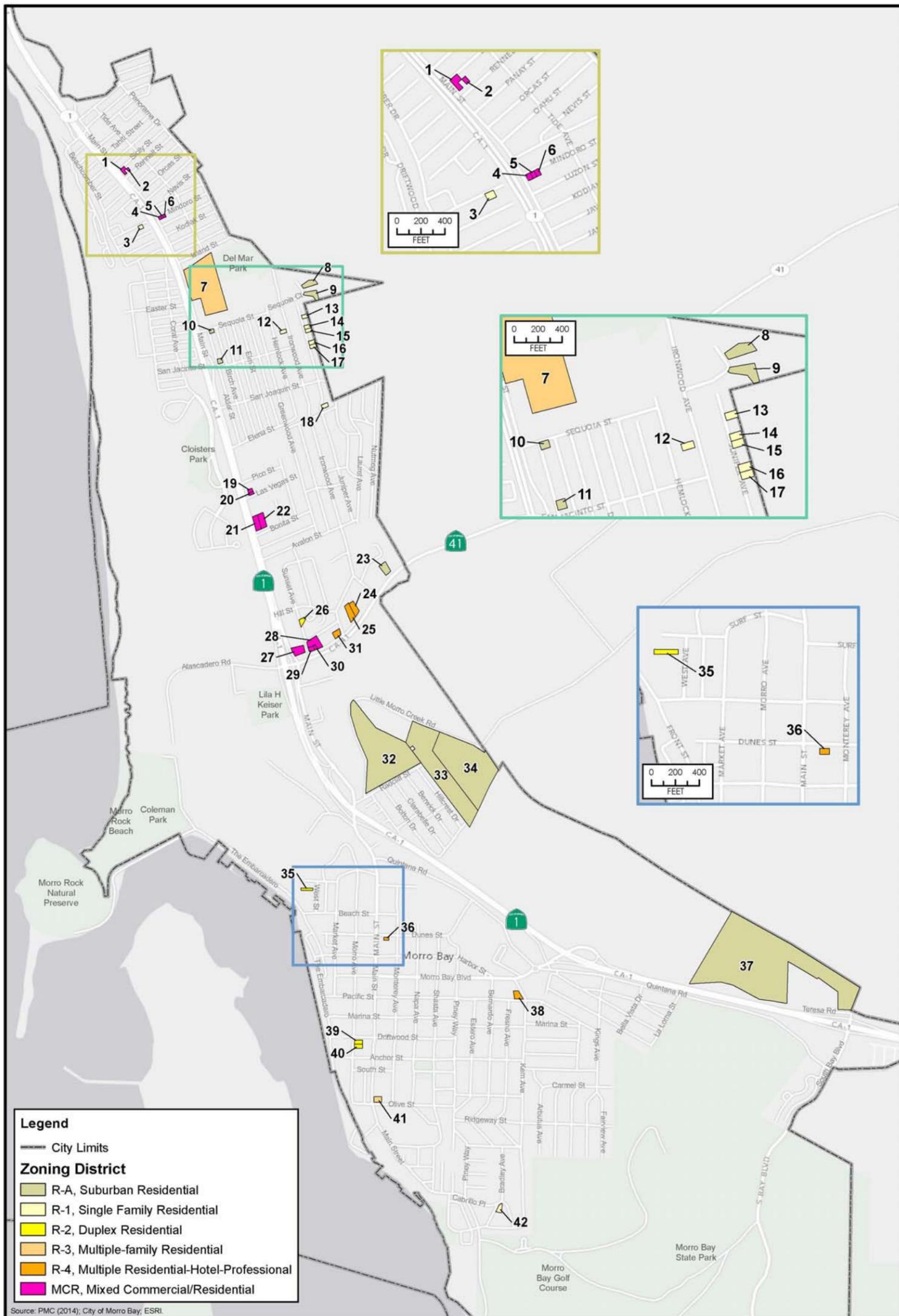


# HOUSING ELEMENT UPDATE

APN	Acres	Property Address	Use Status from Aerial	Map ID #	Zoning	GP Designation	Allowed Density	Units at 80% Capacity	Infrastructure	Constraints
						Density				
068-321-007	0.21	SUNSET CT	Vacant	26	R-2	Low-Medium Density	8-15	1	Yes	None
<b>Medium Density Subtotals</b>	<b>0.62</b>							<b>3</b>		
065-149-001	9.95	3072 MAIN ST	Vacant	7	R-3 (PD)	High Density	15 to 27	215	Yes	
065-044-030	0.17		Vacant	1	MCR/R-4	High Density	15 to 27	3	Yes	
065-044-030	0.05		Vacant	2	MCR/R-4	High Density	15 to 27	1	Yes	
065-064-001	0.06	300 MINDORO ST	Vacant	4	MCR/R-4	High Density	15 to 27	1	Yes	
065-064-002	0.05	310 MINDORO ST	Vacant	5	MCR/R-4	High Density	15 to 27	1	Yes	
065-064-003	0.06	320 MINDORO ST	Vacant	6	MCR/R-4	High Density	15 to 27	1	Yes	
066-061-007	0.10	DUNES ST	Vacant	36	R-4	High Density	15 to 27	2	Yes	
068-021-007	0.52		Vacant	21	MCR/R-4	High Density	15 to 27	9	Yes	
068-021-008	0.59		Vacant	22	MCR/R-4	High Density	15 to 27	10	Yes	
068-324-019	0.64	1840 MAIN ST	Vacant	27	MCR/R-4	High Density	15 to 27	11	Yes	
068-332-045	0.10	MAIN ST	Vacant	20	MCR/R-4	High Density	15 to 27	2	Yes	
068-332-047	0.10	MAIN ST	Vacant	19	MCR/R-4	High Density	15 to 27	2	Yes	
<b>High Density Subtotals</b>	<b>12.38</b>							<b>257</b>		
<b>Grand Totals</b>	<b>110.56</b>							<b>643</b>		



**FIGURE 3. LAND INVENTORY**



**Figure 3**  
Land Inventory  
**PMC**



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## INFRASTRUCTURE

### Water

The City's Annual Water Report, dated 2013, reports that the City relies on three sources of water: groundwater pumped from the Chorro and Morro basins, the reverse osmosis/desalinization plant, and the primary source since 1997, the State Water Project, to meet its current and future needs. The historic statewide drought of 2014 has stressed these water sources. For example, on January 31, 2014, San Luis Obispo County staff informed the State Water Project subcontractors that the allocation for 2014 is at 0 percent, and only stored water is available to meet delivery requests. The City of Morro Bay has approximately 3,073 acre-feet of water stored in San Luis Reservoir. Prolonged severe drought conditions could constrain development, although the constraint would not be specific to Morro Bay.

The water production trend has actually decreased as population increased over the past 20 years because of an aggressive water conservation program enacted by the City. In 1985, the City initiated a retrofit program that requires all new development to replace old water fixtures such as toilets and sinks with newer models that use less water. The program required that for every gallon of water needed by new development, two gallons must be saved through retrofitting. The City Council terminated the mandatory program in 2001 and replaced it with a voluntary rebate program that promotes water conservation by reimbursing owners for purchasing water-saving fixtures. The retrofit program has resulted in a decrease in the average consumption to about 117 gallons per person per day. This use rate is quite low compared to San Luis Obispo County as a whole.

The City of Morro Bay updated its Water Management Plan, which identifies resources and establishes priorities for long-term water supply, and obtained certification from the California Coastal Commission. In December 2008, the City Council reviewed the conditions of the community's long-term potable water supply and as a result approved the Water Management Plan Status Report. This report looked at "any changes in climatic, hydrological, technological, or political conditions that could affect the City's long-term water supply whether negatively or positively." It was determined that there is adequate water for the buildout of the city under the current General Plan. The City has sufficient water supply from a variety of sources to meet its buildout goals, including the State Water Project, local groundwater sources, and the City's desalinization plant. There are times, such as when State Water Project water delivery is restricted, that the City has operational difficulty meeting its short term water demands and requires water conservation and other means such as building limitations in order to bridge these temporary water shortages.

From 2003 to 2013, water production has decreased from 1,421 acre-feet to 1,271 acre-feet. The City is committed to providing affordable and sustainable water to Morro Bay, and the Water Management Plan outlined steps to be taken to ensure the acquisition of such resources. Of the 13 measures required by the plan, six represented specific projects to be completed (such as permit acquisition) and seven are ongoing tasks (such as implementation of conservation programs). Since the adoption of the plan, the six projects have been completed and the seven programs successfully implemented to fulfill the plan's goals.



To comply with Senate Bill 1087, the City will immediately forward its adopted Housing Element to its water and wastewater providers so they can grant priority for service allocations to proposed developments that include units affordable to lower-income households.

### **Sewer**

The City of Morro Bay jointly owns and operates the wastewater treatment plant (WWTP) with the unincorporated community of Cayucos. According to the Wastewater Treatment Plant Master Plan (2007), the WWTP is rated for an average dry weather flow of 2.06 million gallons per day (mgd), a peak seasonal dry weather flow of 2.36 mgd, and a peak hour flow of 6.6 mgd.

According to the annual daily flow average over five years, Morro Bay contributes to 75 percent of the flow, while Cayucos accounts for 25 percent. The plant has adequate capacity through the year 2021 based on population estimates outlined in the Facility Master Plan Report and therefore currently has capacity to meet the regional housing need. The plant currently treats approximately 1 million gallons per day. The City is currently proposing to relocate and upgrade its WWTP to a water reclamation facility. With this upgrade there is the potential to add additional water into the City's water supply portfolio, either in the form of offsetting use of potable water for irrigation with reclaimed water, ground water recharge or perhaps direct potable reuse of water once there has been a change in the regulatory environment and public perception.



## 4. CONSTRAINTS

Various interrelated factors can constrain the ability of the private and public sectors to provide adequate housing and meet the housing needs for all economic segments of the community. These factors can be divided into two categories: (1) governmental and (2) non-governmental constraints. Governmental constraints consist of land use controls, development standards, processing fees, development impact fees, code enforcement, site improvement costs, development permit and approval processing, and provision for a variety of housing. Non-governmental constraints consist of land availability, the environment, vacancy rates, land cost, construction costs, and availability of financing.

### GOVERNMENTAL CONSTRAINTS

Governmental constraints include local land use controls, on- and off-site development standards, building and housing codes, permit processing times, permit processing fees, residential development fees, and delays in permit processing that can cause increases in financing cost.

#### **Local Land Use Controls**

The city's location in the coastal zone has resulted in unique land and use regulations. The California Coastal Act attempts to balance landowners' rights to develop against the public's right to enjoy the coastline. In some areas of Morro Bay, height restrictions have been enacted to protect public views and large setback requirements have been established to protect bluff areas near the beach. Generally the minimum parcel size, allowed density, setback requirements, and height limits for residential uses are not unusually strict and therefore are not considered a constraint to the development of affordable housing.

#### **General Plan Designations**

To provide for a wide range of existing land uses and to guide future development, the City has established a series of land use classifications or categories. These classifications describe the type and intensity of various land uses that make up the city's fabric and are the basis for the zoning districts established in the Municipal Code. The land use classifications represent the integration of the Land Use Element of the General Plan and the Local Coastal Program Land Use Plan.

#### Residential Land Uses

The City has five residential land use categories that provide for a wide range of densities. The purpose is to ensure that residential land is developed to a density suitable to its location and physical characteristics.



Density ranges are as follows:

- Limited Density: up to 2 units per acre
- Low Density: up to 4 units per acre
- Low-Medium Density: 4 to 7 units per acre
- Medium Density: 7 to 15 units per acre
- High Density: 15 to 27 units per acre

**Zoning Ordinance**

The Zoning Ordinance provisions allow development on a wide variety of lot sizes in the city and do not constrain the development of affordable units. Table 39 describes the zoning districts that allow residential uses in the city.

**TABLE 39: ZONING DISTRICTS THAT ALLOW RESIDENTIAL USES**

District		Description
AG	Agricultural	The purpose if this district is to provide for the continuation of agricultural uses in suitable areas and for supplemental commercial uses which may be necessary to support such continued agricultural activities. It is the intent of the City that it will maintain the maximum amount of prime agricultural land in agricultural production to ensure the protection of the area’s agricultural economy. This district allows one single-family house per parcel.
R-A	Suburban Residential	The purpose of this district is to permit estate lot homes and small-scale agricultural uses; to provide an area for people to have parcels of land larger than more typical single-family residential lots, where livestock, poultry, and small animals may be raised in limited number for home use or for pleasure.
R-1	Single-Family Residential	This district is intended to be applied to existing single-family residential areas of the city to provide for housing which is consistent and harmonious with existing development and to underdeveloped areas of the city in which topography, access, services, utilities, and general conditions make the area suitable and desirable for single-family home development.
R-2	Duplex Residential	This district is intended to be applied in areas of the city where moderate densities can be physically accommodated, where consistent with the surrounding are of development, and where needed utilities and services can be provided.



District		Description
R-3	Multiple-Family Residential	This district is intended to apply in the areas of the city where it is reasonable to permit varying intensities of residential development. The purpose of the R-3 district is to provide a wide range of housing types and to ensure that the R-3 district will be free of excessive traffic and other uses causing congestion, noise, confusion, and interference in the pattern of higher-density family living.
R-4	Multifamily Residential-Hotel-Professional	This district is intended to apply in those areas of the city where it is reasonable to permit a mixture of hotels and motels along with apartments, condominiums, and other similar uses. the purpose of the R-4 district is to allow higher-density apartment projects and, where appropriate, hotel, motel, community housing developments, and professional offices, ensuring that the R-4 district will be free of excessive traffic and other uses causing congestion, noise, confusion, and interference in the pattern of higher-density family living and visitor-serving uses.
CRR	Coastal Resource Residential	The purpose of this district is to provide for residential uses that are environmentally compatible with protection of coastal resources of local and statewide significance by limiting densities and intensity of residential development and restricting the range of ancillary uses. Large minimum lot sizes are required in order to minimize overall levels of activity that could adversely impact sensitive coastal resources. Clustered development is encouraged where it will result in lesser levels of impact.
C-1	Central Business District	The purpose of this district is to designate and promote the orderly development of the business district as a central retail shopping facility for the primary market area. Mixed commercial/residential uses are encouraged in the central business district.
MCR	Mixed Commercial/Residential	The purpose of this district is to allow and regulate a mix of compatible commercial uses with residential uses in districts where a strip commercial area is in close proximity to a residential neighborhood, to broaden the range of commercial market opportunities, and to provide a review procedure to protect the residential neighborhood from unsafe or unhealthy conditions.
G-O	General Office	The purpose of the this district is to accommodate public, general business, and professional offices and commercial uses which complement and support office development along with residential uses which are compatible with office and commercial uses.

Source: Morro Bay Zoning Ordinance, Accessed March 2014



### Development Standards

Development standards within the city should not pose any constraints to the development of affordable housing. Minimum lot area required per unit decreases with the higher-density zoning districts and will provide opportunities for lower-income housing. Morro Bay has established special standards to accommodate for smaller lots formed before the city's incorporation. Morro Bay's Zoning Ordinance poses no extraordinary constraints on any form of residential development. The City can demonstrate that its development standards are not a constraint to the development of housing based on a few recent multi-family projects, in which four of the five projects have an affordable component to them:

- A 21-unit rental senior affordable housing project at 555 Main Street was approved by the City Council in 2010 in the C-1/R-4 (Mixed Use Commercial) district. The project will provide very low- and low-income units. The density will be 53 units per acre based on two different density bonuses granted.
- A project at 600 Morro Bay Boulevard was developed on 0.39 acres and contained 16 units (13 residential and 3 commercial units). This project was developed in the Central Business (C-1) district, which allows mixed-use or solely development. Since there was an affordable component to this project, the City was flexible with development standards. This project was built at 41 units per acre. The project included one affordable (moderate) unit.
- A project at Main at Bonita contains 23 units to be developed on 1.14 acres in the Mixed Commercial Residential (MCR)/Multi-family Residential-Hotel-Professional (R-4) district. This project also has an affordable component, showing that the developers are able to meet sufficient densities to develop affordable units. This project was developed with 100 percent residential units at 20 units to the acre.
- A project at Main and South developed in the Duplex Residential (R-2) zone was developed on 3 acres and contained 30 units. The density was 10 units per acre. Three affordable units were provided offsite on Sunset.
- A project built at 476 Rockview Street contained two units and was built on 0.11 acres in the Multi-Family Residential-Hotel-Professional (R-4) district, resulting in a density of 17.4 units per acre.

In conclusion, after evaluating the projects that have been approved/proposed in Morro Bay, the City's development standards do not pose a constraint to development or affordable development.



The greatest constraint to development in Morro Bay is the cost of land, which is market driven. The City of Morro Bay has attempted to adopt development standards that provide modest control over development as well as providing opportunities for projects to reduce standards via planned developments, compact development, or variable density projects. By providing flexibility in the development standards, the City allows greater opportunities for projects to achieve maximum density yet still provides for development projects to meet the City's overall adopted goals. The City provides incentives for projects that meet maximum densities.

The City's height limitation is primarily utilized to control the size and bulk of single-family units. As stated above, single-family units are the bulk of the residential units constructed. A trend developed in recent years where larger and taller single-family homes were proposed, which would have resulted in units that were not consistent with existing neighborhoods. To address this issue, the City adopted an emergency ordinance (Ordinance No. 543), requiring that any single-family unit proposed over 2,500 square feet in size would require a conditional use permit. However the City does not utilize the height limit in an attempt to restrict projects from achieving maximum density. Multi-family structures as well as mixed-use structures utilizing the City's planned development permitting process can request that the height standard be modified. This development standard is specifically identified in the Zoning Ordinance as being eligible to be waived.

Although the City does not see the current development standards as a constraint to the development of housing, to ensure that multi-family projects are able to meet maximum densities and generally to ensure that development standards do not constrain the development of multi-family housing, the City has included **Program H-1.3** which states that the City will continue to allow flexibility in development standards such as height, parking, and setbacks for multi-family projects.

### Parking Standards

The City requires off-street parking for all new housing projects. These parking regulations do not impact the ability to construct housing. In order to reduce development costs for low-income projects, reductions in parking standards are allowed. Parking reductions may include allowing tandem parking, paying an in-lieu fee, and shared parking between commercial and residential uses. Further standards reductions are permitted for senior housing and housing for the disabled to promote these types of housing. Therefore, parking standards tend to encourage the construction of low-income and elderly housing by reducing the development costs and land area necessary to construct off-street parking.



**TABLE 40: RESIDENTIAL ZONING CRITERIA**

	AG	R-A	R-1	R-2	R-3	R-4	CRR	C-1	MCR	G-O
Allowed Density	1 per parcel	0-4	4-7	8-15	15-27	15-27	—	—	—	8-15
Min. Front Yard Setback	25'	20'	20'	20'	15'	15'	20'	0'	5' <sup>4</sup>	20'
Min. Interior Yard Setback	25'	10%/10' *	10% of avg. (3'-5')	10% of avg. (3'-5')	5'	5'	10% of avg. 6' min	0'	5'	10% of avg. (3'-5')
Min. Exterior Yard Setback	25'	10'	20% of avg. (5'-10')	20% of avg. (5'-10')	20% of avg. (10'-15')	20% of avg. (10'-15')	10'	0'	5'	20% of avg. (5'-10')
Min. Rear Yard Setback	25'	20%/20'	10% of avg. (6'-10')	5'	5' <sup>2</sup>	5'	10'	0'	5'	5'
On-Site Parking Requirements	—	—	2 covered spaces	1.5 covered spaces per bedroom to a maximum of 2 spaces per unit						
Minimum Site Sq. Ft.	20 acres	1 lot	1 lot	2,900 per unit	2,175 per unit	1,800 per unit	1 lot		Refer to Sub. Div. regs.	2,900 per unit
Minimum Lot Width	None									
Maximum Lot Coverage	5%	45%	45%	50%	60%	60%	30%	90%	80%	50%
Maximum Height	25'	25'	25'	25'	25'	30'	14'/25'	3'	25'	25'

Source: Morro Bay Zoning Ordinance, Accessed March 2014

Notes: Properties adjacent to bluffs and ESH zones are subject to additional height and setback requirements. The standards in this table present the most strict requirements for each category for each zone; however, some of the standards may be lower depending on certain property characteristics including lot size, building size, and proximity to other zoning designations. For a complete description of residential zoning criteria, see Title 17 (Zoning) of the Morro Bay Municipal Code.



## **Planned Development Overlay Zone**

The purpose of the Planned Development (PD) overlay zone is to provide detailed and substantial analysis of development on parcels which, because of location, size, or public ownership, warrant special review. This overlay zone is also intended to allow the modification of or exemption from the development standards of the primary zone that would otherwise apply if such action would result in better design or other public benefit.

The requirements and procedures apply to all properties that have, in addition to a primary or base zone district, the Planned Development (PD) overlay zone, unless otherwise provided in the Zoning Ordinance.

Below are the permitted uses subject to the granting of a conditional use permit for a conceptual and/or a precise plan of development:

- Any principal or conditional use which is allowed by the primary zoning district is a permitted use.
- Community housing projects as defined in Chapter 17.49 of the Zoning Ordinance may be permitted in PD overlay residential zones. The provisions of that chapter also apply to the review of such PD overlay zone projects.

The standards for development within a PD overlay zone are those of the base zoning district, provided, however, that standards may be modified by the Planning Commission or City Council as they relate to building heights, yard requirements, and minimum lot area for dwelling units in the density range provided that any specific design criteria of the General Plan and coastal Land Use Plan, applicable to the property, is not exceeded. For those areas of the city that are covered by the Waterfront Master Plan, all new development projects requiring discretionary permits (conditional use permits, etc.) must be consistent with the design guidelines contained in Chapter 5 of the Waterfront Master Plan. Modifications of standards will only be approved upon a finding that greater than normal public benefits may be achieved by such deviations. Such benefits may include, but are not limited to, improved or innovative site and architectural design, greater public or private usable open space and provisions of housing for the elderly or low/moderate-income families, provision of extraordinary public access, and provision for protecting ESH areas, but in all cases these provisions must meet the coastal land use policies.

New development and uses may be permitted only if found to be consistent with the applicable policies of the Morro Bay General Plan and Local Coastal Program.

A concept plan must be submitted and approved pursuant to Chapter 17.40 of the Zoning Ordinance prior to submittal of any new development, new use or change in use, or subdivisions of a series of two or more commonly held contiguous parcels of land, on property within a PD overlay zone which is publicly owned, including tidelands, or in its gross or aggregate area exceeds 1 acre.



**Contents of the Conceptual Plan.** The concept plan is to be a general development plan and may not include construction plan drawings such as complete engineering or tentative maps. The following information must be included in the concept plan:

- **Plot Plan.** A proposed plot plan for the development, including project boundary designation, perimeter of the ownership, location and dimensions of any existing property lines and easements within the site, tentative location of buildings, roads, parking and open areas.
- **Streets.** The width and location of surrounding and adjoining streets and proposed street alignments within the site, and connections to existing streets.
- **Adjoining Properties.** The use of adjoining properties, any building within 15 feet of the property line must be precisely located.
- **Topography.** The existing and proposed changes in topography of the site, including the degree of land disturbance, the location of drainage channels or watercourses, and the direction of drainage flow.
- **Utilities.** The locations and capacities of existing utilities in the vicinity of the site and tentative extensions to the site.
- **Structures and Existing Trees.** The location of any structures and existing trees in excess of 6 inches in diameter on the site designated for retention or removal.
- **Phased Development.** The approximate timetable and priorities of any phased development;
- **Architectural Concepts.** Sketches showing architectural concepts of the proposed building, including heights, design, exterior materials of proposed buildings, other structures, fencing, and signing.
- **Open Space Plan.** Proposed open space plan including landscape concept and type of plant materials, recreation area, parking, service, and other public area used in common on the property; a description of intended improvements to the open area of the property.
- **Other Information.** The Planning Commission and City Council may require such other information as deemed necessary, which may include but not be limited to, economic analysis, habitat analysis, archaeological analysis, visual quality analysis, public access analysis, thoroughfare plans, public services and facilities plans, utilities service plans, and conceptual method of land subdivision or ownership arrangement described by a preliminary parcel or tract map, pursuant to the provisions of Title 14 of the Zoning Ordinance.



**Concept Plan Approval.** In addition to the review provisions of Chapter 17.60 of the Zoning Ordinance describing the processing of conditional use permits, concept plans for PD overlay zone properties must receive final approval from the City Council at a duly noticed public hearing. The Planning Commission first reviews the concept plan by conducting a public hearing. If the commission consideration is to approve the plan, it reports such findings and recommendation to the City Council. If the commission determines to deny the plan, it need not be forwarded to the council, and the commission decision is final unless appealed.

**Precise Plans Required.** Upon approval by the City Council of a concept plan, or where no conceptual approval is required, a precise plan of development must be submitted to the Planning Commission showing the details of property improvement and uses or activities to be conducted on the site and any subdivision proposals. Precise plans are processed in accordance with procedures for a conditional use permit as contained in Chapter 17.60 of the Zoning Ordinance.

**Precise Plan Content.** Plans are to be prepared containing all the general information required of concept plans, which has been further developed to a precise level of detail. Any data or calculations necessary to evaluate the precise plan proposal must accompany such plans. A precise plan is required to contain the following minimum information:

- **Total Development Plan.** The total development plan showing the precise dimensions and locations of proposed structures, buildings, streets, parking, yards, pathways, open spaces, and other public or private facilities.
- **Architectural Elevations.** Fully developed architectural elevations of all buildings, structures, signs, and fencing, showing colors and materials of construction.
- **Landscaping Plan.** A landscaping plan showing plant materials, type and size of plants at the time of planting, and method of maintenance.
- **Engineering Plans.** Engineering plans showing site grading and the amount of cut and fill, including finished grades and proposed drainage facilities.
- **Proposed Site Uses or Activities.** Listing all of proposed site uses or activities to be conducted on the site, with related floor area depicted or calculations of site area to be devoted to such uses.
- **Miscellaneous Plans.** Miscellaneous plans (as appropriate) showing any exterior lighting, roof plans, site cross sections, view sight lines, ESH mitigation plans, archaeological mitigation plans, visual quality plans, public access mitigation plans, or other features necessary to evaluate the specific proposal including the information required of community housing projects.
- **Tentative Tract or Parcel Map.** Tentative tract or parcel map, where lands involved in the proposal are to be divided or joined together.



**Precise Plan Approval.** The Planning Commission, in granting a conditional use permit for PD overlay zone precise plans, must make the findings required by Section 17.60.030 of the Zoning Ordinance and further find that precise plans are in substantial conformance with any conceptual plan approval granted by the City Council.

### **Growth Management**

In 1984, the City adopted a growth management ordinance (Ordinance No. 266) to allow fair distribution of scarce water resources and protect the city's small-town character and surrounding open space. Ordinance No. 266 mandates that building permits will be limited to a number permitting an annual increase in population that would achieve the 12,200-person goal by the year 2000. No further residential building will be permitted after a population of 12,200 has been reached unless an increase has been approved by a majority vote at a regular or special election. The City has not yet reached a population of 12,200. As noted in Section 2. Housing Needs Assessment, the City's population in 2013 was 10,317. Annually, the City Council allocates a number of "water equivalency units" (WEUs), some for single-family and some for multifamily development. The annual number is the maximum number of permits (residential and commercial) that may be approved. The annual number has varied over time but has never been reached or exceeded during a single year, even during the years of greatest growth (2005-2007). The number of WEUs available per year is based on water availability. Partially in response to the current drought, the number of WEUs allocated for 2014 is 50, a relatively low number compared to overall trends since adoption of the ordinance. The City Council has the authority to roll over unused WEUs to the subsequent year. If the number of WEUs allocated annually from 2014 to 2019 is conservatively estimated as 50, which would allow the approval of a maximum of 250 residential units during the planning period, more than enough to accommodate the City's RHNA of 155 units.

### **Density Bonus**

On March 11, 2014, the Morro Bay City Council adopted Ordinance No. 584, which amends the revoked Zoning Ordinance Chapter 17.50 (Affordable Housing, Density Bonuses and Incentives) and replaced it in its entirety with density bonus provisions that are consistent with current state law. Key provisions of the new density bonus regulations include:

- New construction of five or more units may receive a density bonus provided they satisfy one or more of the following criteria:
  - At least 10 percent of the units are designated for low-income households.
  - At least 5 percent of the units are designated for very low-income households.
  - At least 10 percent of the units are designated for moderate-income households, provided that all units in the development are offered to the public for purchase.



- 100 percent of the units are designated for senior citizens as defined in Section 51.3 and 51.12 of the Civil Code or mobile home park that limits residency based on age requirements for housing for older persons pursuant to Government Code Section 798.76 or 799.5.
- Donation of land to the City consisting of at least 1 acre, or of sufficient developable acreage and zoning classification to permit construction of at least 40 units, and not less than 10 percent of the residential units in the proposed development, that are affordable to very low-income households
- The density bonus will be calculated as follows:
  - A 20 percent density bonus, increasing by an additional 1.5 percent for each additional 1 percent increase in low-income units above the initial 10 percent threshold.
  - A 20 percent density bonus, increasing by an additional 2.5 percent for each additional 1 percent increase in very low-income units above the initial 5 percent threshold.
  - A 20 percent density bonus for senior citizen housing developments.
  - A 5 percent density bonus, increasing by an additional 1 percent for each additional 1 percent increase in moderate-income units above the initial 10 percent threshold.
  - When an applicant proposes to construct a housing development that is eligible for a density bonus and includes a child-care facility that will be located on the premises of, or adjacent to, the housing development, the City will grant either an additional density bonus that is an amount of square feet of residential space that is equal to or greater than the square footage of the child-care facility or an additional concession or incentive that contributes significantly to the economic feasibility of the construction of the child-care facility.
  - The maximum density bonus is 35 percent when a project provides either 11 percent very low-income units, 20 percent low-income units, or 40 percent moderate-income units. All density bonus calculations resulting in fractional units are rounded up to the next whole number of housing units.
- Upon request of a developer eligible to receive a density bonus, the City will grant the following parking standards, inclusive of handicapped and guest parking, for the entire project:
  - Zero- to one-bedroom units – 1 on-site parking space per unit
  - Two-bedroom units or more – 2 on-site parking spaces per unit



- The City may also provide other incentives for the development of affordable housing including reduced site development standards, deferred or waived fees, direct financial aid, and other regulatory developer incentives.
- Where affordable housing units have been provided per the requirements of Chapter 17.50, the developer must ensure both the continued availability of affordable units for a minimum of 30 years and project phasing, including timing of completion, and rental or sale of affordable housing units is required to occur concurrently with nonrestricted units.

### **Provisions for a Variety of Housing**

Housing element law specifies that jurisdictions must identify adequate sites to be made available through appropriate zoning and development standards to encourage the development of various types of housing for all economic segments of the population. This includes single-family housing, multi-family housing, manufactured housing, mobile homes, emergency shelters, and transitional housing, among others. Table 41 summarizes those housing types.

**TABLE 41: HOUSING TYPES PERMITTED BY ZONE**

Housing Types Permitted	Zone Districts								
	AG	RA	R-1	R-2	R-3	R-4	CCR	C-1	MCR
Single-Family Dwellings	P	P	P	P	P	P	P		MUP
Duplexes				P	P	P			MUP
Multi-Family Dwellings				CUP	P	P			MUP
Second Units/Granny Flats	P	P	P	P	P	P			
Manufactured Homes	P	P	P	P					MUP
Elderly Housing Units								P <sup>1</sup>	
Community Housing Project			CUP	CUP	CUP	CUP			
Mobile Home Parks				CUP	CUP	CUP			
Rooming and Boarding House					CUP	CUP			
Residential Care Facilities <sup>2</sup>			P	P	P	P			
Employee Housing (6 or fewer)			P	P			P	P	P
Employee Housing (36 or fewer)	P	P							
Transitional and Supportive Housing	P	P	P	P	P	P			P
Emergency Shelters								P	
Single-Room Occupancy Units								P	P

Source: Morro Bay Zoning Ordinance, Accessed March 2014

P – Permitted by right

CUP – Conditional use permit required

MUP – Minor use permit required

Notes:

1. Permitted only when affordable to low- and/or moderate-income families.

2. Residential care facilities serving 6 or fewer persons are permitted in all residential districts by right, larger group homes of more than 6 and up to 12 persons requires a minor use permit, and facilities serving more than 12 persons require a conditional use permit.

### Emergency Shelters

The California Health and Safety Code (Section 50801) defines an emergency shelter as “housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or households may be denied emergency shelter because of an inability to pay.”

Legislation (Senate Bill 2 (Cedillo, 2007)) requires jurisdictions to allow emergency shelters and supportive and transitional housing without a conditional use permit. The City’s Zoning Ordinance currently allows emergency shelters pursuant to a conditional use permit. The City must identify a



zone(s) where emergency shelters will be allowed as a permitted use without a conditional use permit or other discretionary permit. The zone or zones identified must have land available to accommodate an emergency shelter.

On March 11, 2014, the Morro Bay City Council adopted Ordinance No. 584, which amends the Zoning Ordinance to allow emergency shelters by right in the Central Business (C-1) district. The C-1 district is close to services (shopping and public services) and transit stops. Within this zone, the City has identified 3 acres on two parcels of land located next to each other that will allow adequate capacity for the provision of an emergency shelter.

### **Supportive and Transitional Housing**

Supportive housing is defined by Section 50675.14 of the Health and Safety Code as housing with linked on-site or off-site services with no limit on the length of stay and that is occupied by a target population as defined in Health and Safety Code Section 53260 (i.e., low-income person with mental disabilities, AIDS, substance abuse or chronic health conditions, or persons whose disabilities originated before the age of 18). Services linked to supportive housing usually focuses on retaining housing, living and working in the community, and/or health improvement.

Transitional housing is defined in Health and Safety Code Section 50675.2 as rental housing for stays of at least six months but where the units are recirculated to another program recipient after a set period. It may be designated for a homeless individual or family transitioning to permanent housing. This housing can take many structural forms such as group housing and multi-family units and may include supportive services to allow individuals to gain necessary life skills in support of independent living.

Pursuant to Senate Bill (SB) 2, transitional and supportive housing types are required to be treated as residential uses and subject only to those restrictions that apply to other residential uses of the same type in the same zone. On March 11, 2014, the Morro Bay City Council adopted Ordinance No. 584, which amends the Zoning Ordinance to add the current definition of transitional housing and supportive housing, as stated in this document, and lists these as permitted uses in all zoning districts allowing residential uses.

### **Extremely Low-Income Households**

Extremely low-income households typically comprise persons with special housing needs, including but not limited to persons experiencing homelessness or at risk of homelessness, persons with substance abuse problems, and farmworkers. Assembly Bill 2634 (Lieber, 2006) requires the quantification and analysis of existing and projected housing needs of extremely low-income households. Housing elements must also identify zoning to encourage and facilitate supportive housing and single-room occupancy units (SROs).

On March 11, 2014, the Morro Bay City Council adopted Ordinance No. 584, which amends the Zoning Ordinance to explicitly define and allow single-room occupancy units in the Central



Business (C-1) and Mixed Commercial/Residential (MCR) districts. In addition, **Program H-3.1** states that the City will continue to work with the private sector, nonprofit agencies, and to secure funds through state and federal programs for development of new lower-income housing and rehabilitation of existing lower-income households. As funding becomes available, the City will prioritize a portion of the funds to encourage the development of housing for extremely low-income households.

### **Housing for Farmworkers**

On March 11, 2014, the Morro Bay City Council adopted Ordinance No. 584, which amends the Zoning Ordinance to remove constraints to housing for farmworkers. The Zoning Ordinance now defines “employee housing” as housing that includes but is not limited to farmworker housing. Employee housing for six or fewer workers will be deemed to be a single-family structure with a residential land use and will be treated the same as a single-family dwelling of the same type in the same zone. The permitted occupancy in employee housing in a zone allowing agricultural uses will include agricultural employees who do not work on the property where the employee housing is located, and may consist of no more than 36 beds in a group quarters or 12 units or spaces designed for use by a single family or household on land zoned for agricultural uses. Such employee housing is considered to be an activity that in no way differs from an agricultural use. Ordinance No. 584 also amended Chapter 17.24 of the Zoning Ordinance to allow employee housing with a maximum of 36 beds in a group quarters or 12 units or spaces in the Agricultural (AG) and Suburban Residential (R-A) districts.

### Housing for Persons with Disabilities

#### *Housing for Disabled Persons*

Housing element law requires localities to include the following in the preparation and adoption of the housing element: (1) an analysis of potential and actual constraints on housing for persons with disabilities; (2) demonstration of efforts to remove governmental constraints; and (3) inclusion of various programs or a means of reasonable accommodations for housing designed for persons with disabilities. As part of the Housing Element process, the City analyzed its Land Use and Zoning Ordinance, permitting process (conditional use permit process and variance), development standards, and building codes to identify potential constraints for the development of housing. Where impediments are found, the Objectives, Policies, and Programs section of the Housing Element proposes specific actions and implementation schedules to remove such impediments. The following section summarizes findings from the constraint analysis and proposed programs.

#### *Zoning and Land Use*

State and federal housing laws encourage an inclusive living environment, where persons of all walks of life have the opportunity to find housing suited to their needs. The Zoning Ordinance allows a range of housing types and prices for special needs groups, and allows foster homes and rest homes pursuant to a conditional use permit. The Zoning Ordinance does not have geographical



spacing/siting requirements for nursing homes, shelters, or foster care homes. Although these classifications allow special needs housing, the City currently provides housing opportunity for disabled persons. The City complies with state laws under the Community Care Facilities Act. Residential care facilities serving 6 or fewer persons are permitted in all residential districts by right, larger group homes of more than 6 and up to 12 persons require a minor use permit, and facilities serving more than 12 persons require a conditional use permit. To further comply with SB 520, the City defines family as one or more persons occupying premises and living as a single housekeeping unit who not need be related by blood as distinguished from a group occupying a hotel, club, or fraternity or sorority house.

### ***Building Codes and Development Standards***

The City enforces Title 24 of the California Code of Regulations, which are regulations on access and adaptability of buildings to accommodate persons with disabilities. The City inspects plans to ensure compliance with Americans with Disabilities Act (ADA) standards. The City's building code requires new residential construction to comply with the ADA, which requires design standards for "qualified" buildings consisting of three or more units. These requirements include the incorporation of (1) adaptive design features for the interior of the unit; (2) accessible public use and common use portions; and (3) sufficiently wider doors to allow wheelchair access. Currently, Morro Bay uses the 2010 edition of the California Building Code (updated every three years). The City has not adopted unique restrictions for disabled housing, such as minimum distances between housing for persons with disabilities, or other regulations that could constrain the development, maintenance, or alteration of housing for disabled persons. The City does not require new housing projects to incorporate universal design standards, which are beyond the standards required by state and federal law. In addition, the Zoning Ordinance does not have occupancy limitations, which are preempted by state law. The Zoning Ordinance also does not define a family in a way that would limit the number of persons per household or limit the relationship of the household members. The Zoning Ordinance does not specify the types of development standards for special needs housing or unique performance standards. However, convalescent homes and senior housing are allowed a reduced parking requirement of only one space for every three beds plus employee parking and half a space for seniors, respectively.

### ***Permitting Procedures***

To rehabilitate housing for disabled access, requests for modifications (e.g., ramps up to 30 inches in height) do not require a building permit and are processed over the counter. However, Section 17.48.120 of the Morro Bay Municipal Code states that open, uncovered, raised porches, landing places, or outside stairways may project not closer than 3 feet to any side or rear lot line, and not exceeding 5 feet into any required front or street yard. City staff and the City Council have administratively allowed ramps to allow persons with disabilities access to housing. The City accommodates such requests by expediting the processing time for issuing a permit so a private homeowner can build a ramp. Many requests are reasonable and can be handled administratively over the counter; the City may wish to modify this code to exempt housing for persons with disabilities. The City utilizes a standard conditional use permit process (approval by the Planning



Commission) to ensure that facilities are sited and operated in a manner compatible with surrounding land uses.

### **Building and Housing Codes**

The Morro Bay Building Code is based on the California Building Code (CBC), which determines the minimum residential construction requirements for all of California. The CBC ensures safe housing and is not considered a significant constraint to housing production.

Like most cities, Morro Bay responds to code enforcement problems largely on a complaint basis. The usual process is to conduct a field investigation after a complaint has been submitted. If the complaint is found to be valid, the seriousness of the problem is assessed. The more serious the violation, the more urgent the City's action. The City encourages voluntary compliance through letters and phone calls and/or site visits. If compliance cannot be attained in this manner, the City may take more aggressive action through the legal process.

The City's philosophy has been to mitigate serious health or safety problems, but to allow the property owners reasonable time and flexibility to comply. The City seeks to balance the need to ensure safe housing against the potential loss of affordable housing that might result from overly strict enforcement. There is no indication that code enforcement actions have unnecessarily restricted the use of older buildings or inhibited rehabilitation.

### **Permit Processing Times**

While permit processing times in Morro Bay do not appear excessive, this element does include a policy stating the City's intent to expedite the processing of all development proposals that include affordable housing. **Program H-6.5** states that the City will continue to expedite the permit processing procedure as an additional incentive for the development of affordable housing.

Assuming a full planning staff of two planners, coastal development permits and use permits would take between 2 to 3 months for both single- and multi-family projects, including notice periods for coastal development permits. One method to reduce this time significantly is to combine the 10-day notice of intent to issue a permit with the 10-day appeal period. Environmental review or CEQA review can add months to the timeframe. This part of the process is out of the City's control. Also, because of the City's coastal location, there are many sites within proximity to environmentally sensitive habitat that will require CEQA review that can add additional time to the process outside of the City's control.

2014 processing times were not excessive and don't significantly impact the cost of construction or the ability to build. Table 42 provides a summary of typical processing times by household type.



**TABLE 42: TYPICAL PROCESSING PROCEDURES BY PROJECT TYPE**

	Single-Family Unit	Multi-Family Unit	Subdivision
Typical Approval Requirements	Coastal Development Permit	Coastal Development Permit	Tentative and Parcel Map (division of a property into four or fewer parcels)
		Use Permit	Tentative and Final Map (division of property into five or more parcels)
	Building Permit	Building Permit	
<b>Total Est. Time</b>	<b>2-3 months</b>	<b>4-5 months</b>	<b>8-18 months</b>

Source: City of Morro Bay, 2014

Development Review

The following is a description of the development review process for single- and multi-family developments in Morro Bay. Because the entire city is within the coastal zone, no proposals for construction of a new single-family or multi-family unit can be ministerial.

First it must be determined whether the project is within the City’s or the Coastal Commission’s jurisdiction and whether it is within the California Coastal Commission appeal jurisdiction.

New Residences

East of Main Street

Administrative coastal permits will be required for construction of all new single- or multi-family residences until the City obtains the approval of the Coastal Commission to exempt the area east of Main Street to the Local Coastal Program Urban/Rural Boundary except those areas within a Coastal Commission appeal jurisdiction, an ESH overlay zone, or on properties of 10 percent of greater slopes from the requirement of obtaining a coastal development permit for the purpose of construction of new, one-story single-family residences and two-story residences when the second floor is less than 40 percent of the lot area. The Public Services Director is authorized to take whatever steps are necessary to obtain Coastal Commission approval.

West of Main Street

- Outside appeal jurisdiction

Administrative coastal permits are required for properties located west of Main Street and not within the appeal jurisdiction or ESH zone.

- Within appeal jurisdiction



Regular coastal permits are required for properties located west of Main Street and within the appeal jurisdiction or ESH zone.

### Administrative Coastal Development Permits

Developments and/or uses requiring an administrative coastal development permit

The Public Services Director may process as an administrative permit any coastal development permit application specifically for the following developments and/or uses and provided that the development and/or use is not located in the coastal development permit appeal area.

- Improvements to any existing structure including minor additions to existing commercial, industrial, or multi-family structures that do not result in an intensification of use or require a conditional use permit, or add any additional units or create any environmental impacts and which do not require a subdivision map.
- Any single-family dwelling.
- Development of four dwelling units or less on a residential lot that is not located within the coastal appeal jurisdiction and/or ESH overlay zone and that does not require demolition of more than two units or a conditional use permit.

### Outside the Coastal Appeal Jurisdiction

A final decision on an application for a coastal development permit for projects outside the coastal development permit appeal area becomes effective after the City's 10-day appeal period has expired unless an appeal of the Public Services Director and/or Planning Commission's decision is filed, or the notice of final action is inadequate as described under Section 17.58.080.B of the Zoning Ordinance.

### Within The Coastal Appeal Jurisdiction

A final decision on an application for a coastal development permit for projects in the coastal development permit appeal area is effective after the appeal period of 10 working days to the Coastal Commission has expired unless either of the following occur:

- An appeal is filed; or
- Notice of final City action does not meet the requirements set forth in Section 17.58.080.B of the Zoning Ordinance.

The effective date of the City's action may be suspended if either of the above circumstances occurs.



### **City Permits for Development within the Coastal Commission Permit Jurisdiction**

The City will not issue a building permit where a coastal development permit from the Coastal Commission is required until:

- The applicant has provided the City with a copy of the approved coastal development permit and, if applicable, signed plans by the Coastal Commission; and
- The applicant ensures the building plans that the City intends to approve are consistent with the plans signed off by the Coastal Commission staff or reflect any plan changes described in written form; or
- The applicant provides the City with written verification from the Coastal Commission that a coastal development permit is not required.

In addition to these requirements, a conditional use permit is required for any addition that adds more than 25 percent to an existing nonconforming single-family home, or where the site is located within a PD overlay area or where a property is subject to bluff development standards.

### **Residential Development Fees**

The City collects various fees from applicants to cover the costs of processing permits, including fees for planning approvals, subdivision map act approvals, environmental review, public works and plan check services, and building permits. In addition to these service fees associated with development processing, the City and the regional transportation agency charge several impact fees to offset the future impact of development on regional traffic and circulation, parks, and libraries. For a detailed list of all fees, see **Appendix A**. The City's Green Building Incentive Program provides eligible projects with building and plan check fee rebates (see the Energy Conservation Opportunities section of the Housing Element).

As a means of assessing the cost that fees contribute to development in Morro Bay, the City has calculated the total fees associated with development of a single-family and multi-family development. As indicated in Table 43, development fees for a 1,500-square-foot residential project run approximately \$25,000 per unit, and development fees for a multi-family project are approximately \$29,000 per unit for the same unit square footage. The fees for a single-family unit make up about five percent of the total construction costs, and for a multifamily unit fees constitute eight percent of total construction costs. These fees are consistent with other cities in San Luis Obispo County and do not represent a significant financial constraint to new housing development.



**TABLE 43: PROPORTION OF FEE IN OVERALL DEVELOPMENT COST FOR A TYPICAL RESIDENTIAL DEVELOPMENT**

Development Cost for a Typical Unit	Single-Family	Multi-Family
Total estimated fees per unit	\$25,466 <sup>1</sup>	\$29,543 <sup>2</sup>
Typical estimated cost of development per unit	\$469,695 <sup>3</sup>	\$393,143 <sup>3</sup>
Estimated proportion of fee cost to overall development cost per unit	5%	8%

Source: City of Morro Bay 2014; City of Grover Beach Development Permit, 2013

Notes:

<sup>1</sup> Cost is for a 1,500-square-foot house with a two-car garage

<sup>2</sup> Cost is for a 1,500-square-foot unit

<sup>3</sup> Cost for vacant lot included in these numbers and assumed as \$300,000 based on search of listings on Trulia.com for Morro Bay on March 27, 2014.

### Site Improvements

Site improvement costs include the cost of providing access to the site, clearing the site, and grading the pad area. In the case of a subdivision, such costs may also include major improvements such as building roads and installing sewer, water, and other utilities. As with land costs, several variables affect costs, including site topography and proximity to established roads, sewers, and water lines. Engineering and other technical assistance costs are usually included with site improvements, as these services are required to ensure that development is constructed according to established codes and standards.

The City requires that curbs, gutters, and sidewalks be placed along the frontage of every multi-family lot (R-3 or above) on which new construction or significant alteration is done. These improvements may be required for single-family lots under specific circumstances. These and other site improvement costs are typical of all cities in California and do not impose a significant constraint on the development of housing in Morro Bay. The City does not impose any unusual requirements as conditions of approval for new development. City regulations are intended to generally encourage high-quality private development and new construction. Traffic fees are calculated by square footage: single-family (including garage square footage) is \$1.86 per square foot and multi-family (does not include garage square footage) is \$2.90 per square foot.



### **Inclusionary Housing Program**

On March 11, 2014, the Morro Bay City Council adopted Ordinance No. 584, which revoked Chapter 17.50 (Affordable Housing, Density Bonuses and Incentives) of the Municipal Code and replaced it in its entirety with inclusionary housing provisions that are consistent with current state law. Provisions in the new section include:

- All new residential developments of five or more for-sale units must provide a minimum of one inclusionary unit or 10 percent of the total number of units, whichever is greater, to be affordable to families with incomes in the very low-, low-, or moderate-income ranges, depending on the needs of the City at the time of approval.
- The City requires the developer to provide affordable housing on-site where feasible. If the City determines that this is not feasible based on a detailed economic analysis prepared by a City-contracted consultant at the cost of the applicant, the City requires the developer to provide such housing at another location in Morro Bay. If the City determines that it is not feasible for the developer to provide such affordable housing off-site, the developer is required to pay a fee in lieu of providing such housing
- Fees accepted for affordable housing are used by the City to construct or assist in the construction of housing for rent or sale to very low-, low-, and moderate-income families or to purchase land for the purpose of affordable housing or to assist very low-, low-, and moderate-income families to afford adequate housing or for other measures to provide housing for low- and moderate-income families.

### **NON-GOVERNMENTAL CONSTRAINTS**

Non-governmental constraints consist of land costs, the environment, vacancy rates, construction costs, and availability of financing.

#### **Land Costs**

Land costs vary substantially based on a number of factors. The main determinants to land value are location and zoning, though the size of a parcel will also affect price. Land that is conveniently located in a desirable area zoned for residential uses will likely be more valuable and more expensive than a remote piece of land zoned for agricultural uses.

Based on DataQuick, the median home sale price in Morro Bay was approximately \$429,500 in 2013. Of this cost, more than half could be attributed to the land cost. Land costs present a significant constraint to the production of affordable housing in the city.



The price of land in Morro Bay varies considerably depending on a number of factors, including location and availability of City services. The city's location adjacent to the ocean makes Morro Bay an extremely desirable place to live. This creates a large demand for land which, when coupled with voter-imposed growth controls, can significantly increase the cost of developable land.

In 2014, according to a land cost survey done by PMC, undeveloped residential lots ranged from \$249,000 to \$1,750,000. There were a total of 15 vacant lots for sale as of March 2014.

### **Construction Costs**

Construction costs are those incurred in actually constructing a dwelling unit. As with other land development costs, construction costs vary. Important determinants of construction costs include the amenities built into the unit, materials used, the prevailing labor rate, and the difficulty of building on the site. In Morro Bay, expansive soils may necessitate more extensive footings for houses, which can increase construction costs. Multiple-family residences such as apartments can generally be constructed for slightly less than single-family residences. According to Building-cost.net, a housing construction cost resource that calculates the total estimated cost of building a new home (land costs not included), single-family home construction costs in 2014 were estimated at approximately \$105 per square foot for average quality construction.

The estimated total construction cost of a 1,500-square-foot home with four walls, an attached garage, central heating and air, and average building materials was \$169,695.

The only recent multi-family units constructed in the city have been high-end units and therefore may not reflect the true cost of developing units for lower-income residents. However, units were constructed in Grover Beach in 2013 that better reflect that cost. Although Grover Beach land costs may be different from those in Morro Bay, given the proximity of the cities, construction costs are comparable. The four-unit building constructed in Grover Beach has a building value of \$372,573, or \$93,143 per unit.

### **Availability of Financing**

The cost of borrowing money to finance the construction of housing or to purchase a house affects the amount of affordably priced housing in Morro Bay. Fluctuating interest rates can eliminate many potential homebuyers from the housing market or render a housing project that could have been developed at lower interest rates infeasible. When interest rates decline, sales increase. The reverse has been true when interest rates increase. Over the past decade, there has been a dramatic growth in alternative mortgage products, including graduated mortgages and variable rate mortgages. These types of loans allow homeowners to take advantage of lower initial interest rates and to qualify for larger home loans. However, variable rate mortgages are not ideal for low- and moderate-income households that live on tight budgets. In addition, the availability of variable rate mortgages has declined in the last few years due to greater regulation of housing lending markets. Variable rate mortgages may allow lower-income households to enter into homeownership, but there is a definite risk of monthly housing costs rising above the financial means of that household. Therefore, the



fixed interest rate mortgage remains the preferred type of loan, especially during periods of low, stable interest rates. Table 44 illustrates interest rates as of March 2014. The table presents both the interest rate and the annual percentage rate (APR) for different types of home loans. The interest rate is the percentage of an amount of money which is paid for its use for a specified time, and the APR is the yearly percentage rate that expresses the total finance charge on a loan over its entire term. The APR includes the interest rate, fees, points, and mortgage insurance and is therefore a more complete measure of a loan's cost than the interest rate alone. However, the loan's interest rate, not its APR, is used to calculate the monthly principal and interest payment.

**TABLE 44: INTEREST RATES**

	<b>Interest</b>	<b>APR</b>
<b>Conforming</b>		
30-year fixed	4.500%	4.586%
15-year fixed	3.625%	3.772%
5-year adjustable rate	3.250%	3.968%

*Source: www.wellsfargo.com, March 2014*

*Notes: Conforming loan is for no more than \$417,000. A jumbo loan is greater than \$417,000.*



## 5. ENERGY CONSERVATION OPPORTUNITIES

This section describes opportunities for conserving energy in existing homes as well as in new residential construction. The factors affecting energy use, conservation programs currently available in Morro Bay, and examples of effective programs used by other jurisdictions are discussed.

### Factors Affecting Energy Use

The factors that affect residential energy use must be understood in order to identify opportunities for conservation. One such factor is the size of the population. At any given time, the larger the population, the more electricity is consumed. But over time, new conservation mandates and technological advances decrease the per capita consumption of energy. This means that the total energy use increases at a slower rate than population. The price of energy also has a significant effect; the more expensive it becomes, the more incentive people have to conserve.

The local climate has a large effect on residential energy use. In general, Morro Bay has a mild climate typical of many coastal communities. Summers are warm with early morning fog, and winters are only moderately cold. Prolonged periods of cold weather cause increased energy use for space and water heating. This situation is particularly true if homes are not well insulated.

The efficiency of household appliances also affects energy use. Older appliances may not operate as efficiently as when they were new, and many older appliances were built when energy conservation was not considered important. Significant energy-efficient design advances have been made in refrigerators, stoves, and furnaces.

### Existing Conservation Programs

The following energy conservation programs are implemented in Morro Bay:

- The California State Building Standards Code (specifically Title 24) requires that all new residential development comply with several energy conservation standards. The standards require ceiling, wall, and concrete slab insulation, vapor barriers, weatherstripping on doors and windows, closeable doors on fireplaces, no continuous burning gas pilot lights, insulated heating and cooling ducts, water heater insulation blankets, swimming pool covers and timers, certified energy-efficient appliances, etc. All new construction in Morro Bay must comply with Title 24.
- The California Energy Commission (CEC) has developed a set of energy efficiency guidelines for local planning agencies. As part of those guidelines, the CEC addresses building efficiency beyond the Title 24 standards. The City of Morro Bay may wish to include these guidelines in its building code.
- The City “Green Building Incentive Program” provides incentives for green and energy-conserving projects. The City has a green building kiosk at the public services counter, maintained by SLO Green Build, that provides educational materials relating to green building



and energy conservation. The City encourages residents to participate in energy efficiency retrofit programs by providing information, maintained by San Luis Obispo County Energy Watch, containing rebates and incentives relating to energy efficiency retrofits, at the public services counter.

- On January 14, 2014, the Morro Bay City Council adopted the City's Climate Action Plan. The Climate Action Plan identifies strategies to reduce GHG emissions and focuses, in part, on reducing energy use from the built environment. The Climate Action Plan includes measures to encourage energy efficiency outreach and incentive programs, energy audit and retrofit programs, income-qualified energy efficient weatherization, incentives for exceeding Title 24 building energy efficiency standards, small scale on-site solar photovoltaic, and income-qualified solar photovoltaic.
- Income-qualified Morro Bay homeowners are also eligible for no-cost solar installations through the nonprofit group Grid Alternatives.

### **Examples of Programs from Other Jurisdictions**

Land use planning and zoning practices can conserve energy. For example, if the general plan and zoning ordinance encourage residential subdivision in a relatively isolated area, far from commercial facilities such as grocery stores, residents must travel longer distances to take care of their daily shopping and service needs. Keeping housing and jobs in balance and near each other helps to reduce energy use for commuting. Longer trips usually necessitate using an automobile rather than walking or cycling. Changing the land use pattern can also change energy use patterns. The intent of land use planning measures is to reduce the distances of automobile travel, reduce the costs of construction, and increase the potential for residents to complete shopping and other chores without driving or by driving shorter distances.

One example of a land use planning technique for energy conservation is to encourage infill (development on vacant or underused lots) and compact, contiguous development. Morro Bay has a few existing vacant lots for development. As property is annexed to the city to meet the demand for housing, the city boundaries should expand concentrically rather than allowing dispersed development in outlying areas. Mixed-use development should be allowed, particularly in the core areas and along collector roads.

Compact development results in the secondary energy savings of embodied energy. Embodied energy is the term used for the energy spent producing the materials and finished products, such as sewer pipes, electrical lines, and paving materials. Minimizing the length of necessary water, sewer, and electricity lines consumes less of those products and decreases the total energy consumption.

Compact development also means there can be more convenient and accessible public transit. Efficient intracity transit service requires a minimum of 12 housing units per acre (Calthorpe 1990). The Regional Transit Authority (RTA) provides daily fixed-route service from the Morro Bay area



into Los Osos and San Luis Obispo, where transit riders can connect with other countywide transit services. The City also provides a dial-a-ride service within the city limits.

### **Efficiency in Individual Homes**

A variety of public and quasi-public programs could be made available in Morro Bay to assist homeowners and renters in retrofitting to improve energy efficiency. The City currently provides the following programs:

- Home Investment Partnership Program, which includes energy and water efficiency upgrades as eligible activities.
- Toilet Retrofit Program Rebates
- Water Efficient Washing Machine Rebate Program

The City should encourage energy efficiency in residential construction by offering incentives and negotiating with developers to emphasize energy-efficient construction practices. Developers and consumers often discard long-term savings potential in favor of immediate cost savings. The City currently provides the following incentives:

- Green Building Incentive Program, which provides eligible projects with building and plan check fee rebates for achieving third-party green building certification, exceeding 20 percent of Title 24 requirements, renewable energy systems, and green roofs.

Energy-efficient, new residential construction can cut energy consumption in the home by up to 50 percent. Energy-efficient home construction and retrofits should contain some or all of the following:

- Double-pane windows (two panes of glass enclose a vacuum-tight space that does not allow heat and cold to transfer as quickly as it does in a window with a single pane of glass)
- Attic insulation greater than R-19 (soft, fiberglass insulation is given an “R” rating based on its capacity to insulate an area; a higher R value indicates greater insulation capability)
- Rigid attic insulation (generally a compressed Styrofoam insulation with an R-30 value)
- Additional wall insulation (older homes may not have insulated walls)
- Fluorescent indoor lighting (a standard, incandescent light bulb uses more energy)
- Dimmer switches and task lighting (dimmer switches allow lower lighting levels and less electricity use, while task lighting directs light to necessary areas without wastefully lighting a larger area)



- Halogen outdoor lighting (halogen, like fluorescent, is more efficient than incandescent light)
- Lighting motion detectors that turn on lights only when they detect a person in the room or area
- Shade trees along southern and western exposures, and glazing to reduce the heat from windows on hot summer days
- Solar screens that reduce the amount of heat from solar radiation coming through windows
- Evaporative cooler, which uses less energy than air conditioner
- Microwave oven, which uses less energy than an electric or gas oven
- Gas (rather than electric or propane) water heater and range/oven
- Weatherized windows and doors that do not have cracks to cause drafts
- Pools and/or hot tubs with integrated cleaning and heating systems (including pool covers, active solar heating, and efficient filters, pumps, and motors)
- Energy use automatic timers that provide energy use only when it is necessary
- Drip irrigation system that conserves water and reduces the energy needed for pumping water
- Drought-tolerant landscaping
- Active solar elements and passive solar design
- Energy-efficient appliances (in new construction and replacing older appliances in existing homes)
- Storm windows to cut back on heat loss through windows during the winter
- Reflective film on south-facing windows to minimize heat gain during the summer
- Individual meters for gas, electricity, and water (to encourage conservation) in multi-family units

The City can also employ policies that encourage solar energy technology in both retrofits and new construction. There are two distinct approaches to solar heating: active and passive. Active systems use mechanical equipment to collect and transport heat—the relatively common roof plate collector system used in solar water and space heaters. Collectors can contain water or air that is pumped through conduits and heated, then piped to the spaces to be heated or to a water heater tank.



Conversely, passive solar systems collect and transport heat through non-mechanical means. Essentially, the structure itself becomes part of the collection and transmission system. Certain types of building materials absorb solar energy and can transmit that energy later. Passive systems often employ skylight windows to allow sunlight to enter the room and masonry walls or walls with water pipes inside to store the solar heat. This heat is then generated back into the room when the room cools in the evening.

The best method to encourage use of active solar systems for heating and cooling is to not restrict their use in the zoning and building ordinances and to require subdivision layouts that facilitate solar use. Programs H-22.1 through H-22.6 are proposed to address energy conservation and efficiency in the City.



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## 6. REVIEW OF PREVIOUS HOUSING ELEMENT

In an effort to ensure the policies and implementation programs included in the Housing Element are relevant to addressing the current problems of Morro Bay, an evaluation of achievements under the previous Housing Element was undertaken. This evaluation provided the basis for recommended modifications and the establishment of new objectives in the Housing Element.

**TABLE 45: REVIEW OF 2009 HOUSING ELEMENT**

2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<b>1. Housing Supply</b>		
<b>Policy H-1 (Fair Share)</b>		
Maintain land use policies that allow residential growth consistent with the availability of adequate infrastructure and public services.		
<p><b>Program H-1.1</b> The City shall continue to implement the housing element policies, programs and procedures to achieve its fair share of the regional housing allocation, including the number of units for each income classification, given its resource constraints and the voter-approved limits of Ordinance 197 and Ordinance 266 as amended. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Annually <b>Funding:</b> General Fund</p>	<p>Program H-1.1 is implemented through normal practices and procedures. There is no need to continue the program.</p>	<p>Delete</p>
<p><b>Program H-1.2</b> The City will give the highest priority for residential development to affordable housing projects. Said projects shall automatically be allowed first priority for the allocation of new residential growth in each year. Said priority for affordable units shall also include the allocation of water and other resources as consistent with the Local Coastal Plan. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Annually <b>Funding:</b> General Fund</p>	<p>A project to develop low-income senior housing has been approved at 555 Main Street. The project is 100 percent affordable and consists of primarily one-bedroom units and will provide 21 units of very low- and low-income senior rentals. Another project at 600 Morro Bay Boulevard provided one moderate-income unit. This program has been effective and will be continued.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Program H-1.3</b></p> <p>To ensure that there is a sufficient supply of multifamily zoned land to meet the City’s regional housing needs allocation (RHNA), the City will help facilitate lot consolidations to combine small residential lots into larger developable lots by annually meeting with local developers to discuss development opportunities and incentives for lot consolidation to accommodate affordable housing units. As developers/owners approach the City interested in lot consolidation for the development of affordable housing, the City will offer the following incentives on a project by project basis:</p> <ul style="list-style-type: none"><li>• allow affordable projects to exceed the maximum height limits,</li><li>• lessen set-backs, and/or</li><li>• reduce parking requirements.</li></ul> <p>The City will also consider offsetting fees (when financially feasible) and concurrent/fast tracking of project application reviews to developers who provide affordable housing.</p> <p><b>Responsible Agency/Department:</b> Public Services Department</p> <p><b>Time Frame:</b> Ongoing, as projects are processed through the Planning Division. Annually meet with local developers to discuss development opportunities and incentives for lot consolidation.</p> <p><b>Funding:</b> General Fund</p>	<p>The City has not processed any affordable housing projects that used lot consolidation incentives identified in this program. However, the City has met with developers who have inquired on a lot-by-lot basis about the lot consolidation incentives offered by the City.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Program H-1.4</b>                      To ensure that affordable multifamily projects meet maximum densities the City will establish procedures with objective standards to promote flexibility in development standards to provide flexibility in development standards (height, parking, and set backs) and promote the use of density bonuses to increase densities. The City will bi-annually review the multifamily development standards in the Zoning Ordinance and revise as necessary to ensure that they don't act as a constraint to the development of affordable housing in the City. The City will give priority to projects that provide extremely low-, very low- and low-income housing.</p> <p><b>Responsible Agency/Department:</b> Public Services Department</p> <p><b>Time Frame:</b> Work with developers on a case by case basis to provide flexibility in development standards and promote density bonuses to increase densities as projects are processed through the Planning Division and Bi-annually review the multifamily development standards in the Zoning Ordinance. The City will establish procedures by December 2010</p> <p><b>Funding:</b> General Fund</p>	<p>The City has flexible development standards in its Planned Development (PD) overlay, which applies to certain zones. The City has not reviewed multi-family development standards in the Zoning Ordinance. The City recently completed updates to Section 17.50 of the Municipal Code that codified the City's density bonus ordinance in compliance with Government Code Section 65915 et seq. The ordinance amending Section 17.50 was approved by the City Council on March 11, 2014, and Coastal Commission approval is pending. The City has not yet promoted the density bonus ordinance. The City has not seen a lot of interest in the options offered by this program. However, some of these programs are required by state law (density bonus) and the other options provided flexibility and options should developers be interested. This program will be continued.</p>	<p>Modify to clean up wording of program and continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-2 (Water Resources)</b> The City shall continue to peruse additional water resources identified in our Water Management Plan.</p>		
<p><b>Program H-2.1</b> The City will, to the extent feasible, allocate said water resources to allow maximum growth to full buildout consistent with limitations contained in the Certified Local Coastal Plan, General Plan and Ordinance 266 as amended. At least annually, the Public Services Department will provide an update to the City Council on available water supplies, projected demand under the General Plan and the status of projects to ensure adequate supply to meet the needs of the community in accordance with the Water Management Plan, the General Plan and this element. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Annually <b>Funding:</b> Water Fund</p>	<p>The City’s annual water report is provided to the City Council annually. This year it was provided to the City Council on March 7, 2014.</p>	<p>Continue</p>
<p><b>Policy H-3 (Funding)</b> The City shall, to the extent feasible, solicit housing assistance funds from the state and federal governments in conjunction with nonprofit and for-profit developers to be used in the construction of new and rehabilitation of existing secondary units and very low- and low-income housing units.</p>		
<p><b>Program H-3.1</b> The City shall continue to work with the private sector, nonprofit agencies, and to secure funds through state and federal programs for development of new lower-income housing and rehabilitation of existing lower-income households. As funding becomes available, the City will prioritize a portion of the funds to encourage the development of housing for extremely low- income households. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Ongoing <b>Funding:</b> CDBG, HOME, others</p>	<p>The City’s single-family rehabilitation program has not been active since 2010 due to limited City staff resources and lack of interest in the program due to conditions in the national housing economy such as limited home equity. However, some funds continue to accumulate at the City when older rehabilitation loans are paid off. These funds could be used for future single-family</p>	<p>Modify to eliminate discussion of regular allocation and continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
	<p>rehabilitation projects or other eligible activities guided by the City’s Program Income Reuse Plan. The City has not secured funds for rehabilitation since 2010, but does refer people to the County for services. Also, CAPSLO has some programs for relatively minor homes repairs, including water heater efficiency upgrades. The City is currently an entitlement jurisdiction for HUD, HOME, and CDBG funding rather than its previous status as an HCD “small city.” The City has secured CDBG entitlement funding since 2012 as well as an award of County HOME funds to construct the 21-unit low- and very low-income senior housing rental project at 555 Main Street.</p>	
<p><b>Policy H-4 (Methods)</b>                      The City shall continue to explore alternative methods for increasing its affordable housing stock with the goal of providing adequate extremely low-, very low-, low-, senior and ADA accessible housing.</p>		
<p><b>Program H-4.1</b>                      The City will contact HCD, housing advocates, affordable housing providers and other appropriate information resources on an annual basis in order to stay current with the latest options for providing affordable housing.  <b>Responsible Agency/Department:</b> Planning Division  <b>Time Frame:</b> Annually  <b>Funding:</b> General Fund</p>	<p>The City informally contacts HCD, housing advocates, and affordable housing providers as the occasion arises (at least once annually).</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Program H-4.2</b></p> <p>Most recent housing developments in Morro Bay have not been constructed to the maximum densities allowed by zoning. Market conditions, bank financing and insurance requirements have favored the construction of single-family detached houses. To increase housing supply and obtain densities closer to those envisioned by zoning policies, the City will do the following:</p> <p>Implement Section 17.21.70 of the City Zoning Code (Additional Incentives) that offers incentives for developing greater than the minimum densities in the multiple-family zones. The City is sensitive to the loss of multi-family-zoned land to less intensive uses, particularly given the limited number of vacant multi-family sites remaining in Morro Bay and their potential contribution toward meeting the City’s housing needs.</p> <p>Currently the City’s Zoning Code allows for the development of single-family homes in the high density zoning districts (R-3 and R-4). The City will consider amending the Zoning Code to prohibit single-family homes in the R-3 and R-4 zoning districts so that these remaining sites can be used to accommodate multi-family housing.</p> <p><b>Responsible Agency/Department:</b> City Council/Planning Division</p> <p><b>Time Frame:</b> Consider amending Zoning Code by August 2010</p> <p><b>Funding:</b> General Fund</p>	<p>The City implements Section 17.21.70 of the Zoning Ordinance through normal standards and procedures. The amendment to the Zoning Ordinance to prohibit single-family homes in the R-3 and R-4 zoning districts was approved by the City Council on March 11, 2014. The ordinance was reviewed by the Coastal Commission prior to City Council approval and is currently pending Coastal Commission approval. This program has been successfully implemented.</p>	<p>Modify to remove amendments to R-3 and R-4 allowed uses and continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-5 (Minimize Cost)</b>                      The City shall ensure that its adopted policies, regulations and procedures do not add unnecessarily to the cost of housing, while still attaining other important City objectives.</p>		
<p><b>Program H-5.1</b>                      The City will review development-related processes and procedures and report on ways to eliminate unnecessary delays or other costs that affect the production of housing. Said report shall be submitted to the Planning Commission who shall forward a recommendation to the City Council.  <b>Responsible Agency/Department:</b> Public Services Department, Planning Commission  <b>Time Frame:</b> Starting 2010, every three years  <b>Funding:</b> General Fund</p>	<p>A subcommittee reviewed the development process in 2012 to help identify and determine reasons for delays in the development process and submitted a report to the Planning Commission and City Council. The committee recommended that forms and handouts be redone in an attempt to more clearly explain the process. A report was made as part of Planning Commission minutes from their meeting on June 6, 2012.</p>	<p>Delete</p>
<p><b>Program H-5.2</b>                      The City will review its user charges for public services and facilities to ensure that the charges are consistent with the costs of improvements and maintenance.  <b>Responsible Agency/Department:</b> Public Services Department/ Finance Department  <b>Time Frame:</b> Starting 2010, every three years  <b>Funding:</b> General Fund</p>	<p>The City has not reviewed its user charges for public services and facilities since adoption of the 2009 Housing Element. This program will be continued.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-6 (General Affordability)</b>            The City will continue to require a percentage of new housing units built in the City be affordable to very low-, low- and moderate-income households.</p>		
<p><b>Program H-6.1</b>            The City will continue to require that all new residential development projects of 5 or more for-sale units to provide a minimum of one unit or 10 percent of the total number of units, whichever is greater, to be affordable to families with incomes in the very low-, low- or moderate-income ranges, depending on the needs of the City at the time of approval.</p> <p>In cases where the City is requested to amend the General Plan and/or zoning to increase the allowed density on a particular private property, where 5 or more units are allowed, at least 10 percent of the units developed on such property shall be affordable to very low- and low- and moderate-income households.</p> <p>The lower-income units may be either for rent or for sale, but shall remain affordable for at least 30 years or such other term approved by the City, consistent with state law. Lower-income units shall be made available concurrently with market-rate units.</p> <p>In accordance with Government Section 65590, the City shall require the developer to provide affordable housing on-site where feasible. If the City determines that this is not feasible based on a detailed economic analysis prepared by a City-contracted consultant at the cost of the applicant, the City shall require the developer to provide such housing at another location in Morro Bay. If the City determines that it is not feasible for the developer to provide such affordable housing off-site, the developer shall pay a fee in lieu of providing such housing.</p> <p>Sites on which fewer than 5 units are allowed after the General Plan amendment or rezone shall be exempted. In some cases the City may require the payment of a fee in lieu of actual construction of lower-income housing. Paying an in-lieu fee requires City Council</p>	<p>The City has amended Section 17.50 of the Municipal Code to require that all projects with five or more for-sale units provide affordable units or pay into the City’s in-lieu fee fund. The updates to Section 17.50 also codified the City’s density bonus ordinance in compliance with Government Code Section 65915 et seq. The ordinance amending Section 17.50 was approved by the City Council on March 11, 2014, and Coastal Commission approval is pending. This program has been successfully implemented.</p>	<p>Modify to reflect amendments to the ordinance and continue to implement ordinance.</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element																								
<p>approval, and to date, no one has paid the fee in-lieu of building affordable units.</p> <p>When the provisions for the required affordable housing are not being met on-site or off-site, the applicant may contribute in-lieu fees. Fees shall be established on a project basis using the following method (Program 6.2 will determine if the current fees are appropriate).</p> <p>(Construction Cost X % of Fee based on Project Size)</p> <table border="1" data-bbox="296 623 961 1235"> <thead> <tr> <th>Project Size</th> <th>% of each 1 unit cost or fraction there of</th> </tr> </thead> <tbody> <tr><td>8 Units</td><td>10%</td></tr> <tr><td>9 Units</td><td>15%</td></tr> <tr><td>10 Units</td><td>20%</td></tr> <tr><td>11 Units</td><td>30%</td></tr> <tr><td>12 Units</td><td>40%</td></tr> <tr><td>13 Units</td><td>50%</td></tr> <tr><td>14 Units</td><td>60%</td></tr> <tr><td>15 Units</td><td>70%</td></tr> <tr><td>16 Units</td><td>80%</td></tr> <tr><td>17 Units</td><td>90%</td></tr> <tr><td>18 Units</td><td>100%</td></tr> </tbody> </table> <p>Possible incentives that may be included but are not limited to the following:</p> <ul style="list-style-type: none"> <li>Assistance with accessing and apply for funding (based on availability of federal, state, local foundations, and private funds);</li> <li>Mortgage-subsidy or down payment assistance programs to assist</li> </ul>	Project Size	% of each 1 unit cost or fraction there of	8 Units	10%	9 Units	15%	10 Units	20%	11 Units	30%	12 Units	40%	13 Units	50%	14 Units	60%	15 Units	70%	16 Units	80%	17 Units	90%	18 Units	100%		
Project Size	% of each 1 unit cost or fraction there of																									
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2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p>first time homebuyers and other qualifying households, when such funds are available;            Expedited/streamlined application processing and development review;            Modification of development requirements, such as reduced set backs and parking standards on a case-by-case basis; and Density Bonuses.  <b>Responsible Agency/Department:</b> City Council/Planning Division  <b>Time Frame:</b> Ongoing, as projects are processed through the Planning Department  <b>Funding:</b> General Fund</p>		
<p><b>Program H-6.2</b>            As an alternative to building inclusionary units, the City shall allow a development to pay an in-lieu fee. Currently the fee amount is determined with the following method: (Construction Cost X % of Fee based on Project Size, see fee table in program H-6.1). The City will do an analysis on the current method to determine if the current fees are appropriate. If they are found to not be appropriate the City will conduct a nexus study. Once established, the in-lieu fees will be collected and held in an affordable housing trust fund  <b>Responsible Agency/Department:</b> Public Services Department/ Finance Department  <b>Time Frame:</b> Determine if fees are appropriate by June 2011  <b>Funding:</b> General Fund</p>	<p>The City amended Section 17.50 of the Municipal Code as described under review of the previous program. The in-lieu fee calculation has not changed in the updated Section 17.50. The City plans to conduct the analysis of the calculation. This program will be continued.</p>	<p>Modify to incorporate Program H-6.3 and continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Program H-6.3</b>                      To ensure the City’s Inclusionary Program (Program H-6.1) does not adversely impact market rate housing the City will conduct a study to determine if the Inclusionary Program is a constraint. If the study determines the Inclusionary Housing Program does pose a constraint to the development of housing, the City will revise the program to ensure it is not a constraint to development.  <b>Responsible Agency/Department:</b> Public Services Department/ Finance Department  <b>Time Frame:</b> Conduct a study by June 2011  <b>Funding:</b> General Fund</p>	<p>The City has not conducted a study to determine whether the Inclusionary Program is a constraint. This program will be implemented when the City conducts the analysis of the in-lieu fee calculation.</p>	<p>Combine into Program H-6.2 and delete</p>
<p><b>Program H-6.4</b>                      The City will require affordable housing developments to be designed consistent with the surrounding neighborhood, in order to enhance the sense of belonging to the community. Forms, materials and proportions should be utilized which are compatible with the character of the surroundings.  <b>Responsible Agency/Department:</b> City Council/Planning Division  <b>Time Frame:</b> August 2010  <b>Funding:</b> General Fund</p>	<p>All affordable projects that were approved were required to be consistent with the surrounding neighborhood, including affordable projects.</p>	<p>Continue</p>
<p><b>Program H-6.5</b>                      The City shall codify neighborhood preservation guidelines for affordable units in section 17.28.200 of the Morro Bay Municipal Code when the zoning ordinance is amended.  <b>Responsible Agency/Department:</b> City Council/Planning Division  <b>Time Frame:</b> August 2010  <b>Funding:</b> General Fund</p>	<p>The City has not codified neighborhood preservation guidelines in Section 17.28.200. This program will be continued.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Program H-6.6</b></p> <p>The City may, on a case-by-case basis, allow for modifications/incentives to development standards, such as common access driveways, building height restrictions, parking, distance between buildings, setbacks, lot coverage, screening, varying lot sizes, open space requirements, fast-track permitting, transfer of development credits, fee assistance and any other modifications/incentives or combination of modifications/incentives, which are jointly agreed upon by the applicant and the decision-maker, as an incentive for constructing specific affordable housing projects. This is not intended to be an exhaustive list of modifications/incentives available to the applicant and/or decision-maker. The City shall prepare public outreach including adding information to the City’s website to inform the public of a variety of types of modifications or incentives offered.</p> <p><b>Responsible Agency/Department:</b> Public Services Department</p> <p><b>Time Frame:</b> Ongoing, as projects are processed through the Planning Department</p> <p><b>Funding:</b> General Fund</p>	<p>A density bonus was granted for the 555 Main Street project increasing the number of units from the number allowed by right on the parcel to 21. Outreach on modifications and incentives has not happened. This program will be continued.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-7 (Housing Trust Fund)</b> The City will develop a Housing Trust Fund to be used for the development of affordable housing projects.</p>		
<p><b>Program H-7.1</b> The City will modify its affordable housing fund to accept all housing assistance fees. This fund will be used to assist nonprofit and for-profit developers to construct lower-income housing, purchase land, write down land or financing costs, rehabilitate or preserve existing units, prepare other implementation measures consistent with this element and/or monitor housing policies and programs on an ongoing basis. Assuming that the current market conditions will continue to exist during the 5-year Housing Element timeframe, the City estimates that they will assist 5 to 10 units. <b>Responsible Agency/Department:</b> Public Services Department/ Finance Department <b>Time Frame:</b> Modify by 2012 <b>Funding:</b> General Fund</p>	<p>The fund has not been modified. The fund as it exists was used in 2011 to provide a 0 percent residual receipts loan to the affordable housing developer of the 555 Main Street project (21 units of affordable senior housing). This program will be continued.</p>	<p>Modify number of units expected to be assisted to reflect current market conditions and continue</p>
<p><b>Policy H-8 (Density Bonus)</b> The City shall grant density bonuses to encourage the development of affordable housing.</p>		
<p><b>Program H-8.1</b> The City shall grant a density bonus and incentives to developers of residential projects of five or more units who agree to provide very low- or low-income or senior housing units on-site pursuant to Government Code 65915. The City shall prepare public outreach including adding information to the City’s website to inform the public of the density bonus incentive. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Ongoing, 2009–2014 <b>Funding:</b> General Fund</p>	<p>The City has codified its density bonus procedures in Section 17.50 of the Municipal Code in compliance with Government Code 65915 et seq. The ordinance amending Section 17.50 was approved by the City Council on March 11, 2014. The ordinance was reviewed by the Coastal Commission prior to City Council approval and is currently pending Coastal Commission approval. The City has not yet prepared public outreach information.</p>	<p>Combine into Program H-6.6 and delete.</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-9 (Variable Density)</b>            In order to encourage development of small units, development of a greater number of residential units than otherwise allowed under the existing land use and/or zoning designation may be permitted, provided that (1) at least 65 percent of the units are developed as studio or one-bedroom units; (2) the population density at full buildout of the project does not exceed the population density that corresponds with the existing land use designation and/or zoning or 1 person for every 500 square feet, whichever is less; and (3) the proposed project complies with all applicable zoning regulations, except as modified by the decision-maker through discretionary review.</p>		
<p><b>Program H-9.1</b>            The City shall continue to allow variable density on all multi-family zoned property. The City shall prepare public outreach including adding information to the City’s website to inform the public of the variable density incentive.  <b>Responsible Agency/Department:</b> City Council/Planning Division  <b>Time Frame:</b> Ongoing, 2009–2014  <b>Funding:</b> General Fund</p>	<p>The City implements Program H-9.1 through standard practices and procedures and the Zoning Ordinance is available on the City’s website. The City has not prepared public outreach materials. The program will be continued.</p>	<p>Combine into Program H-6.6 and delete.</p>
<p><b>Policy H-10 (Mixed Types)</b>            The City will encourage the mixing of affordable housing throughout the community rather than concentrating affordable units in a few locations.</p>		
<p><b>Program H-10.1</b>            The City will allow the conversion of older motels to residential use, subject to discretionary review, outside the C-VS and WF zones. Criteria for approving residential uses shall be stated in the Zoning Ordinance. Said conversions will also receive a priority in the unit allocation list.  <b>Responsible Agency/Department:</b> City Council/Planning Division  <b>Time Frame:</b> Ongoing, 2009–2014  <b>Funding:</b> General Fund</p>	<p>The City has not yet codified approval criteria for converting older motels to residential use in the Zoning Ordinance. Since 2009, no older motels have converted to residential use outside the C-VS and WF zones.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b><u>Program H-10.2</u></b>                      The City will continue to allow manufactured housing (modular and mobile homes) to be sited in residential zones consistent with state and local laws.  <b>Responsible Agency/Department:</b> Planning Division  <b>Time Frame:</b> Ongoing, as projects are processed through the Planning Department  <b>Funding:</b> General Fund</p>	<p>The City continues to allow manufactured housing consistent with state and local laws. (See Section 17.48.350 of the Zoning Ordinance.) This program does not need to be continued.</p>	<p>Delete.</p>
<p><b><u>Policy H-11 (Mixed-Use)</u></b>                      The City shall continue to promote a policy of mixed uses by allowing housing in conjunction with compatible commercial uses in appropriate mixed-use designations located throughout the City. The allowance of these mixed-use designations shall require additional findings to ensure new projects do not change the character of the neighborhood.</p>		
<p><b><u>Program H-11.1</u></b>                      The City shall develop criteria for determining the appropriate compatible mix of residential and commercial development to ensure neighborhood consistency.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> June 2012  <b>Funding:</b> General Fund</p>	<p>The City has not developed official criteria for determining the appropriate compatible mix of residential and commercial development. When residential and commercial are developed together on a site as part of a mixed-use development, there is no set ratio of residential to commercial that is required. Because the Zoning Ordinance calls for residential to occur in the rear or above the commercial uses, a 50:50 ratio is sometimes used as a rule of thumb during project review. The City will continue to consider codifying criteria for determining the appropriate compatible mix.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-12 (Fast-Track Permitting)</b> The City shall give high priority for permit processing to lower-income residential projects.</p>		
<p><b>Program H-12.1</b> The City will continue to expedite the permit processing procedure as an additional incentive for the development of affordable housing. <b>Responsible Agency/Department:</b> Planning Division <b>Time Frame:</b> Ongoing, as projects are processed through the Planning Department <b>Funding:</b> General Fund</p>	<p>Permit processing was expedited for the project at 555 Main Street. When that applicant went to City Council in 2011 to modify their permit from mixed use to 100 percent affordable, the City expedited the process to allow the developer to obtain entitlement approvals because the developer needed them secured in order to apply for state and federal affordable housing grants. This program is addressed by Program H-6.6 and will not be continued.</p>	<p>Delete.</p>
<p><b>Policy H-13 (Secondary Unit)</b> Allow for the development of secondary housing units as an affordable housing option throughout the City.</p>		
<p><b>Program H-13.1</b> To comply with AB 1866 the City will continue to permit secondary dwelling units ministerially (by right) in all residential zones. A coastal Development Permit, which requires public notice and Planning Commission Approval is required for new secondary units and additions (of more than 10 percent of the main structure’s original square footage) with the Coastal Appeal Jurisdiction, and new secondary units outside the Coastal Appeal jurisdiction. <b>Responsible Agency/Department:</b> Planning Department <b>Time Frame:</b> Ongoing, as projects are processed through the Planning Department <b>Funding:</b> General Fund</p>	<p>Seven total second units have been permitted since 2009. Five of those were permitted ministerially and two were permitted with a conditional use permit.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<b>2. Conservation and Rehabilitation</b>		
<b>Policy H-14 (Section 8 Subsidies)</b> The City shall continue to maintain Section 8 rent subsidies.		
<b>Program H-14.1</b> The City will coordinate its efforts with the appropriate agencies to continue receiving Section 8 subsidy monies. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Ongoing, 2009–2014 <b>Funding:</b> General Plan	Currently there are 79 Housing Choice Vouchers in use in the city. The Housing Authority’s waitlist for vouchers is currently closed. The City coordinates with the Housing Authority on income verification for affordable projects.	Continue
<b>Policy H-15 (CDBG Grants)</b> The City shall continue to apply for grants for the purpose of rehabilitating low-cost owner-occupied and rental housing.		
<b>Program H-15.1</b> The City will apply for grant funds to enable rehabilitation of housing for lower-income households. <b>Responsible Agency/Department:</b> Planning Division <b>Time Frame:</b> Annually, 2009–2014 <b>Funding:</b> CDBG, HOME, other funding sources to be determined	The City’s single-family rehabilitation program has not been active since 2010 due to limited City staff resources. However, some funds continue to accumulate at the City when older rehabilitation loans are paid off. These funds could be used for future single-family rehabilitation projects or other eligible activities guided by the City’s Program Income Reuse Plan. The City is currently an entitlement jurisdiction for HUD, HOME, and CDBG funding rather than its previous status as an HCD “small city.” The City has secured CDBG entitlement funding since 2012. This program is redundant with Program H-3.1 and will be removed.	Delete



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-16 (Special needs groups)</b> Provide financial assistance for rehabilitation of homes for elderly, disabled and disadvantaged persons.</p>		
<p><b>Program H-16.1</b> The City shall encourage local private organizations to assist elderly, disabled and disadvantaged persons in the repair and rehabilitation of their housing. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Ongoing, 2009–2014 <b>Funding:</b> CDBG, HOME, other funding sources to be determined</p>	<p>The City has referred individuals to CAPSLO for funding options for repair and rehabilitation of their housing.</p>	<p>Continue</p>
<p><b>Policy H-17 (Minimizing Impact)</b> The City shall ensure that public projects are planned to minimize their impact on the quality and stability of residential neighborhoods.</p>		
<p><b>Program H-17.1</b> To comply with Senate Bill 1087, the City will immediately forward its adopted Housing Element to its water and wastewater providers so they can grant priority for service allocations to proposed developments that include units affordable to lower-income households. In addition, the City will continue to maintain streets, parks and other public facilities and services essential to the quality of residential neighborhoods. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Ongoing, forward Housing Element immediately after adoption <b>Funding:</b> General Fund</p>	<p>The City continues to provide the adopted Housing Element to water and wastewater providers and maintains infrastructure per state law. This program is implemented as a matter of standard City procedure and will not be continued.</p>	<p>Delete</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b><u>Program H-17.2</u></b>                      The City is considering adopting neighborhood compatibility standards for new developments in existing neighborhoods. The City will consider developing a standard set of criteria to use in determining whether proposed projects are compatible with the existing neighborhoods in which they are proposed, the purpose of which is to give project proponents clear direction for project design and to provide staff and the Planning Commission with clear guidelines for decision-making. These criteria could include a pre-application process to provide clear direction for the project.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> The City will consider developing standards by June 2012  <b>Funding:</b> General Fund</p>	<p>The City has not yet adopted neighborhood compatibility standards for new development in existing neighborhoods. At the Planning Commission meeting on March 19, 2014, the commissioners will be started the discussion of adopting FAR/neighborhood compatibility standards in order to give applications clear direction. This program will be continued.</p>	<p>Continue</p>
<p><b><u>Policy H-18 (Mobile Home Park Upkeep)</u></b>                      Maintain the City’s mobile home parks.</p>		
<p><b><u>Program H-18.1</u></b>                      The City shall promote the continued upkeep of existing economically viable mobile home parks.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Ongoing  <b>Funding:</b> General Fund</p>	<p>The City does not have jurisdiction over upkeep of mobile home parks. The City keeps owners of mobile home parks informed of HCD’s oversight of upkeep of mobile home parks. This program will be continued.</p>	<p>Modify to specify that the City will keep owners informed of opportunities through HCD to maintain mobile home parks through energy retrofits, housing rehabilitation, and weatherization programs and continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Program H-18.2</b> The City shall continue to include mobile home units in active owner-occupied rehabilitation programs, conserving existing mobile home units. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Ongoing <b>Funding:</b> CDBG, HOME, other funding sources to be determined</p>	<p>The City’s single-family rehabilitation program has not been active since 2010 due to limited City staff resources. However, some funds continue to accumulate at the City when older rehabilitation loans are paid off. These funds could be used for future single-family rehabilitation projects or other eligible activities guided by the City’s Program Income Reuse Plan. Mobile homes will be addressed by Program H-3.1 and this program will be removed.</p>	<p>Delete</p>
<p><b>Program H-18.3</b> The City will when feasible apply for a grant to conduct a feasibility study to determine the possibility of a mobile home park conversion program. The study will include an inventorying of the number of units that are RVs, trailers or mobile homes on a chassis (not on permanent foundation), the condition of the units and the identification if there are opportunities to replace with new permanent affordable housing units. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> As funding sources become available the City will consider applying for funds by October 2011 <b>Funding:</b> CDBG, HOME, other funding sources to be determined</p>	<p>The City has not applied for or received grant funding to conduct a feasibility study to determine the possibility of a mobile home park conversion program.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014-2019 Housing Element
<b>3. Protect and conserve existing affordable housing stock in Morro Bay.</b>		
<p><b>Policy H-19 (At Risk)</b>                      The City will cooperate with other governmental, for-profit, and nonprofit entities to ensure that no lower-income residents are adversely impacted by the conversion of existing affordable housing projects to market-rate rents.</p>		
<p><b>Program H-19.1</b>                      The City shall maintain a list of all dwellings within the city that are subsidized by government funding or low-income housing developed through local regulations or incentives. The list shall include at least: the number of units, the type of government program, and the date on which the units may convert to market-rate dwellings.                      The City will require all property owners to provide at least 2 years notice prior to the conversion of any units for lower-income households to market-rate units in any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• the units were constructed with the aid of government funding</li> <li>• the units were required by the City’s Affordable Housing Program</li> <li>• the project was granted a density bonus</li> <li>• the project received other incentives</li> </ul> <p>Such notice shall be given at least to the following:</p> <ul style="list-style-type: none"> <li>• The City</li> <li>• HCD</li> <li>• Housing Authority of the City of San Luis Obispo</li> <li>• Residents of at-risk units</li> <li>• Any others deemed appropriate</li> </ul> <p><b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Ongoing  <b>Funding:</b> General Fund</p>	<p>The City tracks the subsidized units in the city. No subsidized units have converted to market rate during the planning period. There are no units at-risk of conversion to market-rate within 10 years of the beginning of the 2014-2019 planning period.</p>	<p>Continue.</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-20 (Conversion to condominiums)</b> The City shall continue to protect existing lower-income apartment units from loss through conversion to condominiums.</p>		
<p><b>Program H-20.1</b> The City will continue to comply with Government Code Section 65590 et seq. that sets forth the requirements for conversions, demolition and replacement housing in the Coastal Zone. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Ongoing, 2009–2014 <b>Funding:</b> General Fund</p>	<p>No low-income apartments have converted to condominiums or been demolished in the coastal zone since 2009.</p>	<p>Continue</p>
<p><b>Policy H-21 (Demolished Units)</b> The City shall require the replacement of very low-, low- and moderate-income housing that is demolished with similar affordable housing.</p>		
<p><b>Program H-21.1</b> The City shall require the abatement of unsafe structures, while giving property owners ample time to correct deficiencies. Residents displaced by such abatement should provide relocation assistance. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Ongoing, 2009–2014 <b>Funding:</b> General Fund</p>	<p>The City has not demolished any unsafe affordable housing units since 2009.</p>	<p>Continue</p>
<p><b>4. Special Needs</b></p>		
<p><b>Policy H-22 (Senior Housing)</b> Provide more senior housing opportunities throughout the City.</p>		
<p><b>Program H-22.1</b> The City shall utilize CDBG and other state or federal monies to assist in the development of lower-income senior rentals. <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Apply for funding as Notices of Funding Availability (NOFA) are released. <b>Funding:</b> CDBG/federal monies</p>	<p>The City provided HOME funds and City in-lieu fee funds to the low-income senior rental project at 555 Main Street. When constructed, the project will provide 21 units of very low- and low-income senior rental housing.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b><u>Program H-22.2</u></b>                      The City shall continue to permit larger group housing for seniors (such as "life care" or similar combinations of residences with various levels of nursing care) in appropriate locations, subject to discretionary review.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Ongoing  <b>Funding:</b> CDBG/federal monies</p>	<p>The City has not permitted any larger group housing for seniors since 2009. Implementation of this program is no longer feasible due to limited City staff resources. This program will not be continued.</p>	<p>Delete</p>
<p><b>Policy H-23 (Promote special housing needs)</b>                      The City shall promote the development of special housing needs, such as transitional housing, housing for seniors, housing for persons with physical, developmental or mental disabilities, farmworker housing and housing for extremely low-income persons.</p>		
<p><b><u>Program H-23.1</u></b>                      Pursuant to SB 2, the City must explicitly allow both supportive and transitional housing types in all residential zones. The City shall update its Zoning Ordinance to include separate definitions of transitional and supportive housing as defined in Health and Safety Code Sections 50675.2 and 50675.14. Both transitional and supportive housing types will be allowed as a permitted use subject to only the same restrictions on residential uses contained in the same type of structure.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Amend the Zoning Code by June 2010  <b>Funding:</b> Affordable Housing Fund</p>	<p>The City Council approved Ordinance 584 amending the Zoning Ordinance on March 11, 2014, to explicitly allow supportive and transitional housing types in all zones allowing residential uses. Transitional and supportive housing are allowed in the same way other residential uses are allowed in all of these zones. Definitions of transitional and supportive housing were also codified, pursuant to SB 2. The ordinance was reviewed by the Coastal Commission prior to City Council approval and is currently pending Coastal Commission approval. This program has been successfully implemented.</p>	<p>Delete</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b><u>Program H-23.2</u></b>                      The City shall allow farmworker housing in the Agricultural and Multi-family Zones as prescribed by state law. Farmworker housing for 12 or fewer workers shall not require a conditional use permit but shall be required to obtain a Coastal Development Permit consistent with the Local Coastal Plan. Farmworker housing in the Agricultural Zone for 6 or fewer workers shall be deemed to be a single-family structure.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Amend the Zoning Code by June 2010  <b>Funding:</b> General Fund</p>	<p>The City Council approved an ordinance amending the Zoning Ordinance on March 11, 2014, to allow employee housing (including farmworker housing) as required by the state Employee Housing Act (Health and Safety Code Sections 17021.5 and 17021.6). The ordinance was reviewed by the Coastal Commission prior to City Council approval and is currently pending Coastal Commission approval. This program has been successfully implemented.</p>	<p>Delete</p>
<p><b><u>Program H-23.3</u></b>                      As required by both the Federal Fair Housing Act and the California Fair Employment and Housing Act, the City will establish a reasonable accommodation procedure to ensure a fair and efficient process for persons with disabilities to make necessary accessibility adjustments to their homes. The City will include a reasonable accommodation procedure in its upcoming Zoning Ordinance update which will allow housing retrofits for disabled persons without discretionary review.                      Responsible Agency/Department: Public Services Department  <b>Time Frame:</b> Implement a reasonable accommodations procedure by August 2010  <b>Funding:</b> General Fund</p>	<p>The City Council approved an ordinance amending the Zoning Ordinance on March 11, 2014, to establish a reasonable accommodation procedure in Section 17.48.400 of the Municipal Code consistent with state law. The ordinance was reviewed by the Coastal Commission prior to City Council approval and is currently pending Coastal Commission approval. This program has been successfully implemented.</p>	<p>Delete</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Program H-23.4</b>                      Assembly Bill 2634 requires the quantification and analysis of existing and projected housing needs of extremely low-income households and requires the City to identify zoning to encourage and facilitate supportive housing and single-room occupancy units (SROs). To ensure zoning flexibility that allows for the development of SROs, the City will update its Zoning Ordinance to explicitly allow for SROs in the Central Business (C-1) and mixed commercial residential (MCR) districts. In addition, to help meet the needs of extremely low- income households, the City will prioritize funding and/or offer financial incentives or regulatory concessions to encourage the development of SROs.</p> <p><b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Amend the Zoning Code by June 2010  <b>Funding:</b> Biannually and as NOFAs are released</p>	<p>The City Council approved an ordinance amending the Zoning Ordinance on March 11, 2014, to allow SROs by right in the C-1 district and with a minor use permit in the MCR district. Performance standards for SROs were codified in Section 17.48.370 of the Municipal Code. The ordinance was reviewed by the Coastal Commission prior to City Council approval and is currently pending Coastal Commission approval. This program has been successfully implemented.</p>	<p>Delete</p>
<p><b>Policy H-24 (Support family housing)</b>                      The City shall support family housing that addresses resident needs for childcare, youth services, recreation opportunities and access to transit.</p>		
<p><b>Program H-24.1</b>                      As part of the process of assessing a proposed residential development, evaluate the potential to incorporate other uses within the project or in conjunction with the project, including, but not limited to, project-serving retail, job centers or services such as child care.</p> <p><b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> As projects are processed through the Planning Department  <b>Funding:</b> Affordable Housing Fund</p>	<p>The City has evaluated proposed residential developments for the potential to incorporate other uses within the project or in conjunction with the project. However, most new applications have been for single-family homes. As projects come in, the potential has been evaluated through an informal process.</p>	<p>Continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<b>5. The Homeless</b>		
<p><b>Policy H-25 (Regional Homeless Shelters)</b>            The City shall participate in the operations and maintenance of the regional homeless shelter facility. The City will continue to provide information about housing opportunities and services for homeless persons through the Police Department as well as at City Hall.</p>		
<p><b>Program H-25.1</b>            The City shall cooperate with the other cities, the County and other agencies in the development of programs aimed at providing homeless shelters and related services, including medical service for walk-in cases  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Ongoing  <b>Funding:</b> General Fund</p>	<p>In 2012, the City provided \$8,600 in CDBG funds to CAPSLO for homeless services (Prado Day Center and Maxine Lewis Memorial Shelter) to support their clients who are Morro Bay homeless. CAPSLO has submitted performance reports quantifying the Morro Bay residents helped versus countywide homeless helped.</p>	<p>Modify to incorporate Program H-25.2 and continue</p>
<p><b>Program H-25.2</b>            Continue to implement the regional plan to end homelessness entitled “Housing For All: A Plan to End Homelessness”.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Ongoing  <b>Funding:</b> General Fund</p>	<p>Councilmember Christine Johnson is on the Homeless Services Oversight Council (HSOC), and the City funded CAPSLO in 2012 with CDBG funding for homeless services at the Maxine Lewis Shelter and Prado Day Center.</p>	<p>Combine into Program H-25.1 and delete</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-26 ( Emergency/Homeless Shelters)</b>                      The City shall allow emergency/homeless shelters in appropriate zoning districts such as multi-family, light commercial and mixed-use zones.</p>		
<p><b>Program H-26.1</b>                      Pursuant to Senate Bill 2, the City will amend the Zoning Ordinance to allow emergency shelters as a permitted use in a newly created overlay zone in the City’s Central business (C-1) district without a conditional use permit or other discretionary review. The C-1 overlay zoning district is close to transit corridors and services. The City will create this overlay zone with specific development standards for emergency shelters. In addition, the City will evaluate adopting development and managerial standards that will be consistent with Government Code Section 65583(a) (4). These standards may include such items as:                      Lighting                      On-site management                      Maximum number of beds or persons to be served nightly by the facility                      Off-street parking based on demonstrated need                      Security during hours that the emergency shelter is in operation  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> The City will amend the Zoning Ordinance to allow emergency shelters as a permitted use in a C-1 overlay zone by August 2010.  <b>Funding:</b> General Fund</p>	<p>The City Council approved an ordinance amending the Zoning Ordinance on March 11, 2014, to explicitly allow emergency shelters by right in the city’s Central Business (C-1) district and to provide specific development and managerial standards for emergency shelters (see Municipal Code Section 17.48.360). The ordinance was reviewed by the Coastal Commission prior to City Council approval and is currently pending Coastal Commission approval. This program has been successfully implemented.</p>	<p>Delete</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<b>6. Energy Conservation</b>		
<p><b>Policy H-27 (Energy efficiency requirements)</b>            All new dwelling units shall be required to meet current state requirements for energy efficiency. The retrofiting of existing units shall be encouraged.</p>		
<p><b>Program H-27.1</b>            The City will continue to implement Title 24 of the California Code of Regulations on all new development. The City will also continue to encourage the use of additional innovative energy conservation techniques such as active and passive solar systems, orientation and project layout in an endeavor to further reduce dependence upon outside energy sources. The City will make handouts and literature available to the public outlining measures that they can take to reduce energy use.</p> <p><b>Responsible Agency/Department:</b> Building Division  <b>Time Frame:</b> Ongoing  <b>Funding:</b> Plan check fees</p>	<p>The City implements Title 24 through standard practices and procedures. The City’s Buildings and Construction Ordinance is updated on a triennial basis in coordination with the California Building Standards Code; consistency with State-mandated green building standards is ensured at that time. The City "Green Building Incentive Program" provides incentives for green/energy-conserving projects. The City has a green building kiosk at the public services counter, maintained by SLO Green Build, that provides educational materials relating to green building and energy conservation. The City provides express permit processing for photovoltaic (PV) rooftop solar projects.</p>	<p>Modify to incorporate Program H-27.3 and continue</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b><u>Program H-27.2</u></b>                      The City will work with PG&amp;E and Southern California Gas Company to encourage existing residents to participate in energy efficiency retrofit programs. The City will consider sponsoring an energy awareness program in conjunction with PG&amp;E and Southern California Gas Company to educate residents about the benefits of various retrofit programs.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Ongoing, as projects are processed through the Planning Department  <b>Funding:</b> General Fund/PG&amp;E</p>	<p>The City encourages residents to participate in energy efficiency retrofit programs by providing information, maintained by San Luis Obispo County Energy Watch, containing rebates and incentives relating to energy efficiency retrofits, at the public services counter.</p>	<p>Modify to incorporate Program H-27.4 and continue</p>
<p><b><u>Program H-27.3</u></b>                      The City will annually ensure that local building codes are consistent with state mandated or recommended green building standards.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Annually  <b>Funding:</b> General Fund</p>	<p>The City’s Buildings and Construction Ordinance is updated on a triennial basis in coordination with the California Building Standards Code; consistency with State-mandated green building standards is ensured at that time. This program will be incorporated into Program H-27.1.</p>	<p>Incorporate into Program H-27.1 and delete</p>
<p><b><u>Program H-27.4</u></b>                      The City will continue to partner with PG&amp;E to promote energy saving programs such as, the California Alternate Rates for Energy (CARE), the Relief for Energy Assistance through Community Help (REACH) and the Family Electric Rate Assistance (FERA).  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> Ongoing  <b>Funding:</b> General Fund</p>	<p>See response on status/effectiveness under Program H-27.2. This program will be combined into Program H-27.2.</p>	<p>Combine into Program H-27.2 and delete</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-28 (Energy-Efficient Land Use)</b>            New land use patterns shall encourage energy efficiency, to the extent feasible.</p>		
<p><b>Program H-28.1</b>            The City will continue to implement the subdivision ordinance that requires new subdivisions to incorporate design features that reduce vehicle dependence and encourage pedestrian and bicycle circulation through the development of transit stops and bicycle and pedestrian routes, where feasible and appropriate.  <b>Responsible Agency/Department:</b> Public Services Department  <b>Time Frame:</b> As projects are processed through the Planning Department  <b>Funding:</b> General Fund</p>	<p>The approvals for the subdivision at 2400 Main at Bonita included a requirement for bicycle racks. The approvals for the developments at 555 Main also propose bicycle racks.</p>	<p>Continue</p>
<p><b>7. Equal Opportunity</b></p>		
<p><b>Policy H-29 (Equal Access to Housing)</b>            The City declares that all persons, regardless of race, creed, age or sex, shall have equal access to sound and affordable housing.</p>		
<p><b>Program H-29.1</b>            The City will refer persons experiencing discrimination in housing to California Rural Legal Assistance, display posters in the City library, City Hall, and Public Services Department and post information on the City’s website.  <b>Responsible Agency/Department:</b> All City departments that receive complaints  <b>Time Frame:</b> Ongoing  <b>Funding:</b> General Fund</p>	<p>The City refers persons with fair housing complaints to CRLA. The City does not document when referrals to CRLA are made. The City also designates April as Fair Housing Month every year.</p>	<p>Combine into Program H-30.1 and delete</p>



2009 Housing Element Program	Status/Effectiveness	Appropriateness for 2014–2019 Housing Element
<p><b>Policy H-30 (State Fair Employment and Housing)</b> The City will promote the enforcement of the policies of the State Fair Employment and Housing Commission.</p>		
<p><b>Program H-30.1</b> The City will continue to provide information from the Department of Equal Housing and Employment regarding housing and tenant rights at City Hall and other prominent locations in the City, including the Public Services Department. Responsible Agency/Department: Planning Department Time Frame: Ongoing Funding: General Fund</p>	<p>Information from the Department of Equal Housing and Employment regarding housing and tenant rights is displayed at City Hall, the Public Services Department, and other prominent locations in the city.</p>	<p>Modify to incorporate Program H-29.1 and continue</p>
<p><b>8. Public Participation</b></p>		
<p><b>Policy H-31 (Public Participation)</b> The City shall encourage the participation of all citizens of Morro Bay in the development of housing policies for the City.</p>		
<p><b>Program H-31.1</b> Prior to any public hearing where the City is considering amending or updating the housing element, the City will directly notify People's Self Help Housing Corporation, the Housing Authority of the City of San Luis Obispo, California Rural Legal Assistance and local churches, as well as post notices on the City's website and at significant public locations . <b>Responsible Agency/Department:</b> Public Services Department <b>Time Frame:</b> Ongoing <b>Funding:</b> General Fund</p>	<p>The City included the entities identified in Program H-31.1 and posted notices to the City's website and at significant public locations during the 2014 Housing Element update process.</p>	<p>Continue</p>
<p><b>Program H-31.2</b> The City will advocate for affordable housing by educating the Planning Commission, the City Council and the public on the benefits of affordable housing. <b>Responsible Agency/Department:</b> Public Services Department, City Manager, Community Groups <b>Time Frame:</b> Ongoing <b>Funding:</b> CDBG/General Fund</p>	<p>The City advocated for affordable housing through educational presentations to the Planning Commission, City Council, and the public during the 2014 Housing Element update process.</p>	<p>Continue</p>



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## 7. OBJECTIVES, POLICIES, AND PROGRAMS

State law requires that the Housing Element contain a “statement of the community’s goals, quantified objectives and policies relative to the maintenance, improvement and development of housing.” This chapter describes the proposed goals, objectives, policies, and implementation programs of the Housing Element for the City of Morro Bay.

Dates shown in the “Time frame” indicate the scheduled implementation of the program, which will be in effect from that time through the duration of the planning period. For the Housing Element, the term “second unit” is interchangeable with “granny unit” and “accessory unit.” The term “lower-income groups” is interchangeable with the extremely low-, very low-, low-, and moderate-income categories.

### 1. Housing Supply

**Objective:** Provide a continuing supply of affordable housing to meet the needs of existing and future Morro Bay residents in all income categories.

#### ***Policy H-1 (Fair Share)***

Maintain land use policies that allow residential growth consistent with the availability of adequate infrastructure and public services.

#### **Program H-1.1**

The City will give the highest priority for residential development to affordable housing projects. These projects will automatically be allowed first priority for the allocation of new residential growth in each year. The priority for affordable units will also include the allocation of water and other resources as consistent with the Local Coastal Plan.

***Responsible Agency/Department:*** *Public Services Department*

***Time Frame:*** *Annually*

***Funding:*** *General Fund*

#### **Program H-1.2**

To ensure there is a sufficient supply of multi-family zoned land to meet the City’s Regional Housing Needs Allocation (RHNA), the City will help facilitate lot consolidations to combine small residential lots into larger developable lots by annually meeting with local developers to discuss development opportunities and incentives for lot consolidation to accommodate affordable housing units. As developers/owners approach the City interested in lot consolidation for the development of affordable housing, the City will offer the following incentives on a project-by-project basis:



- Allow affordable projects to exceed the maximum height limits,
- Decrease setbacks, and/or
- Reduce parking requirements.

The City will also consider offsetting fees (when financially feasible) and concurrent/fast tracking of project application reviews to developers who provide affordable housing.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Ongoing, as projects are processed through the Planning Division. Annually meet with local developers to discuss development opportunities and incentives for lot consolidation.**

*Funding:* **General Fund**

### **Program H-1.3**

To ensure affordable multi-family projects meet maximum densities, the City will continue to implement procedures with objective standards to promote flexibility in development standards (height, parking, and setbacks) and promote the use of density bonuses to increase densities. The City will biannually review the multi-family development standards in the Zoning Ordinance and revise as necessary to ensure they don't act as a constraint to the development of affordable housing in the city. The City will give priority to projects that provide extremely low-, very low-, and low-income housing.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Work with developers on a case-by-case basis to provide flexibility in development standards and promote density bonuses to increase densities as projects are processed through the Planning Division and Bi-annually review the multifamily development standards in the Zoning Ordinance.**

*Funding:* **General Fund**

### **Program H-1.4**

In order to create a vibrant, pedestrian- and bicycle-friendly small urban atmosphere in the downtown area and ensure optimal access to services and public transportation, the City will encourage the development of new high-density housing in and adjacent to the downtown commercial district. To facilitate this goal, the City will inventory vacant and underutilized lots in and adjacent to the downtown



business district, identify sites or areas where re-zoning to high-density residential or mixed use categories might be desirable and modify the City's zoning map as appropriate.

*Responsible Agency/Department:* **City Council, Public Services Department**  
*Time Frame:* **Conduct inventory by July 2018. If decision is made to revise Zoning Ordinance, revise by December 2018.**  
*Funding:* **General Fund**

### **Program H-1.5**

The City will consider establishing minimum residential density requirements for the R-3, R-4, and MCR zoning districts.

*Responsible Agency/Department:* **City Council, Public Services Department**  
*Time Frame:* **Prepare recommendation on whether to revise zoning by July 2018. If decision is made to require minimum densities, revise Zoning Ordinance by December 2018.**  
*Funding:* **General Fund**

### **Program H-1.6**

The City will explore the option of expanding the number of liveaboard slips to increase the variety of housing types offered in Morro Bay.

*Responsible Agency/Department:* **Public Services Division, Harbor Department**  
*Time Frame:* **Investigate feasibility of expanding liveaboard by December 2015**  
*Funding:* **General Fund**

## **Policy H-2 (Water Resources)**

Continue to pursue additional water resources identified in the Water Management Plan.

### **Program H-2.1**

The City will, to the extent feasible, allocate water resources to allow maximum growth to full buildout consistent with limitations contained in the certified Local Coastal Plan, General Plan, and Ordinance 266 as amended. At least annually, the Public Services Department will provide an update to the City Council on available water supplies, projected demand under the General Plan, and the status of projects to ensure adequate supply to meet the needs of the community in accordance with the Water Management Plan, the General Plan, and this element.



*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Annually**  
*Funding:* **Water Fund**

### ***Policy H-3 (Funding)***

To the extent feasible, solicit housing assistance funds from the state and federal governments in conjunction with nonprofit and for-profit developers to be used in the construction of new and rehabilitation of existing secondary units and very low- and low-income housing units.

#### **Program H-3.1**

The City will continue to work with the private sector, nonprofit agencies and to secure funds and be supportive of others pursuing funds through state and federal programs for development of new lower-income housing and rehabilitation of existing lower-income households (including mobile homes). As funding becomes available, the City will prioritize a portion of the funds to encourage the development of housing for extremely low-income households.

In addition, in light of budget constraints and reduced staffing levels, it is unlikely that the City will pursue grant funds for affordable housing acquisition or new construction projects. Housing grant funds will be pursued for energy efficiency audits and retrofits and infrastructure repairs. Pursuit of funds for rehabilitation will occur when it is determined there is a sufficient level of interest in this type of program.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Apply for funding annually**  
*Funding:* **CDBG, HOME, others**

### ***Policy H-4 (Methods)***

Continue to explore alternative methods for increasing its affordable housing stock with the goal of providing adequate extremely low-, very low-, and low-income, senior, and ADA accessible housing.

#### **Program H-4.1**

The City will contact HCD, housing advocates, affordable housing providers, and other appropriate information resources on an annual basis in order to stay current with the latest options for providing affordable housing.

*Responsible Agency/Department:* **Planning Division**  
*Time Frame:* **Annually**  
*Funding:* **General Fund**



### **Program H-4.2**

Most recent housing developments in Morro Bay have not been constructed to the maximum densities allowed by zoning. Market conditions, bank financing, and insurance requirements have favored the construction of single-family detached houses. To increase housing supply and obtain densities closer to those envisioned by zoning policies, the City will do the following:

- Implement Section 17.21.70 of the City Zoning Code (Additional Incentives) that offers incentives for developing greater than the minimum densities in the multiple-family zones. The City is sensitive to the loss of multi-family-zoned land to less intensive uses, particularly given the limited number of vacant multi-family sites remaining in Morro Bay and their potential contribution toward meeting the City's housing needs.

*Responsible Agency/Department:*      *City Council, Planning Division*  
*Time Frame:*                                      *Ongoing*  
*Funding:*    *General Fund*

### ***Policy H-5 (Housing Costs)***

Ensure that the City's adopted policies, regulations, and procedures do not add unnecessarily to the cost of housing, while still attaining other important City objectives.

#### **Program H-5.1**

The City will review its user charges for public services and facilities to ensure the charges are consistent with the costs of improvements and maintenance.

*Responsible Agency/Department:*      *Public Services Department, Finance Department*  
*Time Frame:*                                      *Starting in 2015, then every three years*  
*Funding:*    *General Fund*

### ***Policy H-6.a (General Affordability)***

Continue to require a percentage of new housing units built in the city be affordable to very low-, low-, and moderate-income households.

### ***Policy H-6.b (Variable Density)***

In order to encourage development of small units, development of a greater number of residential units than otherwise allowed under the existing land use and/or zoning designation may be permitted, provided that (1) at least 65 percent of the units are developed as studio or one-bedroom units; (2) the population density at full buildout of the project does not exceed the population density that corresponds with the existing land use designation and/or zoning or 1 person for every 500 square feet, whichever is less; and



(3) the proposed project complies with all applicable zoning regulations, except as modified by the decision-maker through discretionary review.

**Program H-6.1**

The City will continue to implement the inclusionary requirements of Section 17.50 of the Municipal code which requires that all new residential development projects of 5 or more for-sale units provide a minimum of one unit or 10 percent of the total number of units, whichever is greater, to be affordable to families with incomes in the very low-, low- or moderate-income ranges, depending on the needs of the City at the time of approval. The lower-income units may be either for rent or for sale, but shall remain affordable for at least 30 years, or such other term approved by the City, consistent with state law.

*Responsible Agency/Department:*      *City Council/Planning Division*  
*Time Frame:*                                      *Ongoing, as projects are processed through the Planning Department*  
*Funding:*    *General Fund*

**Program H-6.2**

As an alternative to building inclusionary units, the City will allow a development to pay an in-lieu fee. Currently, the fee amount is determined with the following method: (construction cost x percentage of fee based on project size, where construction costs include all expenses related to the development of housing units, including land, construction, on- and off-site infrastructure, and associated soft costs). The City will conduct an analysis on the current method to determine whether the current fees are appropriate. If they are found to not be appropriate, the City will conduct a nexus study. Once established, the in-lieu fees will be collected and held in an affordable housing trust fund. To ensure any modifications to the City's Inclusionary Program as a result of the nexus study do not adversely impact market-rate housing, the City will also evaluate whether the Inclusionary Program poses a constraint to the development of housing. If this is found to be the case, the City will revise the program to ensure it is not a constraint to development.

*Responsible Agency/Department:*      *Public Services Department, Finance Department*  
*Time Frame:*                                      *Determine whether fees are appropriate and identify constraints (if needed) by June 2016; make any recommended revisions to the fee calculations and Inclusionary Program by December 2016*  
*Funding:*    *General Fund*



### **Program H-6.3**

The City will continue to require affordable housing developments to be designed consistent with the surrounding neighborhood in order to enhance the sense of belonging to the community. Forms, materials, and proportions should be utilized that are compatible with the character of the surroundings.

*Responsible Agency/Department:* **City Council, Planning Division**  
*Time Frame:* **Ongoing, as projects are processed through the Planning Division**  
*Funding:* **General Fund**

### **Program H-6.4**

The City will codify neighborhood preservation guidelines for affordable units in Section 17.28.200 of the Morro Bay Municipal Code when the Zoning Ordinance is amended.

*Responsible Agency/Department:* **City Council, Planning Division**  
*Time Frame:* **August 2015**  
*Funding:* **General Fund**

### **Program H-6.5**

The City may, on a case-by-case basis, allow for modifications/incentives to development standards, such as common access driveways, building height restrictions, parking, distance between buildings, setbacks, lot coverage, screening, varying lot sizes, open space requirements, fast-track permitting, density bonuses, variable densities on multi-family zones property, transfer of development credits, fee assistance, and any other modifications/incentives or combination of modifications/incentives, which are jointly agreed upon by the applicant and the decision-maker, as an incentive for constructing specific affordable housing projects. This is not intended to be an exhaustive list of modifications/incentives available to the applicant and/or decision-maker. The City will prepare public outreach materials, including adding information to the City's website to inform the public of a variety of types of modifications or incentives offered.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Ongoing, as projects are processed through the Planning Division**  
*Funding:* **General Fund**



**Program H-6.6**

The City will consider amending the Community Housing Ordinance to require that housing units developed under the terms of this code section be priced for sale or rental to persons of moderate or lower income.

*Responsible Agency/Department:* City Council, Public Services Department  
*Time Frame:* Prepare recommendation on whether to adopt an ordinance by July 2018. If decision is made to adopt an ordinance, adopt by December 2018.  
*Funding:* General Fund

**Policy H-7 (Housing Trust Fund)**

Develop a Housing Trust Fund to be used for the development of affordable housing projects.

**Program H-7.1**

This fund will be used to assist nonprofit and for-profit developers to construct lower-income housing, purchase land, write down land or financing costs, rehabilitate or preserve existing units, prepare other implementation measures consistent with this element, and/or monitor housing policies and programs on an ongoing basis.

Assuming that the current market conditions will continue to exist during the 5-year Housing Element time frame, the City estimates that it will assist two to seven units.

*Responsible Agency/Department:* Public Services Department, Finance Department  
*Time Frame:* Modify by 2012  
*Funding:* General Fund

**Policy H-8 (Mixed Housing Types)**

Encourage the mixing of affordable housing throughout the community rather than concentrating affordable units in a few locations.



### **Program H-8.1**

The City will allow the conversion of older motels to residential use, subject to discretionary review, outside the Visitor-Serving Commercial (C-VS) and Waterfront (WF) zones. Criteria for approving residential uses will be stated in the Zoning Ordinance. These conversions will also receive a priority in the unit allocation list.

*Responsible Agency/Department:* **City Council, Planning Division**  
*Time Frame:* **Ongoing; codify criteria by August 2015**  
*Funding:* **General Fund**

### **Policy H-9 (Mixed Use)**

Continue to promote a policy of mixed uses by allowing housing in conjunction with compatible commercial uses in appropriate mixed-use designations located throughout the city. The allowance of these mixed-use designations will require additional findings to ensure new projects do not change the character of the neighborhood.

### **Program H-9.1**

The City will develop criteria for determining the appropriate compatible mix of residential and commercial development to ensure neighborhood consistency.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Codify criteria by June 2016**  
*Funding:* **General Fund**

### **Policy H-10 (Secondary Units)**

Allow for the development of secondary housing units as an affordable housing option throughout the city.

### **Program H-10.1**

To comply with AB 1866, the City will continue to permit secondary dwelling units ministerially (by right) in all residential zones. An administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, is required for new secondary units in or outside the coastal appeals jurisdiction.

*Responsible Agency/Department:* **Planning Division**  
*Time Frame:* **Ongoing, as projects are processed through the Planning Division**  
*Funding:* **General Fund**



## 2. Conservation and Rehabilitation

**Objective:** Conserve and rehabilitate the city's current stock of affordable housing.

### ***Policy H-11 (Section 8 Subsidies)***

Continue to maintain Section 8 rent subsidies.

#### **Program H-11.1**

The City will coordinate its efforts with the appropriate agencies to continue receiving Section 8 subsidy monies.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Ongoing, 2014–2019**  
*Funding:* **General Plan**

### ***Policy H-12 (Special Needs Groups)***

Provide financial assistance for rehabilitation of homes for elderly, disabled, and disadvantaged persons.

#### **Program H-12.1**

The City will encourage local private organizations to assist elderly, disabled, and disadvantaged persons in the repair and rehabilitation of their housing.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Meet with organizations annually**  
*Funding:* **CDBG, HOME, other funding sources to be determined**

### ***Policy H-13 (Minimizing Impact)***

Ensure that public projects are planned to minimize their impact on the quality and stability of residential neighborhoods.

#### **Program H-13.1**

The City is considering adopting neighborhood compatibility standards for new developments in existing neighborhoods. The City will consider developing a standard set of criteria to use in determining whether proposed projects are compatible with the existing neighborhoods in which they are proposed, the purpose of which is to give project proponents clear direction for project design and to provide staff and the Planning Commission with clear guidelines for decision-making. These criteria could include a pre-application process to provide clear direction for the project.



*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Consider developing standards and adopt standards if determined they are needed by June 2015**  
*Funding:* **General Fund**

### ***Policy H-14 (Mobile Home Park Upkeep)***

Maintain the city's mobile home parks.

#### **Program H-14.1**

The City will promote the continued upkeep of existing economically viable mobile home parks by keeping park owners informed of opportunities through HCD to maintain mobile home parks through energy retrofits, housing rehabilitation, and weatherization programs.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Inform owners every two years beginning in 2015**  
*Funding:* **General Fund**

#### **Program H-14.2**

The City will when feasible apply for a grant to conduct a feasibility study to determine the possibility of a mobile home park conversion program. The study will include an inventory of the number of units that are RVs, trailers, or mobile homes on a chassis (not on permanent foundation), the condition of the units, and the identification of opportunities to replace them with new permanent affordable housing units.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **As funding sources become available; consider applying for funds by October 2014**  
*Funding:* **CDBG, HOME, other funding sources to be determined**

### **3. Protect and conserve existing affordable housing stock in Morro Bay.**

**Objective:** Preserve all affordable housing units in the city.

#### ***Policy H-15 (At-Risk Units)***

Cooperate with other governmental, for-profit, and nonprofit entities to ensure no lower-income residents are adversely impacted by the conversion of existing affordable housing projects to market-rate rents.



### **Program H-15.1**

The City will maintain a list of all dwellings in the city that are subsidized by government funding or low-income housing developed through local regulations or incentives. The list will include, at least, the number of units, the type of government program, and the date on which the units may convert to market-rate dwellings. No units have been identified as at-risk of converting to market rate within 10 years of the beginning of the 5<sup>th</sup> cycle Housing Element planning period.

The City will require all property owners to provide at least 2 years' notice prior to the conversion of any units for lower-income households to market-rate units in any of the following circumstances:

- The units were constructed with the aid of government funding.
- The units were required by the City's Affordable Housing Program.
- The project was granted a density bonus.
- The project received other incentives.

Such notice will be given at least to the following:

- The City
- HCD
- Housing Authority of the City of San Luis Obispo
- Residents of at-risk units
- Any others deemed appropriate

*Responsible Agency/Department:*      *Public Services Department*  
*Time Frame:*                                      *Ongoing*  
*Funding:*    *General Fund*

### ***Policy H-16 (Conversion to Condominiums)***

Continue to protect existing lower-income apartment units from loss through conversion to condominiums.



### **Program H-16.1**

The City will continue to comply with Government Code Section 65590 et seq. that sets forth the requirements for conversions, demolitions, and replacement housing in the coastal zone.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Ongoing, 2014–2019**  
*Funding:* **General Fund**

### ***Policy H-17 (Demolished Units)***

Require the replacement of very low-, low-, and moderate-income housing that is demolished with similar affordable housing.

### **Program H-17.1**

The City will require the abatement of unsafe structures, while giving property owners ample time to correct deficiencies. Residents displaced by such abatement should be provided relocation assistance.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Ongoing, 2014–2019**  
*Funding:* **General Fund**

## **4. Special Needs**

**Objective:** Meet the housing needs of special groups of Morro Bay residents, including seniors, disabled persons, and single parents.

### ***Policy H-18 (Senior Housing)***

Provide more senior housing opportunities throughout the city.

### **Program H-18.1**

The City will utilize CDBG and other state or federal monies to assist in the development of lower-income senior rentals.

*Responsible Agency/Department:* **Public Services Department**  
*Time Frame:* **Apply for funding as Notices of Funding Availability (NOFA) are released**  
*Funding:* **CDBG/federal monies**



***Policy H-19 (Special Housing Needs)***

Promote the development of special housing needs, such as transitional housing, housing for seniors, housing for persons with physical, developmental, or mental disabilities, farmworker housing, and housing for extremely low-income persons.

**Program H-19.1 (Developmental Disability Needs)**

The City will work with housing providers to ensure that special housing needs and the needs of lower-income households are addressed for seniors, large families, female-headed households with children, persons with disabilities and developmental disabilities, extremely low-income households, and homeless individuals and families. The City will seek to meet these special housing needs through a combination of regulatory incentives, zoning standards, new housing construction programs, and supportive services programs. The City will promote market-rate and affordable housing sites, housing programs, and financial assistance available from the City, county, state, and federal governments. In addition, as appropriate, the City will apply for or support others' applications for funding under state and federal programs designated specifically for special needs groups.

***Responsible Agency/Department:*** *Public Services Department, City Council*  
***Time Frame:*** *Seek funding opportunities beginning in 2014–2015 and annually thereafter; all program components are ongoing*  
***Funding:*** *Federal Housing Opportunities for Persons with AIDS, California Child Care Facility Financing Program, and other state and federal programs designated specifically for special needs groups*

***Policy H-20 (Family Housing)***

Support family housing that addresses resident needs for child care, youth services, recreation opportunities, and access to transit.

**Program H-20.1**

As part of the process of assessing a proposed residential development, the City will evaluate the potential to incorporate other uses within the project or in conjunction with the project, including, but not limited to, project-serving retail, job centers, or services such as child care.

***Responsible Agency/Department:*** *Public Services Department*  
***Time Frame:*** *As projects are processed through the Planning Division*  
***Funding:*** *Affordable Housing Fund*



## 5. The Homeless

**Objective:** Reduce the incidence of homeless persons in the community, work with other cities, the County, and various nonprofits to continue to operate a convenient homeless shelter for the region.

### ***Policy H-21 (Regional Homeless Shelters)***

Participate in the operations and maintenance of the regional homeless shelter facility. The City will continue to provide information about housing opportunities and services for homeless persons through the Police Department as well as at City Hall.

#### **Program H-21.1**

The City will cooperate with other cities, the County, and other agencies in the development of programs aimed at providing homeless shelters and related services, including medical service for walk-in cases. The City will continue to implement the regional plan to end homelessness entitled “Housing for All: A Plan to End Homelessness.”

<i>Responsible Agency/Department:</i>	<i>Public Services Department</i>
<i>Time Frame:</i>	<i>Ongoing; meet with homeless service providers and other county jurisdictions annually</i>
<i>Funding:</i>	<i>General Fund</i>

## 6. Energy Conservation

**Objective:** Increase the efficiency of energy use in new and existing homes, with a concurrent reduction in housing costs to Morro Bay residents.

### ***Policy H-22 (Energy Efficiency Requirements)***

Require all new dwelling units to meet current state requirements for energy efficiency. The retrofitting of existing units will be encouraged.

#### **Program H-22.1**

The City will continue to implement Title 24 of the California Code of Regulations on all new development and will continue to ensure that local building codes are consistent with state mandated or recommended green building standards. The City will also continue to encourage the use of additional innovative energy conservation techniques such as active and passive solar systems, orientation, and project layout in an endeavor to further reduce dependence on outside energy sources. The City will make handouts and literature available to the public outlining measures that they can take to reduce energy use.



*Responsible Agency/Department:* **Building Division, Public Services Department**

*Time Frame:* **Ongoing; ensure consistency with state green building standards triennially when the California Building Code is adopted**

*Funding:* **Plan check fees and General Fund**

### **Program H-22.2**

The City will work with the Pacific Gas and Electric Company (PG&E) and the Southern California Gas Company to encourage existing residents to participate in energy efficiency retrofit programs. The City will consider sponsoring an energy awareness program in conjunction with PG&E and the Southern California Gas Company to educate residents about the benefits of various retrofit programs.

*Responsible Agency/Department:* **Public Services Department**

*Time Frame:* **Ongoing, as projects are processed through the Planning Division**

*Funding:* **General Fund/PG&E**

### **Program H-22.3**

To promote residential energy efficiency retrofits, the City will pursue membership in a property assessed clean energy (PACE) program. PACE programs allow property owners to install water and energy efficiency and renewable energy projects with low interest financing that rides with the property instead of the homeowner. The City will coordinate with the County or statewide PACE program providers to identify and enroll in an appropriate program.

*Responsible Agency/Department:* **Public Services Department**

*Time Frame:* **Enroll in a PACE program by 2015**

*Funding:* **General Fund**

### **Program H-22.4**

The City will consider adopting an ordinance to require all new residential construction to incorporate active or passive solar energy features or other renewable energy generating systems.

*Responsible Agency/Department:* **City Council, Public Services Department**

*Time Frame:* **Prepare recommendation on whether to adopt an ordinance by December 2016. If decision is made to adopt an ordinance, adopt by August 2017.**

*Funding:* **General Fund**



### **Program H-22.5**

The City will consider establishing a rotating fund to provide low-interest loans to Morro Bay residents for the purpose of:

- Installing solar or other renewable energy generating systems on existing residential structures, or
- Retrofitting existing residential structures with insulation, double pane windows, passive solar features, or other features that will materially reduce energy consumption.

Initial capitalization of the fund might be provided by a local tax on the sale of electricity, natural gas, propane, automotive fuels, or other traditional energy industries, or by an environmental mitigation fee charge levied on parcels occupied by facilities for electrical generation or transmission, natural gas extraction or transportation, or production or distribution of liquefied propane.

***Responsible Agency/Department:*** *City Council, Public Services Department, Finance Department*

***Time Frame:*** *Research program by December 2015*

***Funding:*** *General Fund or County of San Luis Obispo funding sources*

### **Program H-22.6**

The City will consider adopting an ordinance that would require, as a condition for approval of any permit for the expansion or modification of a residential dwelling within the City of Morro Bay, that the entire residence, including both the existing structure and the proposed addition or modification be brought into compliance with the currently-enacted requirements of Title 24 of the California Code of Regulations to the greatest degree feasible. In the event that full compliance with the requirements of Title 24 is asserted to be less than feasible by the applicant for such permit or by the Planning Department of the City of Morro Bay, approval of the requested permit should be granted only by action, in a duly-noticed public hearing, of the Planning Commission or City Council of the City of Morro Bay.

***Responsible Agency/Department:*** *City Council, Public Services Department*

***Time Frame:*** *Prepare recommendation on whether to adopt an ordinance by December 2016. If decision is made to adopt an ordinance, adopt by August 2017.*

***Funding:*** *General Fund*



***Policy H-23 (Energy-Efficient Land Use)***

Encourage energy efficiency in new land use patterns, to the extent feasible.

**Program H-23.1**

The City will continue to implement the subdivision ordinance which requires that new subdivisions incorporate design features reducing vehicle dependence and encouraging pedestrian and bicycle circulation through the development of transit stops and bicycle and pedestrian routes, where feasible and appropriate.

*Responsible Agency/Department: Public Services Department*  
*Time Frame: As projects are processed through the Planning Division*  
*Funding: General Fund*

**7. Equal Opportunity**

**Objective:** Ensure equal access to sound, affordable housing for all persons regardless of race, creed, age, or sex.

***Policy H-24 (Fair Employment and Housing)***

Promote the enforcement of the policies of the California Department of Fair Employment and Housing. The City declares that all persons, regardless of race, creed, age, or sex, will have equal access to sound and affordable housing.

**Program H-24.1**

The City will continue to provide information from the California Department of Fair Employment and Housing regarding housing and tenant rights at City Hall and other prominent locations in the city, including the Public Services Department. The City will refer persons experiencing discrimination in housing to California Rural Legal Assistance (CRLA).

*Responsible Agency/Department: Planning Division and all City departments that receive complaints*  
*Time Frame: Ongoing*  
*Funding: General Fund*

**8. Public Participation**

**Objective:** Ensure participation of all economic segments of the community in the development of housing policy for Morro Bay.

***Policy H-25 (Public Participation)***

Encourage the participation of all citizens of Morro Bay in the development of housing policies for the city.

**Program H-25.1**

Prior to any public hearing where the City is considering amending or updating the housing element, the City will directly notify People's Self-Help Housing Corporation, the Housing Authority of the City of San Luis Obispo, California Rural Legal Assistance, the Chamber of Commerce and Business Bureau, and local churches, as well as post notices on the City's website and at significant public locations.

***Responsible Agency/Department:*** *Public Services Department*

***Time Frame:*** *Ongoing*

***Funding:*** *General Fund*

**Program H-25.2**

The City will advocate for affordable housing by educating the Planning Commission, the City Council, and the public on the benefits of affordable housing.

***Responsible Agency/Department:*** *Public Services Department, City Manager, Community Groups*

***Time Frame:*** *Ongoing*

***Funding:*** *CDBG/General Fund*



### QUANTIFIED OBJECTIVES SUMMARY

Based on the policies and actions outlined in Table 46, the following objectives represent a reasonable expectation of the maximum number of new housing units that will be developed, rehabilitated, or conserved and the number of households that will be assisted over the next five years. The City should be able to facilitate the development of 149 new units and assist with the rehabilitation of 35 units between 2014 and 2019.

**TABLE 46: QUANTIFIED OBJECTIVES SUMMARY (2009–2014)**

Task	Income Level					Total
	Extremely Low	Very Low	Low	Moderate	Above Moderate	
Fair Share Allocation	19	20	24	27	65	155
Residential Permits Issued (1/14–3/14)	0	0	0	0	6	6
New Construction Objectives <sup>1</sup>	19	20	24	27	59	149
Rehabilitation	2	8	15	10	0	35
Preservation <sup>5</sup>	0	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>28</b>	<b>39</b>	<b>37</b>	<b>65</b>	<b>190</b>

Source: SLOCOG 2013; City of Morro Bay 2014

Notes:

<sup>1</sup> These numbers are based on the Regional Housing Needs Allocation.

<sup>2</sup> There are no units currently at risk, but the City will continue to monitor the existing affordable units (Program H-15-1).

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**APPENDIX A-**  
**MASTER FEE SCHEDULE**

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# Adopted Master Fee Schedule For the 2013/14 Fiscal Year

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# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Preface

All fees, except for those related to Business License, are subject to increase by either the April Consumer Price Index (CPI) for Los Angeles-Riverside-Orange County, or the Engineering News Record (ENR), unless prevented by law. Business License adjusts based on the March CPI, per Municipal Code Section 5.04.050.

ENR for April 2013 = 2.273%

CPI for April 2013 = 0.9%

CPI for March 2013 = 1.3%

The Master Fee Schedule is updated annually in June/July; therefore, any fees adopted after its publication, and prior to the next annual update, may not be included.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## All Departments & Offices

<b>Photocopies:</b>		
First page	\$	0.75
Each additional page	\$	0.25
<b>Photocopies mailed:</b>		
Cost of postage		Actual
First page	\$	0.75
Each additional page	\$	0.25
<b>Appeal fee:</b>		
Non-refundable appeal fee for non-land use administrative decisions	\$	250.00

### Notes:

Unless specifically identified elsewhere (e.g., Public Safety), all departments and offices shall use these rates.

**City of Morro Bay  
Master Fee Schedule  
For the 2013/14 Fiscal Year**

**Elections**

**Filing fee:**

Notice of intention to circulate petition - this amount is refundable under Elections Code Section 9202(b), with conditions

\$ 200.00

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Finance Department

<b>Copies:</b>		
Budget document, per copy	\$	25.00
Basic Financial Statements (City Audit), per copy	\$	25.00
Master Fee Schedule document, per copy	\$	25.00
Returned check charge (CA Civil Code Section 1719):		
First time	\$	25.00
Each subsequent	\$	35.00
<b>Utility Billing:</b>		
Water service application fee	\$	25.00
Physical posting of shut-off notice at customer location	\$	54.00
Refundable Utility deposit - residential tenants only <sup>1</sup>	\$	100.00
Reconnection (MC 13.04.310)	\$	46.00

<sup>1</sup> A deposit is required from all residential tenants who sign up for utility service. Existing residential tenants, whose service is terminated due to delinquent non-payment, will be required to pay a deposit, in addition to the service reconnection fee, in order to restore service ONLY IF THE DEPOSIT HAS NOT PREVIOUSLY BEEN COLLECTED.

If the residential tenant moves within the City limits, the deposit will transfer with the residential tenant to his/her new address.

The deposit is applied to the closing bill when the residential tenant moves out; any remaining credit balance is refunded. If the tenant's status changes to an owner, the deposit is refunded.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Building

<b>Building &amp; Construction Permits:</b>		
Valuation of from 0 - \$3,000 (including electrical service less than 600 amp, and minor plumbing alternatives)	\$	83.00
\$3,001 and up - .025 x total valuation as determined by the Building Official (50% upon submittal/50% at issuance)		
Construction Operation After Hours	\$	31.00
Building Re-Address Processing	\$	30.00
Demo w/o Asbestos	\$	66.00
Demo w/ Asbestos	\$	133.00
In-lieu Housing Fee (if unit not affordable housing) - per sq/ft	\$	0.32
General Plan Maintenance - 6% Surcharge on all Building Permits <sup>2</sup>		
SMIP Category I (Residential) - .0001 x valuation		
SMIP Category II (Commercial) - .00021 x valuation		
Unsafe Building repair, demolition or moving structure - charged at cost		
<b>Special Inspection and Plan Review Fees:</b>		
Inspection Fees - outside of normal work hours - per hour, 2 hour minimum	\$	151.00
Re-Inspection Fees - per hour	\$	76.00
Property condition report for Condominium Conversions	\$	18.00
Inspection for which no fee is otherwise indicated - per hour, 1/2 hour minimum	\$	76.00
Additional Plan Review required by changes, additions, revisions to the approved plans - per hour, 1/2 hour minimum	\$	76.00
Use of outside consultants for special plan checking and inspection - charged at actual cost		
Penalty for commencing construction without permit(s). This is in addition to the standard building permit fees.	\$	105.00
		+ 2 times permit fee + \$52.00 per day after notice
Retrofit upon transfer of sale	\$	34.00

<sup>2</sup> General Plan Maintenance surcharge includes 1% for Geographic Information System (GIS) Maintenance

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Building Development Impact Fees <sup>3</sup>

<b>Building fees, per square foot <sup>4</sup>:</b>	
Residential:	
Single Family <sup>5</sup>	\$ 3.89
Multi-Family <sup>5</sup>	\$ 6.21
Non-residential:	
Commercial <sup>5</sup>	\$ 3.90
Office <sup>5</sup>	\$ 2.77
Industrial <sup>5</sup>	\$ 1.44
<b>Park fees for residential in-fill lots, per square foot:</b>	
Single Family	\$ 1.20
Multi-Family	\$ 2.00
<b>Water fee:</b>	
1" meter	\$ 2,422.00
1-1/2" meter	\$ 4,844.00
2" meter	\$ 7,747.00
3" meter	\$ 15,495.00
<b>Wastewater fee:</b>	
1" meter	\$ 4,446.00
1-1/2" meter	\$ 8,893.00
2" meter	\$ 17,783.00
3" meter	\$ 28,452.00

<sup>3</sup> Adjust annually based on change in Engineering News Record (ENR).

<sup>4</sup> Fees are per square foot including garages (enclosed spaces). Single-family residential additions of 500 square feet or less are exempt (this is for a cumulative five (5) year period).

<sup>5</sup> Plus water **and** wastewater fees, which are based on meter size

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Building Development Impact Fees

### Public Facilities Fees (per square foot):

#### Residential:

##### Single Family Residential:

General Government	\$ 1.15
Police	\$ 0.39
Parks	\$ 1.20
Fire	\$ 0.42
Storm Drain	\$ 0.05
Traffic	\$ 1.86
Water <sup>6</sup>	\$ 0.64
Wastewater <sup>6</sup>	\$ 1.79

##### Multi-Family Residential:

General Government	\$ 1.91
Police	\$ 0.63
Parks	\$ 2.00
Fire	\$ 0.70
Storm Drain	\$ 0.06
Traffic	\$ 2.90
Water <sup>6</sup>	\$ 0.97
Wastewater <sup>6</sup>	\$ 2.66

<sup>6</sup> Water and Wastewater actual fees are based on the meter size. Amount shown is estimated based on the fees divided by the estimated building square feet.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Building Development Impact Fees

<b>Public Facilities Fees, per square foot (continued):</b>	
Non-residential:	
Commercial:	
General Government	\$ 0.23
Police	\$ 0.06
Parks	\$ 0.01
Fire	\$ 0.21
Storm Drain	\$ 0.03
Traffic	\$ 3.35
Water <sup>6</sup>	\$ 2.41
Wastewater <sup>6</sup>	\$ 4.45
Office:	
General Government	\$ 0.31
Police	\$ 0.08
Parks	\$ 0.01
Fire	\$ 0.30
Storm Drain	\$ 0.03
Traffic	\$ 2.01
Water <sup>6</sup>	\$ 2.41
Wastewater <sup>6</sup>	\$ 4.45
Industrial:	
General Government	\$ 0.09
Police	\$ 0.03
Parks	\$ 0.01
Fire	\$ 0.08
Storm Drain	\$ 0.03
Traffic	\$ 1.16
Water <sup>6</sup>	\$ 2.41
Wastewater <sup>6</sup>	\$ 4.45

<sup>6</sup> Water and Wastewater actual fees are based on the meter size. Amount shown is estimated based on the fees divided by the estimated building square feet.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Business License<sup>7</sup>

### Business License:

Business License fee - varies by type of license requested	See Subsequent Pages
Business License listing, per list	\$ 15.00
Business License, transfer (MC 5.04.220)	\$ 2.00
Business License, duplicate (MC 5.04.230)	\$ 2.00
Home Occupation Permit Processing Fee (one time fee)	\$ 65.00
Home Occupation Basic (annual)	\$ 135.00
Home Occupation Exception (annual)	\$ 57.00

<sup>7</sup> With the adoption of the 2013/14 Master Fee Schedule, a \$3 software maintenance fee was added to Business License fees.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Business License<sup>7</sup> Exhibit A

### Business License (MC 5.08):

#### Ambulances

License	Annum	\$ 109.00
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Apartments, Motel, Hotel, Multiple Dwellings, Rest Homes, Rooming Houses, Hospitals & Sanitariums	Annum	\$ 135.00
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Plus: Each Unit/Person cared for Over 4		\$ 5.00
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#### Art Hobby or Handicraft Show & Exhibitions

Minimum Per Salesperson	Annum	\$ 3.00
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#### Auctioneers

No Fixed Place of Business	Day	\$ 135.00
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Fixed Place of Business	Annum	\$ 135.00
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Plus: Each Employee	Annum	\$ 32.00
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Bingo		\$ 66.00
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Carnivals and Circuses	Day	\$ 534.00
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3-more sale	Annum	\$ 135.00
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Coin-Operated Vending Machine	Gross Receipts	0.01
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#### Contractors

General	Annum	\$ 266.00
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One Job Only	Job	\$ 135.00
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Specialty	Annum	\$ 135.00
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One Job Only	Job	\$ 35.00
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Delivery By Vehicle For One or More Vehicles	Annum	\$ 135.00
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Exhibiting Animals or Trick Riding, Wire Dancing or other Exhibitions (Exception No Fee or Admission)	Day	\$ 56.00
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Fire Wreck or Bankrupt Sale, Each Sale		\$ 189.00
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Plus: In Excess of 3 Days	Day	\$ 109.00
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<sup>7</sup> With the adoption of the 2013/14 Master Fee Schedule, a \$3 software maintenance fee was added to Business License fees.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Business License<sup>7</sup> Exhibit A (page 2)

Flea Markets	Daily Gross		
Minimum per Salesperson	Day	\$	10.00
Garage Sales			No Fee
ERR			
Merry-Go-Round, Revolving Wheel Chute, Tobaggan, Slide, Mechanical Riding Contrivance or Pony Ride	Day	\$	56.00
Money Lenders & Pawnshops		\$	537.00
Non-Profit Organizations			Exempt
Peddlers, Solicitors, or Itinerant Merchants			
Peddlers	Day	\$	56.00
Solicitors	Day	\$	109.00
Plus: Each Employee	Day	\$	53.00
Itinerant Merchants	Day	\$	56.00
	Week	\$	109.00
	Month	\$	162.00
	Quarter	\$	213.00
	180 days	\$	266.00
Public Utilities	Annum	\$	135.00
Plus: Each Employee	Annum	\$	32.00
Exception: When City Franchise Tax is greater than \$80.00			
Private Patrol	Annum	\$	67.00
Public Dance (Exception No Fee or Admission)	Day	\$	56.00
Real Estate			
Calif. Licensed Broker	Annum	\$	135.00
Each Salesman or Agent	Annum	\$	32.00
Each Employee	Annum	\$	23.00

<sup>7</sup> With the adoption of the 2013/14 Master Fee Schedule, a \$3 software maintenance fee was added to Business License fees.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Business License<sup>7</sup> Exhibit A (page 3)

Secondhand Store or Junkdealer	Annum	\$	135.00
Plus: Each Employee	Annum	\$	32.00
Skating Rink	Annum	\$	135.00
Plus: Employee	Annum	\$	32.00
<b>Taxicabs</b>			
License Per Cab	Annum	\$	73.00
Driver	Annum	\$	10.00
Tent Show or Itinerant Show (Exception No Fee or Admission)	Day	\$	135.00
<b>Trailer House, RV or Mobile Home Park</b>			
Rental Spaces 1-4	Annum	\$	135.00
Plus: Additional Space	Annum	\$	5.00
Undesignated Professionals	Annum	\$	135.00
Plus: Each Employee	Annum	\$	32.00
Wrestling or Boxing Show	Day	\$	56.00

<sup>7</sup> With the adoption of the 2013/14 Master Fee Schedule, a \$3 software maintenance fee was added to Business License fees.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Engineering

### Engineering:

Subdivisions, commercial or multifamily are typically more complex, and require more review.

### Flood Hazard Development Permit (MC 14.72.040):

Permit, minimum fee <sup>8 &amp; 9</sup>	\$ 190.00
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Flood Plain Letter	\$ 95.00
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### Subdivisions:

Final Map - Tract, minimum fee (MC 16.24.040J) <sup>8 &amp; 9</sup>	\$ 1,222.00
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Final Parcel Maps with Improvements, minimum fee <sup>8 &amp; 9</sup>	\$ 314.00
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Final Maps Amendment Review, minimum fee <sup>8 &amp; 9</sup>	\$ 263.00
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### Inspections/Plan Review

Inspections	Cost of service
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Public/Subdivision Improvement Plan Check, minimum fee <sup>8 &amp; 9</sup>	\$ 450.00
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### Abandonment Process

Street/R-O-W Abandonment Process <sup>9</sup>	\$ 898.00
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### Encroachment Permits<sup>9</sup> (MC 13.16.140):

Regular	\$ 129.00
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Special - Engineered Structures, minimum fee <sup>8</sup>	\$ 282.00
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Non-Engineered Structures, minimum fee <sup>8</sup>	\$ 129.00
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Annual Utility Encroachment Permit	\$ 198.00
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Wide Load Permit with Traffic Control Plans - Per Year <sup>8</sup>	\$ 90.00
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Wide Load Permit with Traffic Control Plans - One Time <sup>8</sup>	\$ 16.00
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### Street & Sidewalks:

Exception Application	\$ 160.00
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<sup>8</sup> Time and materials costs may be added to minimum, when actual cost exceeds the minimum fee.

<sup>9</sup> With the exception of Wide Load Permits, Encroachment Permits fees adjust annually based on the April Engineering News Record (ENR-CCR)

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Engineering

### Stormwater fees:

#### Single family:

Planning review of preliminary stormwater plan	\$	142.00
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Building permit review of stormwater plan	\$	186.00
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Inspection of stormwater facility/erosion control	\$	99.00
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#### Other (per 6,000 sq ft lot area, or fraction thereof):

Planning review of preliminary stormwater plan	\$	142.00
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Building permit review of stormwater plan	\$	186.00
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Inspection of stormwater facility/erosion control	\$	99.00
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### Trees:

Removal Permit (to trim, brace or remove, MC 12.08.110)	\$	256.00
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# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Planning

<b>Affordable Housing In-Lieu Funding Assistance Fee</b>	\$	541.00
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Applicants requesting assistance for affordable housing projects or programs with affordable housing in-lieu fees shall pay a base deposit fee of \$500 to conduct the necessary financial analysis to determine the justification of the fee assistance. All expenses associated with further financial analyses (real estate financial pro forma) shall be paid by the applicant and deposited into this fund to cover all City expenses. These fees will either be reimbursed to the applicant or credited toward other project fees, if the City Council determines that financial assistance from the housing in-lieu fee fund is justified.

### **Coastal Permits:**

Coastal Permit in combination with Conditional Use Permit		No Fee
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Coastal Permit (Administrative)	\$	704.00
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Single Family Dwelling, Multiple Dwelling, Office, Commercial, Convention, Industrial & Institutional	\$	3,044.00
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Additions greater than 10% to Single Family Dwelling in Coastal Appeals area (Planning Commission)	\$	505.00
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Emergency Permit (excluding required regular CDP)	\$	634.00
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#### Other Administrative:

Tree Removal, private	\$	242.00
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### **Environmental:**

Categorical Exemption	\$	86.00
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Negative Declaration	\$	1,047.00
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Mitigated Negative Declaration	\$	3,356.00
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Filing Fee - for environmental document as per County	\$	51.00
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Environmental Impact Report - contract amount plus 25% attorney fees on all discretionary projects - cost	\$	4,556.00
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Department of Fish & Game CEQA document fee (pass through - see <a href="http://www.dfg.ca.gov">www.dfg.ca.gov</a> for fee)		
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# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Planning

### Miscellaneous:

Letter regarding land use confirmation or other research - per hour	\$ 86.00
Development Agreement	\$ 4,556.00
Applicant Requested Continuance	\$ 111.00
Street Name/Rename Processing	\$ 403.00
Fine, in addition to permit - \$100.00 plus two times permit fee; plus \$50 per day - after notice. Deposit required.	
Request for Averaging Front Yard Setbacks (sq ft)	\$ 110.00
Appeals of City decisions excluding Coastal Permits in Coastal Appeal Jurisdiction - refundable if applicant prevails	\$ 250.00
Copy of Planning Commission DVD	\$ 12.00

### Notification fees:

Planning Commission hearings	\$ 138.00
Administrative hearings	\$ 87.00
Special Event - based on actual personnel cost	

### Planned Development Zone:

Projects with planned development overlay (for construction of SFR in PD overlay zone) see CUP fees; for all other projects, if within waterfront master plan area, charge time and materials plus a deposit that is to be tiered based on size of the project (Council action 8/23/10).

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Planning

<b>Sign Permits:</b>	
Sign permit	\$ 86.00
Sign Exception (CUP)	\$ 714.00
Pole Sign (CUP)	\$ 714.00
Fines:	
Temporary, beyond time allowed by Ordinance - per day after notice	\$ 10.00
Permanently attached signs w/o permit - per day after notice	\$ 21.00
<b>Subdivisions:</b>	
<i>Note: all subdivisions may be billed at direct cost</i>	
Tentative Parcel Map Application	\$ 3,245.00
Tentative Tract Map Application up to 10 lots/plus \$100.00 per lot over 10	\$ 4,327.00
Amendments to Existing Tract or Parcel Maps	\$ 2,323.00
Lot Line Adjustment	\$ 762.00
Certificate of Compliance (legal determination) - fee plus a deposit for extensive research as needed	\$ 525.00
Lot Mergers	\$ 211.00
<b>Text Amendments:</b>	
Zone Changes - deposit plus cost	\$ 4,556.00
Specific Plan	\$ 4,683.00
General Plan/Local Coastal Plan Amendment deposit plus cost	\$ 4,683.00
Annexations - deposit plus cost	\$ 4,931.00
<b>Time Extensions:</b>	
Time Extensions for CUP, regular Coastal Permits and Variance (Planning Commission)	\$ 525.00
Time Extensions for Tract Maps and Parcel Maps	\$ 525.00
Time Extensions - Administrative	\$ 44.00

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Planning

### Use Permits

*Note: All Use Permits may be billed at direct cost at the discretion of the Public Services Director - scheduled fee would then be deemed as a deposit*

*Note: All refund requests must be submitted in writing to the City and must include the permit number.*

Conditional Use Permit	\$ 3,917.00
One SFR in a Planned Developed Zone or Bluff Area	\$ 594.00
Occupancy changes Commercial/Industrial (no construction)	\$ 505.00
Additions to non-conforming uses structures, not adding units or new uses	\$ 505.00
Minor Use Permit	\$ 541.00
Temporary Use Permit - longer than 10 days	\$ 541.00
Outdoor Display and Sales and Outdoor Dining	\$ 863.00
Administrative Temporary Use Permit - 7 consecutive or 10 non-consecutive days per calendar year	\$ 44.00
Amendments to Existing Permits (Planning Commission)	\$ 1,942.00
Major Modification While Processing	\$ 1,459.00
Minor Amendments to Existing Permits (Administrative)	\$ 184.00

### Variances:

Variance	\$ 2,413.00
Variances processed with other permits	\$ 725.00
Minor Variance	\$ 399.00
Parking Exceptions	\$ 123.00

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Water

### Water Service:

Application (MC 13.04.07)	\$	25.00
Connection - Within City will be charged at cost (MC 13.04.100)		
Connection - Outside City will be charged at 2 x cost (MC 13.04.100)		
Connection - Subdivisions will be charged at owner expense (MC 13.04.100)		
Main Extension Approval will be charged at cost (MC 13.04.120)		
Temporary Service Application will be charged at cost (MC 13.04.150)		

### Meter Installations/Connections:

3/4 inch to 5/8 inch meter (water fee plus wastewater fee)	\$	1,350.00
1 inch to 1-1/2 inch meter	\$	1,811.00
2 inch meter and above	\$	Cost of service
Meter Box Installation	\$	218.00
Temporary Water Meter Rental	\$	87.00
Water Meter Re-Read	\$	26.00
Reconnection (MC 13.04.310)	\$	46.00
After - Hours Water Meter Turn Off/On	\$	117.00
"Drop in" meter fee, up to 2 inches	\$	.75 x regular meter fee
Relocation of water meter for customer convenience	\$	1.5 x regular meter fee
Water meter lock - cost of replacing damaged lock	\$	Lock + \$46
Circuses, Carnivals & Traveling Shows - Fire Hydrant (MC 13.04)		

### Fire Hydrants - Contractor Use (MC 13.04.360):

Meter Installation and Removal - per Council Resolution; will be charged at cost

Meter Use - per day	\$	4.00
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### Water Cross Connection (MC 13.08.070B):

Certificate of Compliance	\$	23.00
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### Water Usage (MC 13.04.220, sewer rates not included):

Per Council Resolution

### Water Deposit:

Refundable deposit - residential tenants only	\$	100.00
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# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Public Services Department Sewer

### Sewer:

Connection Permit - fee plus staff time for inspection (MC 13.12.010) \$ 76.00

Extension - pro rated - to be charged at cost (MC 13.12.050)

Use of Existing Sewer Permit - per Council Resolution (MC 13.12.090)

Use Charges - per Council Resolution (MC 13.12.210)

Discharge Fee - Recreational Vehicles and Campers (MC 13.12.250A, no charge)

Discharge Fee - Tank Trucks and Commercial per truck, for each 1,000 gallon capacity (MC 13.12.250B) \$ 7.00

Private Facility (MC 13.12.280, no charge)

Minimum and Availability Charge - per Council Resolution (MC 13.12.090)

Raising Manhole to Grade - cost of providing service

Sewage Spill Cleanup - cost of providing service

Spill in Right-of-Way Cleanup - cost of providing service

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Police Department (See Notes)

<b>Permits &amp; Licenses:</b>	
Sex/Narcotic Registrant Fee	\$ 0.00
Tow/Taxi Service Provider Application Fee	\$ 598.00
Taxi Operator Permit Application Fee	\$ 381.00
Taxi Operator Permit Application Renewal Fee	\$ 64.00
Second Hand Dealer Permit - City Application Fee (does not include Department of Justice fee)	\$ 318.00
Second Hand Dealer Permit renewal - City Application Fee (does not include Department of Justice fee)	\$ 158.00
Massage Therapist/Parlor Permit Application Fee	\$ 132.00
<b>Police Copies:</b>	
Report/Document Copies - per page	\$ 1.00
<b>Support Services Manager Activity:</b>	
Digital Photo Reproduction to CD - per hour, 1 hour minimum	\$ 53.00
Audio/Video Tape Reproduction - per hour, 1 hour minimum	\$ 53.00
Record Searches/Reviews/Clearance/Responses - per hour, 1 hour minimum	\$ 53.00
<b>Officer Activity:</b>	
Equipment Citation Sign Off	\$ 15.00
Vehicle Impound Fee Administrative Costs (CVD 22850.5)	\$ 158.00
Abandoned Vehicle Removal (junk vehicles/parts)	\$ 318.00
Juvenile In Custody Service - per hour	\$ 69.00

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Police Department (See Notes)

<b>Other Police Services:</b>		
Firearms - seizure/storage (PC 12021.3-33880)	\$	53.00
<b>State Mandated Costs</b>		
Concealed Weapons Permit (does not include DOJ or other fees)	\$	106.00
Renewal of Concealed Weapons Permit (does not include cost of ID card)	\$	26.00
Subpoena Duces Tecum (does not include costs of report, etc.)	\$	15.00
Delinquent Parking Citation Copy	\$	2.00
Repossessed Vehicle	\$	15.00
Booking Fees (current cost - cost is dependent on charges by County)	\$	115.00
Live scan Fingerprint Fees (PC 13300(e))	\$	DOJ + \$20
Criminal History Review (PC 13322)	\$	26.00
<b>Cost Recovery</b>		
DUI Emergency Response		Actual Cost
False Alarm Response (after 3rd false alarm in a year)	\$	212.00
<b>No Cost Services:</b>		
Bicycle License	\$	0.00
Voluntary Gun Registration	\$	0.00

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Police Department (See Notes)

Parking Fines:	<u>MBMC</u>	<u>Vehicle Code</u>		
Parking within a Parkway	10.40.020		\$	53.00
No Parking Areas	10.40.030		\$	53.00
Posted Restricted Parking	10.40.040		\$	53.00
72-Hour Parking	10.40.060		\$	64.00
Vehicle Repair on Public Street	10.40.080		\$	53.00
Parking on Grade without Turning Wheels	10.40.090		\$	53.00
Parking within Space Marking	10.40.110		\$	53.00
Curb Markings (red, yellow, etc.)	10.40.120		\$	53.00
Parking in Passenger Loading Zone	10.40.150		\$	53.00
Parking in Alley	10.40.160		\$	53.00
Limited Time Parking	10.40.170		\$	53.00
Violating Diagonal Parking	10.40.190		\$	53.00
No Stopping in Designated Area	10.40.200		\$	53.00
Failure to Pay Established Fee	10.44.070		\$	53.00
Failure to Display Receipt	10.44.070		\$	53.00
Overnight Camping	08.24.010		\$	112.00
Expired registration		4000(a)	\$	53.00
Parking in Fire Lane		22500.1	\$	169.00
Blocking Driveway		22500e	\$	53.00
Blocking Wheelchair Access		22500L	\$	109.00
Parking within 15' of Fire Hydrant		22514	\$	117.00
Blocking Sidewalk		22500f	\$	53.00
Blocking a Bus Stop		22500i	\$	90.00
Blocking Intersection Gridlock		22526	\$	186.00
Curb Parking 18" or Wrong Way		22502A	\$	53.00
Parking in Bike Lane		21211b	\$	53.00
Vehicle Abandonment on Street		22523	\$	328.00
Handicap		22507.8A	\$	301.00

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Police Department Notes

### Permits & Licenses:

Tow/Taxi Service Provider application fee is the fee for application by a tow service provider or taxi service applying to do business in the City (does not include a business license fee). The application includes review by police staff, processing of application, inspection of tow/taxi vehicle(s) and in case of two service provider, inspection of impound yard.

Massage Therapist/Parlor permit application fee is an application fee to operate a new massage business (does not include City business license fee or DOJ fee). Includes police staff time to receive and review application, conduct background checks as required, and business inspection.

### Police Copies:

All police copy costs are \$1.00 per page (except citations).

### Support Services Manager Activity:

All record searches, reviews, clearance letters, responses, copies of photos, audio tapes and video tapes - 1 hour minimum charge

### Officer Activity:

Abandoned Vehicle Removal - this is a charge levied against the registered or legal owner of a vehicle who abandons the vehicle or vehicle parts on a public street or place open to the public

Juvenile in Custody - this hourly fee may be charged to parents when a juvenile has been taken into custody, and the officer or employee must "baby-sit" the juvenile until the parent arrives. This hourly fee begins after the juvenile is processed, and the parents, or responsible adult, are called to respond. This fee is intended for parents or responsible adults that have extended response times, which requires an officer or employee to monitor the juvenile.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Police Department Notes

### Other Police Services:

Firearms seizure, storage and release administrative fees - PC 1202.3 (now PC 33880) was enacted in 2005 and requires any person, who claimed title to any firearm that is in police custody and who wishes to have a firearm returned to him/her, must make application for a determination by DOJ (Department of Justice) as to whether he/she is eligible to possess a firearm. PC Section 12021.3(j)(1) allows the City to charge for administrative costs relating to the seizure, impound, storage or release of firearms.

### State Mandated Costs:

Concealed Weapons Permit - PC Section 12054(a)

Subpoena Duces Tecum - EC 1563 (b)(1)

Delinquent Parking Citation Copy - VC Section 40206.5

Repossessed Vehicle - GC Section 41612

Booking Fees - set by County GC 53150 & 29550.1

Livescan Fingerprint Fees - PC 13300(e)

Criminal History Review - PC 13322

### Cost Recovery:

DUI Emergency Response - MBMC 3.40.030

False Alarms Response - MBMC 9.22.020

### Services:

Acceptance of Civil Subpoena/SDT fees are set by statute or other authority - Code #1563(b)(1)EC

Safekeeping Property Storage beyond 30 day written notice does not include outside storage fees

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Fire Department (See Notes)

<b>Permits:</b>	
Permit Inspection Fees:	
Any single permit identified in Title 24 CFC and not specifically addressed in the Master Fee Schedule	\$ 64.00
Any combination of permits shall not exceed	\$ 191.00
Special Occurrence or Use Permit (equipment & personnel charges additional)	\$ 64.00
Special Permits:	
Marine Welding Permit: Vessel, Pier, Wharf, Waterfront	\$ 42.00
Aircraft Landing Permit, per occurrence (required Fire standby equipment & personnel charges additional)	\$ 64.00
Knox Box installation/inspection, first box	\$ 42.00
More than one Knox Box per address, each additional box	\$ 10.00
<b>Equipment &amp; Personnel Charges</b>	
Engine or Truck: per hour, per vehicle (personnel charges additional)	\$ 122.00
Squad/Rescue: per hour, per vehicle (personnel charges additional)	\$ 90.00
Utility/Command Vehicle: per hour, per vehicle (personnel charges additional)	\$ 42.00
Personnel charges: per hour, per person - 2 hour minimum, unless otherwise specified, at current productive hourly rate	
<b>Plan Review Fees:</b>	
Fire Plan Concept Review - personnel charges as specified in Equipment and Personnel Charges	
Plan Review - A charge of 0.3% of total valuation plus use of outside consultant for Plan Review & Inspection is based on actual cost plus fee	\$ 64.00
Additional Plan Review required by changes, additions or revisions to approved plans - personnel charges as specified in Equipment & Personnel Charges on a hourly basis plus actual cost of outside consultant for Plan Review	

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Fire Department (See Notes)

### Fire Protection:

#### System & Equipment Fees:

#### Fire Sprinkler System Installation Inspection - (above ground)

Residential - fee plus \$0.55 per head	\$	64.00
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Commercial - fee plus \$0.55 per head	\$	318.00
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Commercial projects or tenant improvements under 1,000 sq ft - fee plus \$.055 per head	\$	103.00
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Underground water line inspection	\$	64.00
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#### Fire Alarm System Installation Inspection

0 - 15 devices	\$	64.00
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16 - 50 devices	\$	106.00
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51 - 100 devices	\$	201.00
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101 - 500 devices	\$	291.00
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501 and up, fee plus \$130 for each additional 100 devices	\$	291.00
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Specialized Fire Protection System Inspection, e.g., Halon, Dry Chemical Commercial Kitchen Hood System	\$	64.00
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Flammable or Combustible Tank Installation Inspection	\$	64.00
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On-site Hydrant System Installation Inspection	\$	64.00
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Use of Outside Consultants for Plan Review & and/or Inspection - fee plus actual cost	\$	64.00
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Request for Building Fire Flow Calculations	\$	37.00
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Request for Hydrant Flow Information	\$	37.00
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Request for Hydrant Flow Test - fee plus personnel & equipment as specified in Personnel and Equipment Charges, 1 hr min.	\$	37.00
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#### Engine company business inspection:

1st and 2nd inspections	\$	0.00
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3rd and subsequent inspections	\$	79.00
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# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Fire Department (See Notes)

### Fire Prevention:

New and annual business/facility inspection fees:

1st and 2nd inspections: no charge	\$	0.00
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3rd and subsequent inspections	\$	79.00
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Administrative citation for failure to correct a violation shall be charged per 1.03.050 of the Municipal Code	\$	106.00
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Administrative citation for second violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$	212.00
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Administrative citation for third and each additional violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$	530.00
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Annual weed and hazard abatement inspection fees:

1st inspection for compliance: no charge	\$	0.00
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2nd and subsequent inspections	\$	79.00
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Administrative citation for failure to correct a violation shall be charged per 1.03.050 of the Municipal Code	\$	106.00
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Administrative citation for second violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$	212.00
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Administrative citation for third and each additional violation of the same ordinance in the same year shall be charged per 1.03.050 of the Municipal Code	\$	530.00
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# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Fire Department (See Notes)

### Incident Response Fees:

Hazardous Material/Chemical Incident:

No charge first half-hour (excluding negligent/intentional acts)

Each additional hour, or fraction thereof, will be charged as specified in the Personnel and Equipment Charges plus the cost of any materials

Negligent Incidents:

Response due to negligent/malicious act (e.g., DUI traffic accident, climber on Morro Rock, incendiary fire, negligent hazardous material incident, negligent confined space incident, etc.)

Two hour minimum to be charged as specified by Personnel & Equipment Charges plus any material costs and contract services used.

Excessive or malicious false alarms:

Emergency response due to "Failure to Notify" when working on or testing fire/alarm system

0.5 hours minimum to be charged as specified by Personnel & Equipment Charges.

Malicious False Alarms - .5 hour minimum to be charged as specified by Personnel & Equipment Charges plus any material costs.

Alarm system malfunction resulting in 2 in 30 days or 3 in 12 months - charged as specified by Personnel & Equipment Charges plus any material costs.

### Other Fire Services

Copy of response report, per report	\$ 27.00
Additional copies, per page	\$ 1.00
Cause & Origin investigation reports, per report	\$ 112.00
Non-renewal of required annual permit - charge double permit fee rate	
Failure to obtain permit - charge double permit fee rate	
Missed site inspection appointment	\$ 41.00
Failure to meet permit requirements/requiring re-inspection	\$ 41.00

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Fire Department Notes

### Permits - California Fire Code

See operational and construction permits identified in the California Fire Code, Appendix Chapter 1, Section 105

Special Occurrence or Use Permit includes 1 inspection

### Plan Review Fees

Plan Review Fees are calculated based on total valuation to recover the cost of providing service.

Use of outside consultant for Plan Review and/or Inspection to be \$60 plus actual cost of consultant.

All Plan Review Fees shown are minimum amounts, based on average processing. Large or complex projects may be subject to increased fees based upon time, costs, or equipment costs as shown per Equipment & Personnel Charges.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Harbor Department<sup>10</sup> (See Notes)

<b>Vessel fees:</b>	
Commercial fishing slips - monthly rate (per foot)	\$ 4.10
Commercial fishing slip waiting list deposit	\$ 433.00
Transient slips - monthly rate (per foot)	\$ 8.20
Transient slips - daily rate (per foot)	\$ 1.10
Head Float Berth - monthly	\$ 182.10
Daily T-Pier rate/floating dock - first consecutive 90 days (per foot)	\$ 0.25
City moorings - monthly	\$ 200.00
City moorings private tackle - monthly	\$ 80.00
A1-5 Anchorage Area - 1-5 days (per foot)	\$ 0.00
A1-5 Anchorage Area - after 5 days (per foot)	\$ 0.20
City-owned moorings - daily (per foot)	\$ 0.25
Monthly impound rate (per foot) ( <b>non-impounded vessels</b> )	\$ 7.00
Impound mooring rate - daily (per foot) (impounded vessels)	\$ 0.65
Temporary Moorage - large vessels/equipment (per day)	\$ 162.00
Dry storage - daily	\$ 2.80
Mooring transfer fee (flat rate)	\$ 1,072.00
<b>Service fees:</b>	
T-Pier electrical - daily	\$ 2.30
Electric cord replacement	\$ 155.00
T-Pier hoist - per use	\$ 11.00
T-Pier hoist - per day	\$ 21.00
Fishing unloading - per hour	\$ 72.00
Wharfage - per ton	\$ 0.85

<sup>10</sup> Beginning with the 2013/14 Master Fee Schedule, the Harbor Department will use the Engineering News Record (ENR) factor for increasing fees.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Harbor Department<sup>10</sup> (See Notes)

<b>Liveaboard fees:</b>		
Permit fee - biennial	\$	55.00
Inspection fee - biennial (if done by MB Harbor Patrol)	\$	131.00
Monthly service fee - moorings	\$	15.50
Monthly service fee - slips	\$	32.00
<b>Lease site administration/services fees:</b>		
Master Lease Approval	\$	810.00
Requiring City Council approval	\$	405.00
Departmental approval	\$	84.00
<b>Vessel assistance:</b>		
One Patrol Officer, one boat - per hour	\$	180.00
Each additional Officer - per hour	\$	68.00
<b>Launch Ramp parking fee:</b>		
Per hour	\$	1.00
Maximum per day	\$	5.00
Failure to pay established fee	\$	54.20
Failure to display receipt	\$	54.20
Annual fee	\$	100.00

<sup>10</sup> Beginning with the 2013/14 Master Fee Schedule, the Harbor Department will use the Engineering News Record (ENR) factor for increasing fees.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Harbor Department Notes

Any account past due over 10 days on a monthly basis will be charged a 10% penalty. late fee assessed on the total balance due on the account.

Vessels requiring non-emergency assistance more than once in any six-month period may be charged a minimum of 4.5 hours at the set rate.

All dockage is based on a 36' minimum vessel length or length of the slip, whichever is larger.

Temporary moorage related to marine construction equipment or vessels of unusual size requiring special accommodation - see fees for Temporary Moorage - Large Marine Equip. or Vessel/Equipment.

A 10% discount is available for leased commercial slips and moorings when paid one year in advance. Account must be paid for entire year in advance.

Transient slip users shall be limited to 3 months in any slip as long as there are vessels appropriate to the slip size on the sublease waiting list.

The Harbor Director may waive dockage fees for Tall Ships visiting Morro Bay Harbor for any period less than 30 days with written notice.

Parking fee applies to the boat trailer spaces at the boat launch ramp, and Tidelands Park trailer and towing vehicle spaces. Annual permits may be prorated to the nearest month.

Any liveaboard application, submitted during the period January 1 through June 30, is good only for that fiscal year and the following fiscal year, but will be prorated by reducing the liveaboard application fee, stated herein, by 25%.

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Recreation and Parks Department Facility Rentals

	<u>Non-Profit and Resident Groups</u>	<u>Non-resident Groups</u>	<u>For Profit Groups</u>
<b><u>COMMUNITY CENTER</u></b>			
Auditorium	\$48/hr	\$76/hr	\$111/hr
Auditorium, one-half	\$31/hr	\$46/hr	\$67/hr
Multi-purpose room	\$26/hr	\$41/hr	\$62/hr
Lounge	\$23/hr	\$34/hr	\$50/hr
Studio	\$18/hr	\$26/hr	\$38/hr
Kitchen *	\$12/hr	\$20/hr	\$25/hr
Kitchen, 8 hours *	\$63	\$100	\$125

### **VETERAN'S MEMORIAL BUILDING**

Assembly, w/o kitchen	\$25/hr	\$34/hr	\$44/hr
Complete, w/o kitchen	\$28/hr	\$38/hr	\$50/hr
Meeting, w/o kitchen	\$21/hr	\$28/hr	\$37/hr
Kitchen & barbeque <sup>11</sup>	\$12/hr	\$20/hr	\$25/hr
Kitchen & barbeque, 8 hours <sup>11</sup>	\$63	\$100	\$125

### **TEEN CENTER**

Up to 20 participants	\$303	\$303	\$303
21 - 30 participants	\$404	\$404	\$404
31 - 40 (maximum = 40) participants	\$454	\$454	\$454

**Note: based on number of participants**

<sup>11</sup> Kitchen only rentals permitted Monday - Friday; weekend rentals must be combined with room rental

### ADDITIONAL FEES

Deposit: \$150, no alcohol or live music	Unscheduled overtime:	\$44/hr
\$500, alcohol and/or live music	Facility attendant(s):	\$10/hr each
\$50, Bounce House	Security guard(s):	\$26/hr each
Janitorial, non-refundable, per event based on group size:	Permit processing fee:	\$8.00, non-refundable
100 - 200 participants: \$54	Insurance:	cost based on event size/type
201 or more participants: \$106	Cancellations:	20% charge of invoiced costs

Building set-up/breakdown: \$23/hr

Veteran's Memorial Building stage use, set-up and breakdown: \$81 flat rate

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Recreation and Parks Department Public Area Use Permits

	<u>Non-Profit and Resident Groups</u>	<u>Non-resident Groups</u>	<u>For Profit Groups</u>
Del Mar Park Hillside or Meadow	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$136/Day+Permit	\$136/Day+Permit	\$136/Day+Permit
Del Mar Basketball Courts <sup>13</sup>	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$136/Day+Permit	\$136/Day+Permit	\$136/Day+Permit
Del Mar Roller Hockey Rink <sup>13</sup>	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$136/Day+Permit	\$136/Day+Permit	\$136/Day+Permit
Del Mar Tennis Courts <sup>13</sup>	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$136/Day+Permit	\$136/Day+Permit	\$136/Day+Permit
Lila Keiser Park BBQ or Fields <sup>12</sup>	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event <sup>12</sup>	\$136/Day+Permit	\$136/Day+Permit	\$136/Day+Permit
Monte Young Tennis Courts <sup>13</sup>	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$101/Day+Permit	\$101/Day+Permit	\$101/Day+Permit
Tidelands Open Area	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$101/Day+Permit	\$101/Day+Permit	\$101/Day+Permit
Cloisters Open Area	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$101/Day+Permit	\$101/Day+Permit	\$101/Day+Permit
Bayshore Bluffs Open Area	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$101/Day+Permit	\$101/Day+Permit	\$101/Day+Permit
Morro Rock Open Area	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$101/Day+Permit	\$101/Day+Permit	\$101/Day+Permit
City Park Open Area	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$68/Day+Permit	\$68/Day+Permit	\$68/Day+Permit

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Recreation and Parks Department Public Area Use Permits (page 2)

	<u>Non-Profit and Resident Groups</u>	<u>Non-resident Groups</u>	<u>For Profit Groups</u>
City Park Basketball Courts <sup>13</sup>	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$68/Day+Permit	\$68/Day+Permit	\$68/Day+Permit
North Point Overlook	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$68/Day+Permit	\$68/Day+Permit	\$68/Day+Permit
Coleman Park	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$68/Day+Permit	\$68/Day+Permit	\$68/Day+Permit
Coleman Basketball Courts <sup>13</sup>	\$50/Permit	\$87/Permit	\$217/Permit
Multi-Area, Entire Park, Multi Day Event	\$68/Day+Permit	\$68/Day+Permit	\$68/Day+Permit
Deposit - Public Area Use Permit - \$150.00			
Deposit - Organized Sports Facilities - \$500.00			

### Hourly and Park Use Fees

Giant Chessboard - use Wooden Pieces	\$25	\$40	\$107
Giant Chessboard - use Plastic Pieces (June, July, August)	\$9 N/C	\$10 N/C	\$11 N/C
<sup>12</sup> Lila Keiser hourly field rental	\$4 without lights \$15 with lights	\$5 without lights \$17 with lights	\$6 without lights \$19 with lights
<sup>12</sup> Lila Keiser field preparation	\$23	\$28	\$31
<sup>13</sup> Roller Hockey Rink, Basketball Court & Tennis Court Hourly	\$4.00	\$5	\$6

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Recreation and Parks Department Miscellaneous Property Use

	<u>Non-Profit and Resident Groups</u>	<u>Non-resident Groups</u>	<u>For Profit Groups</u>
Recreation equipment rental, per bag <sup>14</sup>	\$9.00	\$10	\$11
Includes one: Horseshoes, Badmitton, Volleyball, Bocce Ball			
Soccer goal, hourly rate, 2 hr. min. <sup>14</sup>	\$8.00	\$9	\$10
Skate park rental, 2 hr. min.	\$106	\$106	\$158
Photography/filming, per day <sup>15</sup>	\$112, outdoor	N/A	\$220, outdoor
	\$148, indoor	N/A	\$367, indoor

<sup>14</sup> Equipment rental deposit: \$50

<sup>15</sup> Photography/filming deposit: \$1,000

Insurance cost is dependent on the size/type of event

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Transit (See Notes)

<b>Fixed Route:</b>		
Regular fare, per ride	\$	1.50
Discount fare, per ride	\$	0.75
Regular punch pass (11 rides for the price of 10)	\$	15.00
Discount punch pass (11 rides for the price of 10)	\$	7.50
Regular day pass	\$	4.00
Discount day pass	\$	2.00
<b>Call-A-Ride:</b>		
Fare, per ride	\$	2.50
Call-A-Ride punch pass (11 rides for the price of 10)	\$	25.00
<b>Trolley :</b>		
Fares:		
Per ride	\$	1.25
Per ride, 5-12 years old	\$	0.50
All day pass	\$	3.00
Advertising:		
Exterior Side of Trolley (approx. 36"x20") - with supplied sign	\$	370.00
Exterior Side of Trolley (approx. 36"x20") - MB Community Foundation supplied sign	\$	422.00
Exterior Rear of Trolley (approx. 24"x20") - with supplied sign	\$	318.00
Exterior Rear of Trolley (approx. 24"x20") - MB Community Foundation supplied sign	\$	370.00
Interior (approx. 26"x12") - with supplied sign	\$	158.00
Interior (approx. 26"x12") - MB Community Foundation supplied sign	\$	187.00

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Transit (See Notes)

### Trolley (continued):

Rental rates:

One day, within City Limits, per hour (2 hour minimum):

Transportation of passengers to and from one location to another	\$	106.00
--	----	--------

Shuttle transportation (continuous loop with multiple stops); hourly plus cost of fuel	\$	106.00
--	----	--------

One day, outside City limits, per hour (3 hour minimum)

Transportation of passengers to and from one location to another	\$	106.00
--	----	--------

Shuttle transportation (continuous loop with multiple stops); hourly plus cost of fuel	\$	106.00
--	----	--------

Multiple days, 2 consecutive days:

Within City limits	\$	1,719.00
--------------------	----	----------

Outside City limits; rate plus cost of fuel	\$	1,719.00
---	----	----------

# City of Morro Bay Master Fee Schedule For the 2013/14 Fiscal Year

## Transit Notes

### Fixed Route:

A child, under 5 years old, may ride free with a fare-paying adult (limit 2 per fare-paying adult).

Senior citizens (65 & over) and mobility-impaired/disabled individuals are eligible for the discount fare. Senior citizens may be required to provide proof of age.

### Call-A-Ride:

Call-A-Ride service is available to all members of the general public.

### Trolley

#### Rides:

The trolley is seasonal, and operates weekends only from Memorial Day weekend through the 1st weekend in October, and on Friday and Monday from Memorial Day through Labor Day.

Children, under 5 years old, ride free (limit 2 per fare-paying adult).

#### Advertising:

The City has entered into a revenue-sharing agreement with the Morro Bay Community Foundation (MBCF). MBCF will sell advertising spaces on the trolleys, to include having signs made, and split the revenue, per the agreement. The agreement term is one year. Advertising rates in this Schedule apply to the May 2012 through October 2012 trolley operating season.

Discounts are available when purchasing more than one advertising space. Buy two exterior or interior signs and get a second sign @ 10% off; buy three exterior or interior signs and get the third sign @ 20% off; buy three exterior signs and get one interior sign @ 50% off.

Cost for space with MBCF sign includes the cost to have the sign made.

#### Rentals:

Hourly rate includes driver, fuel, cleaning, standby mechanic and administration, unless otherwise noted.

Trolley seats 30 passengers.

The trolley is only to be operated on paved roads (no dirt or gravel roads).

The trolley is to be returned to the City in the condition it was received by the renter. The renter shall be held responsible for any damages to the trolley resulting from the rental that is not due to the negligence of the City or its transit contractor.

RESOLUTION NO. 41-13

RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF MORRO BAY, CALIFORNIA,  
ADOPTING 2013/14 MASTER FEE SCHEDULE

THE CITY COUNCIL  
City of Morro Bay, California

WHEREAS, the City Council finds that fees and charges for City services are annually in need of review for possible updating to reflect changes in the cost of providing those services; and

WHEREAS, the California Constitution, in Article 13B Government Spending Limitation Section 8(c), states that proceeds in excess of user charges and user fees that exceed the costs reasonably borne by the City in providing the regulation, product or service are considered proceeds from taxes that are subject to the annual appropriation limit; and

WHEREAS, the City has reviewed these fees, and finds that they do not exceed the actual costs of providing related services; and

WHEREAS, the City's Municipal Code Section 3.34.020 provides for the annual review of the Master Fee Schedule and revision; and

WHEREAS, on August 11, 2008, the City Council adopted Resolution No. 49-08, which stated that "the Master Fee Schedule will be brought back in its entirety for review annually."

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the Master Fee Schedule be revised and published, as amended.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9<sup>th</sup> day of July 2013, by the following vote:

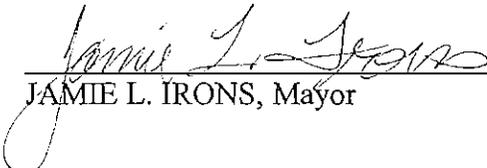
AYES: Irons, C. Johnson, N. Johnson, Leage, Sinukler

NOES: None

ABSENT: None

ATTEST:

  
JAMIE BOUCHER, City Clerk

  
JAMIE L. IRONS, Mayor



CITY OF  
**MORRO BAY**

---

2014-2019 HOUSING ELEMENT UPDATE



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**CITY OF MORRO BAY**  
**HOUSING ELEMENT UPDATE**  
INITIAL STUDY/NEGATIVE DECLARATION

---

*Prepared for:*

**CITY OF MORRO BAY**  
PUBLIC SERVICES DEPARTMENT  
955 SHASTA AVE  
MORRO BAY, CA 93442

*Prepared by:*



860 WALNUT STREET, SUITE B  
SAN LUIS OBISPO, CA 93401

**MAY 2014**



---

**CITY OF MORRO BAY**  
**HOUSING ELEMENT UPDATE**  
**INITIAL STUDY/NEGATIVE DECLARATION**

---

*Prepared for:*

**CITY OF MORRO BAY**  
PUBLIC SERVICES DEPARTMENT  
955 SHASTA AVE  
MORRO BAY, CA 93442

*Prepared by:*

PMC  
860 WALNUT STREET, SUITE B  
SAN LUIS OBISPO, CA 93401

**MAY 2014**



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**ENVIRONMENTAL CHECKLIST FORM**

1. **Project title:** City of Morro Bay 2014–2019 Housing Element Update
2. **Lead agency name and address:** City of Morro Bay  
Public Services Department  
955 Shasta Avenue  
Morro Bay, CA 93442
3. **Contact person and phone number:** Cindy Jacinth, Associate Planner  
(805) 772-6577
4. **Project location:** The proposed Housing Element update would apply citywide in the City of Morro Bay, which is located north of the Morro Bay estuary on the Pacific Ocean in San Luis Obispo County (**Figure 1**). The city is bounded on the north by the unincorporated community of Cayucos, on the south by the unincorporated community of Los Osos, on the west by the Pacific Ocean, and on the east by unincorporated land within San Luis Obispo County. State Route (SR) 1 runs north to south through the city and intersects with SR 41, which runs east to west.
5. **Project sponsor’s name and address:** City of Morro Bay  
Public Services Department  
955 Shasta Avenue  
Morro Bay, CA 93442
6. **General Plan designation:** All City of Morro Bay General Plan land use designations; project is citywide
7. **Zoning:** All City of Morro Bay zones; project is citywide

**8. Description of project:**

The proposed project involves a City-initiated General Plan Amendment to update the City’s Housing Element as required by state law. The Housing Element update identifies the potential for development of up to 149 new housing units and rehabilitation of up to 35 existing housing units at full buildout of the city’s existing vacant lot inventory. The projected number of units considers development of all existing vacant lots under current land use designations and zoning. The proposed update would not designate any additional land in the city for housing and would not increase the allowable density of any land designated for housing. In addition, the proposed Housing Element does not include any site-specific designs or proposals and does not grant any entitlements for development. The Housing Element contains goals and policies designed to provide a range of housing types to meet the housing needs of all members of the

community within the land currently designated for residential uses in the Land Use Element of the City's General Plan.

**9. Surrounding land uses and setting: Briefly describe the project's surroundings:**

The proposed 2014–2019 Housing Element would be implemented citywide. The city has a total area of 10.2 square miles, of which 5.2 square miles is land and 5.0 square miles is water. The city is primarily characterized by residential and commercial land uses. The topography of the city is generally hilly to mountainous, with development and agriculture concentrated on the coastal plain and valleys (Morro Bay 2011b).

**10. Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement.)**

The proposed project would not require action by any other agencies.



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**ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED**

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a “Potentially Significant Impact” as indicated by the checklist on the following pages.

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Aesthetics               | <input type="checkbox"/> Agriculture Resources         | <input type="checkbox"/> Air Quality                        |
| <input type="checkbox"/> Biological Resources     | <input type="checkbox"/> Cultural Resources            | <input type="checkbox"/> Geology/Soils                      |
| <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards & Hazardous Materials | <input type="checkbox"/> Hydrology/Water Quality            |
| <input type="checkbox"/> Land Use/Planning        | <input type="checkbox"/> Mineral Resources             | <input type="checkbox"/> Noise                              |
| <input type="checkbox"/> Population/Housing       | <input type="checkbox"/> Public Services               | <input type="checkbox"/> Recreation                         |
| <input type="checkbox"/> Transportation/Traffic   | <input type="checkbox"/> Utilities/Service Systems     | <input type="checkbox"/> Mandatory Findings of Significance |

**DETERMINATION** (to be completed by the lead agency)

On the basis of this initial evaluation:

- I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
  
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
  
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
  
- I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and (2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
  
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Cindy Jacinth  
Signature

5/12/14  
Date

Cindy Jacinth  
Printed name

Assoc Planner  
Title

## EVALUATION OF ENVIRONMENTAL IMPACTS

- 1) A brief explanation is required for all answers except “No Impact” answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A “No Impact” answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A “No Impact” answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. “Potentially Significant Impact” is appropriate if there is substantial evidence that an effect may be significant. If there are one or more “Potentially Significant Impact” entries when the determination is made, an EIR is required.
- 4) “Negative Declaration: Less Than Significant With Mitigation Incorporated” applies where the incorporation of mitigation measures has reduced an effect from “Potentially Significant Impact” to a “Less Than Significant Impact.” The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures “Earlier Analyses,” as described in (5) below, may be cross-referenced).
- 5) Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:
  - a) Earlier Analysis Used. Identify and state where they are available for review.
  - b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
  - c) Mitigation Measures. For effects that are “Less Than Significant With Mitigation Measures Incorporated,” describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
- 7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.

- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project's environmental effects in whatever format is selected.
- 9) The explanation of each issue should identify:
  - a) The significance criteria or threshold, if any, used to evaluate each question; and
  - b) The mitigation measure identified, if any, to reduce the impact to less than significance.

		Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>I.</b>	<b>AESTHETICS. Would the project:</b>				
a)	Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	Substantially degrade the existing visual character or quality of the site and its surroundings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Create a new source of substantial light or glare that would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

Scenic vistas generally include areas of high scenic quality that are visible to a number of people, including recreational travelers. Scenic vistas within the city include views of the Santa Lucia foothills to the east and the Pacific Ocean to the west. Morro Bay is surrounded by hills and ridgelines, with more than half of the city’s physical edge being coastline. The ocean and the hills are generally visible from area residences throughout the community. The city’s edge at the urban/rural boundary is also a defining characteristic. Other scenic resources in the area consist of:

- The Pacific Ocean, the “working” harbor, and the great salt marsh at the southern end of the city, which dominate the landscape and provide sweeping vistas of ocean, beach, dune, bluff, and marsh, as well as the quaint harbor-side scenes for which Morro Bay is known.
- Morro Rock, which can be seen from almost any location in the city.
- The sand pit that is visible from the Embarcadero, Coleman Drive, the State Park roads, and from bluff and hillside residential areas.
- Morro Bay State Park, containing Black Hill, the golf course, and a campground, which comprises a large portion of the southern part of the city.

In 1999, the portion of State Route (SR) 1 north of US Highway 101 in San Luis Obispo was declared an official scenic highway by the California Department of Transportation. Of the approximately 53-mile segment of SR 1 designated scenic that winds through San Luis Obispo County, approximately 6 miles are within Morro Bay. The existing visual character and quality of the city varies among its different portions, depending on land use and density. The majority of the city is built out. Major sources of light and glare include the stadium at Morro Bay High School, existing residential and commercial uses, and vehicles traveling on SR 1.

Future development and rehabilitation of housing in the city would be regulated by the policies of the City’s General Plan, the City’s Municipal Code, and other relevant City regulations. The Visual Resources and Scenic Highway Element of the City’s General Plan provides specific

objectives, policies, and programs for the protection of identified scenic vistas and resources in Morro Bay. In addition, the City's Municipal Code prohibits the direction of light onto residential uses and public streets, requires the screening of light and glare from sensitive uses, and requires the control of glare from buildings and operations. The City's Street Tree Division maintains and enhances the city's streets, resulting in the overall beautification of Morro Bay.

### ANALYSIS AND CONCLUSIONS

- a-d) **No Impact.** In general, new development in the city could result in adverse effects on scenic vistas, scenic resources, and the visual character and quality of the city as well as the creation of new sources of light and glare. Such development would be subject to General Plan policy as well as the standards provided in Municipal Code Section 17.48.190, both of which are intended to identify and protect the city's visual resources.

The Housing Element identifies the potential for development of up to 149 new housing units and rehabilitation of up to 35 existing housing units between 2014 and 2019. However, the proposed Housing Element is intended to identify sites that could accommodate these housing units and does not include any site-specific designs or proposals, nor does it grant any entitlements for development. Furthermore, no changes are proposed to land use designations or zoning districts that could result in new development or redevelopment. Therefore, the Housing Element would have no potential to result in adverse effects to the aesthetics of the city, and there would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<p><b>II. AGRICULTURE RESOURCES.</b> In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state’s inventory of forestland, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resources Board.</p>				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to nonagricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with existing zoning for, or cause rezoning of, forestland (as defined in Public Resources Code Section 12220(g)), timberland (as defined by Public Resources Code Section 4526), or timberland zoned Timberland Production (as defined by Government Code Section 51104(g))?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in the loss of forestland or conversion of forestland to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to nonagricultural use or conversion of forestland to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

The city contains approximately 300 acres of agricultural land within the city limits. Additionally, the City has interest in resource protection and land use planning for agricultural areas outside of Morro Bay. These agricultural lands create a form of open space and define the edges of the community, maintain open areas that are critical to the function of groundwater recharge and percolation, and act as a productive use of the land for which the area was historically noted. There are no Williamson Act contracts within the city. Furthermore, no parcels in the city are zoned for timber production, and Morro Bay does not contain any significant forest resources that could be available for timber production.

### ANALYSIS AND CONCLUSIONS

- a–e) **No Impact.** As discussed previously, the proposed Housing Element is intended to identify sites that could accommodate development of housing to meet Morro Bay’s future needs. The Housing Element does not include any site-specific designs or proposals, nor does it grant any entitlements for development. No changes are proposed to land use designations or zoning districts that could result in new development or redevelopment. Therefore, the Housing Element would not result in the conversion of any important farmland or forestland to other uses, would not conflict with existing zoning for agriculture or timberland uses, would not conflict with a Williamson Act contract, and would have no impact on agricultural or forestry resources.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>III. AIR QUALITY.</b> Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in nonattainment under an applicable federal or state ambient air quality standard (including releasing emissions that exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Create objectionable odors affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

The city is located within the South Central Coast Air Basin and the boundaries of the San Luis Obispo County Air Pollution Control District (APCD). The APCD regulates air quality through its Clean Air Plan (CAP), Particulate Matter (PM) Report, and construction monitoring, among other measures. Throughout the county, ozone and PM<sub>10</sub> are the pollutants of primary concern, since exceedances of state health-based standards for those pollutants are experienced in the county during most years. San Luis Obispo County is designated as a nonattainment area for the state PM<sub>10</sub> standards. Sources of PM<sub>10</sub> emissions include agricultural operations, construction activities, and vehicular emissions, of which vehicular emissions are the primary source of precursors to ozone. The major stationary source of air pollutant emissions affecting the city is Hanson Concrete. Other sources of air pollutant emissions are small- and large-scale businesses and facilities including dry cleaners, gas stations, the wastewater treatment plant, and harbor dredging operations.

**ANALYSIS AND CONCLUSIONS**

a–e) **No Impact.** As described previously, the Housing Element is a policy-level document intended to document existing conditions, project needs, and provide goals, policies, and programs that address the housing needs of the city for a five-year period. While the Housing Element identifies the potential for development of up to 149 new housing units, it does not include any site-specific designs or proposals, nor does it grant any entitlements for development. Furthermore, no changes are proposed to land use

designations or zoning districts that could result in new development or redevelopment. Therefore, the Housing Element would have no potential to result in the emission of air pollutants or objectionable odors or otherwise affect air quality. There would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>IV. BIOLOGICAL RESOURCES.</b> Would the project:				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or US Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or US Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Have a substantial adverse effect on federally protected wetlands, as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal wetlands, etc.), through direct removal, filling, hydrological interruption, or other means?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with the provisions of an adopted habitat conservation plan, natural community conservation plan, or other approved local, regional, or state habitat conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

The City of Morro Bay has many sensitive habitat areas within and immediately adjacent to the community. These areas include critical habitat for several rare and endangered plant and animal species. Morro Bay and its estuary comprise a large wetland within the city, which is one of the most important wetlands on the central coast of California. Morro, Chorro, Toro, Alva Paul, and Los Osos creeks provide habitat for fish and other aquatic organisms, and food and shelter for migratory birds and other animals. Associated with these creeks are riparian scrub and riparian woodland communities. These communities are characterized by sparse to dense corridors of vegetation occurring adjacent to the streams.

Sensitive habitats within the city include those described below.

### MORRO BAY ESTUARY

The estuary supports one of the most important wetland systems on California's coast. Rich in natural diversity, Morro Bay sustains a wide variety of habitats as well as numerous sensitive and endangered species of plants and animals. Its rich resources support the state's largest waterfowl habitats. Morro Bay is a crucial stop on the Pacific Flyway, attracting vast numbers of migrating birds to the area. Morro Bay Estuary encompasses about 2,300 acres of mudflats, tidal wetlands, and open water habitat and supports a rich eelgrass resource.

The Morro Bay watershed contains about 48,000 acres, including the estuary, and provides habitat for a number of endangered and/or threatened species, including but not limited to, steelhead trout, California red-legged frog, tidewater goby, Morro Bay kangaroo rat, southern sea otter, and western snowy plover.

### MORRO ROCK

Morro Rock is located near the mouth of Morro Bay and is the northernmost visible igneous plug in a chain of peaks that extend from Islay Hill in San Luis Obispo to Morro Rock. The rock is connected to the mainland by a strand that comprises fill materials, much of it dredged from the bay during past operations. The ecological preserve located on Morro Rock serves as a nesting site for the federally endangered peregrine falcon (*Falco peregrinus*). It is a resting site for many other bird species.

### FAIRBANKS POINT

Fairbanks Point is part of Morro Bay State Park and is located at the southern end of Morro Bay's city limits. The grove of eucalyptus trees located at the point serves as a major nesting site for herons, egrets, and cormorants.

### BLACK HILL NATURAL AREA

This upland area of Morro Bay State Park is located southeast of the developed part of the city. The golf course is southwest of Black Hill. The dominant plant community in the Black Hill Natural Area is coastal sage scrub. Within the coastal sage scrub community are such species as California sagebrush, deerweed, and buckwheat. The community also contains species characteristic of chaparral and grasslands. As is typical of coastal foothill areas, the grasslands are characterized by pastureland and scattered grass openings in the chaparral. The rare (federal species of concern) Jones's layia (*Layia jonesii*) is located here.

### WESTERN SNOWY PLOVER CRITICAL HABITAT

The western snowy plover (*Charadrius alexandrinus nivosus*) is a small shorebird, listed as federally threatened. This bird occurs on the Washington, Oregon, and California coasts including beaches within the City of Morro Bay. The US Fish and Wildlife Service has designated critical habitat areas for the threatened western snowy plover that include portions of Morro Strand State Beach and the Morro Bay Sand Spit.

## BIRD SANCTUARY

The City has designated itself as a “bird sanctuary.” The bay and nearby areas are home to hundreds of species, both as residents and migrants. Morro Bay is nationally known for the abundance of avian species and usually ranks near the top of the Audubon Society’s annual count.

Future residential development projects in the city would be required to comply with the City’s policies related to biological resources, including General Plan Policies LU-50 through LU-62 and associated programs which require development to comply with the Coastal Act and encourage the preservation of open space and sensitive habitats.

## ANALYSIS AND CONCLUSIONS

- a-e) **No Impact.** In general, new development in the city could result in increased habitat loss and degradation of biological resources. However, as described previously, the proposed Housing Element is a policy-level document intended to identify sites that could accommodate development of housing to meet Morro Bay’s future needs. While the Housing Element identifies the potential for development of up to 149 new housing units, it does not include any site-specific designs or proposals, nor does it grant any entitlements for development. Furthermore, no changes are proposed to land use designations or zoning districts that could result in new development or redevelopment. Therefore, the Housing Element would have no adverse effect on any special-status species, riparian habitat, wetlands, or other sensitive natural community. The Housing Element would not have the potential to interfere with the movement of any native resident or migratory species or conflict with any local regulations protecting biological resources. There would be no impact.
  
- f) **No Impact.** There are no adopted habitat conservation plans (HCP) or natural community conservation plans (NCCP) within the city. Therefore, the proposed Housing Element would not conflict with any such plans, and there would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>V. CULTURAL RESOURCES.</b> Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Directly or indirectly destroy a unique paleontological resource or site or unique geological feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

The City of Morro Bay’s archaeological resources include prehistoric and ethnohistoric Native American archaeological sites, historic archaeological sites, historic buildings, and elements or areas of the natural landscape that have traditional cultural significance. Morro Bay’s proximity to the ocean and various streams and mild year-round climate made it an ideal location for Indian settlement. Food was readily available and there were raw materials for the construction of shelters. For these reasons, Indian settlements were widespread in Morro Bay.

Surveys have been required as part of several previous development projects in the city, which have indicated a significant Native American presence, including Chumash and Salinan, especially around the bay, near creeks, and near outcroppings suitable for grinding acorn mortars. The city may contain additional archaeological resources in areas where development has not yet occurred or in already developed areas of the city. Morro Rock is the city’s only designated historical landmark.

Future residential development projects in the city would be required to comply with all applicable California and City regulations related to the protection of historical and cultural resources. These regulations include General Plan Policy LU-82 and associated programs LU-82.1 through 82.7 and Municipal Code Section 17.48.310 (Protection of archaeological resources), which are intended to protect archaeological resources to the extent feasible. These programs require archaeological surveys prior to development, the halting of all construction activities if an archaeological resource is discovered, and the preparation of a mitigation plan to ensure the proper handling of any significant resources found. In addition, future projects would be required to follow the protocol established in California Health and Safety Code Section 7050.5(b) for the treatment of human remains discovered during ground disturbance.

**ANALYSIS AND CONCLUSIONS**

a–b, d) **No Impact.** In general, new development in the city could result in an adverse change in the significance of a historical or archaeological resource or human remains. However, as described previously, the Housing Element is a policy-level document intended to

identify sites that could accommodate development of housing to meet the city's future needs. While the Housing Element identifies the potential for development of up to 149 new housing units, it does not include any site-specific designs or proposals, nor does it grant any entitlements for development. Furthermore, no changes are proposed to land use designations or zoning districts that could result in new development or redevelopment. Therefore, the Housing Element would have no impact on historic and archaeological resources or human remains.

- c) **No Impact.** In general, new development in the city could result in the destruction of unique paleontological resources or geologic features. However, as discussed previously, the proposed Housing Element is a policy-level document intended to identify sites that could accommodate development of housing to meet Morro Bay's future needs. While the Housing Element identifies the potential for development of up to 149 new housing units, it does not include any site-specific designs or proposals, nor does it grant any entitlements for development. Furthermore, no changes are proposed to land use designations or zoning districts that could result in new development or redevelopment. Therefore, the Housing Element would have no impact on paleontological resources and unique geologic features.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>VI. GEOLOGY AND SOILS.</b> Would the project:				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death, involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii) Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iii) Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
iv) Landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

**GEOLOGY AND SEISMIC HAZARDS**

The surface geology within the Coastal Franciscan domain consists of a northwest-trending sliver of largely Franciscan formation rocks, bounded by the Hosgri fault and West Huasna fault on the west and the Nacimiento fault and the Rinconada fault on the east. The Franciscan complex is a mixture of igneous, metamorphic, and sedimentary rocks. Cretaceous-age (65 to 140 million years old) and Tertiary-age (2 to 65 million years old) sedimentary rocks, including an unnamed Cretaceous sandstone and a relatively small amount of Lospe, Vaqueros, Rincon, Monterey, and Pismo formations, overlie the Franciscan Formation basement rocks in some parts of the region. The domain is characterized by moderate earthquake activity during the Quaternary

period and has numerous northwest-striking, mainly northeast-dipping faults, with uncertain potential to generate future earthquakes.

The primary geologic hazards associated with this domain are ground shaking, liquefaction or seismic-related settlement of alluvium in the low-lying areas of the coastal portion of the domain, tsunami and coastal erosion in ocean-front areas, and severe landslide potential on moderate to steep hillsides. The Franciscan Formation and other Cretaceous-age rocks that are considered to be the formations most susceptible to landslides in the county underlie the slopes of the Santa Lucia Mountains. There are no mapped Earthquake Fault Zones within the city (DOC 2014).

New development in the city would be subject to the requirements of the California Building Code, which provides specific requirements for seismic safety.

## SOILS

The most fertile areas in the Morro Bay area can be found in the valleys where most of the agriculture occurs. Streams have eroded soils upstream and have transported and deposited them along the valleys. There are two types of alluviums in Morro Bay. The older alluvium, characterized by coarse-textured soils, is generally found in the Los Osos Creek Valley and coastal plain of Morro Bay. Consisting of old stabilized dunes, the soils are subject to excessive drainage, rapid permeability, and wind and water erosion. The soils are generally not fertile and are used mainly for urban uses and only marginal agriculture. The newer alluvium can be found in the Torro, Morro, and Chorro Valleys. These soils are characterized by level, but poorly drained clays (Morro Bay, *Urban Forest Management Plan*).

## ANALYSIS AND CONCLUSIONS

- a, c-e) **No Impact.** In general, new development in the city could result in the exposure of people and structures to potential substantial adverse effects associated with seismic hazards and unstable soils. However, as described previously, the Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing; it does not include any site-specific designs or proposals or grant any entitlements for development. Furthermore, no changes are proposed to land use designations or zoning districts that could result in new development or redevelopment. Therefore, the Housing Element would have no potential to result in the exposure of people or structures to risks associated with geologic hazards or soil stability. Therefore, there would be no impact.
- b) **No Impact.** In general, construction and operation of new development in the city could result in soil erosion and the loss of topsoil. However, as described previously, the proposed Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing; it does not include any site-specific designs or proposals or grant any entitlements for development. Nor would the proposed update change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to result in soil erosion, and there would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>VII. GREENHOUSE GAS EMISSIONS.</b> Would the project:				
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

Greenhouse gases (GHGs) generated by human activities can contribute to changes in the natural greenhouse effect, which could result in climate change. Greenhouse gases, which are transparent to solar radiation, are effective in absorbing infrared radiation. As a result, this radiation that otherwise would have escaped back into space is retained, resulting in a warming of the atmosphere. This phenomenon is known as the greenhouse effect. Among the prominent GHGs contributing to the greenhouse effect are carbon dioxide (CO<sub>2</sub>), methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Motor vehicles make up the bulk of GHG emissions produced on an operational basis for most nonindustrial projects. The primary GHGs emitted by motor vehicles include carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons. A number of regulations have been developed to reduce GHG emissions, as discussed below.

Assembly Bill (AB) 1493 (Pavley) of 2002 (Health and Safety Code Sections 42823 and 43018.5) requires the California Air Resources Board (CARB) to develop and adopt the nation’s first GHG emission standards for automobiles. These standards are also known as Pavley I. In 2004, the State of California submitted a request for a waiver from federal clean air regulations, as the State is authorized to do under the Clean Air Act, to allow the State to require reduced tailpipe emissions of CO<sub>2</sub>. In June 2009, the US Environmental Protection Agency (EPA) granted California’s waiver request, enabling the State to enforce its GHG emissions standards for new motor vehicles beginning with the current model year. Also in 2009, a national policy aimed at both increasing fuel economy and reducing GHG pollution for all new cars and trucks sold in the United States was announced. The new standards cover model years 2012 to 2016 and raise passenger vehicle fuel economy to a fleet average of 35.5 miles per gallon by 2016.

AB 32 (Health and Safety Code Sections 38500, 38501, 28510, 38530, 38550, 38560, 38561–38565, 38570, 38571, 38574, 38580, 38590, 38592–38599) requires that statewide GHG emissions be reduced to 1990 levels by the year 2020. The reduction to 1990 levels will be accomplished through an enforceable statewide cap on GHG emissions that will be phased in starting in 2012. To effectively implement the cap, AB 32 directs CARB to develop and implement regulations to reduce statewide greenhouse gas emissions from stationary sources. AB 32 specifies that regulations adopted in response to AB 1493 should be used to address GHG emissions from vehicles. However, AB 32 also includes language stating that if the AB 1493 regulations cannot be implemented, CARB should develop new regulations to control vehicle GHG emissions under the authorization of AB 32.

AB 32 requires that CARB adopt a quantified cap on GHG emissions representing 1990 emissions levels and disclose how it arrives at the cap, institute a schedule to meet the emissions cap, and develop tracking, reporting, and enforcement mechanisms to ensure that the state achieves reductions in GHG emissions necessary to meet the cap. CARB is implementing this program. The CARB Board adopted a draft resolution for formal cap-and-trade rulemaking on December 16, 2010, and is developing offset protocols and compliance requirements. AB 32 also includes guidance to institute emissions reductions in an economically efficient manner and conditions to ensure that businesses and consumers are not unfairly affected by the reductions.

In October 2008, CARB published its Climate Change Proposed Scoping Plan, which is the State’s plan to achieve GHG reductions in California required by AB 32. The Scoping Plan contains the main strategies California will implement to achieve reduction of 169 million metric tons (MMT) of CO<sub>2</sub> equivalent (CO<sub>2</sub>e), or approximately 30 percent from the state’s projected 2020 emissions level of 596 MMT of CO<sub>2</sub>e under a business-as-usual scenario (this is a reduction of 42 MMTCO<sub>2</sub>e, or almost 10 percent, from 2002–2004 average emissions). The Scoping Plan also includes CARB-recommended GHG reductions for each emissions sector of the state’s GHG inventory. The largest proposed GHG reduction recommendations are from improving emissions standards for light-duty vehicles (estimated reductions of 31.7 MMTCO<sub>2</sub>e), implementation of the Low Carbon Fuel Standard program (15.0 MMTCO<sub>2</sub>e), energy efficiency measures in buildings and appliances and the widespread development of combined heat and power systems (26.3 MMTCO<sub>2</sub>e), and a renewable portfolio standard for electricity production (21.3 MMTCO<sub>2</sub>e).

In August 2012, CARB released revised estimates of the expected 2020 emissions reductions. The revised analysis relies on emissions projections updated in light of current economic forecasts, which account for the economic downturn since 2008 as well as reduction measures already approved and put in place relating to future fuel and energy demand, as well as other factors. This reduced the projected 2020 emissions from 596 to 545 MMTCO<sub>2</sub>e. The reduction in projected 2020 emissions means that the revised business-as-usual reduction necessary to achieve AB 32’s goal of reaching 1990 levels by 2020 is 21.7 percent.

Energy conservation standards for new residential and commercial buildings were originally adopted by the California Energy Resources Conservation and Development Commission in June 1977 and most recently revised in 2008 and 2013 (Title 24, Part 6 of the California Code of Regulations [CCR]). The 2013 Standards go into effect on July 1, 2014. In general, Title 24 requires the design of building shells and building components to conserve energy. On July 17, 2008, the California Building Standards Commission adopted the nation’s first green building standards. The California Green Building Standards Code (Part 11, Title 24) was adopted as part of the California Building Standards Code (Title 24, California Code of Regulations). Part 11 establishes voluntary standards on planning and design for sustainable site development, energy efficiency (in excess of the California Energy Code requirements), water conservation, material conservation, and internal air contaminants. Some of these standards have become mandatory in the 2010 edition of the Part 11 code.

## ANALYSIS AND CONCLUSIONS

a-b) **No Impact.** In general, new development in the city could result in the emissions of greenhouse gases, thereby contributing to the global climate change. However, existing regulations that would apply to any future residential development, including the California Green Building Standards Code and California’s Title 24 Building Energy Efficiency Standards, would substantially reduce GHG emissions associated with future projects. Furthermore, as discussed previously, the proposed Housing Element is a policy-level document intended to identify sites that could accommodate development of

needed housing and does not include any site-specific designs or proposals or grant any entitlements for development. Nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the Housing Element would have no potential to result in greenhouse gas emissions, and there would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>VIII. HAZARDS AND HAZARDOUS MATERIALS.</b> Would the project:				
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan area or, where such a plan has not been adopted, within 2 miles of a public airport or a public use airport, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Impair implementation of, or physically interfere with, an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Expose people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

Due to the quantity and frequency with which hazardous materials are shipped through the region, transportation-related accidents pose a significant hazardous materials risk to the city. Major modes of hazardous material transportation include the use of State Routes 1 and 41 and numerous underground pipelines. In addition to the potential for transportation-related releases of hazardous materials, potential exposure of the public to hazardous materials can result from

their use by industry, agriculture, commercial, and service establishments. Household use of hazardous materials also has the potential to result in their release into the environment.

The Diablo Canyon Power Plant is the primary radiation hazard risk in the region. An uncontrolled release of radioactive material would have the potential to result in significant impacts. To prepare for potential emergency situations that might develop at the power plant, extensive warning, reporting, and response plans have been developed. Updated information regarding the Emergency Response Plan is distributed to the public each year. Additional potential radiation hazards include low-level radioactive waste from medical facilities and elsewhere. The hauling, handling, and disposal of these materials are governed by federal regulations.

The Morro Bay Fire Department provides fire response and prevention services. The low-density urban development predominant in the city helps to minimize potential urban fire hazards. The California Department of Forestry and Fire Protection (Cal Fire) is responsible for preventing and controlling wildland fires.

### ANALYSIS AND CONCLUSIONS

- a-d) **No Impact.** In general, new development in the city could result in increased risks associated with the transport, use, and storage of hazardous materials or as a result of developing existing hazardous materials release sites. However, existing regulations at the federal, state, and local levels that would apply to any future residential development would substantially reduce risks associated with hazardous materials. Furthermore, as discussed previously, the proposed Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing. It does not include any site-specific designs or proposals or grant any entitlements for development, nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to exposure people or the environment to risks associated with hazardous materials. There would be no impact.
  
- e-f) **No Impact.** There are no airports in proximity to the city. Therefore, there would be no impact.
  
- g-h) **No Impact.** As discussed previously, the proposed Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing. It does not include any site-specific designs or proposals or grant any entitlements for development, nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing element would have no potential to interfere with emergency response or evacuation plans or expose people or structures to wildland hazards. There would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>IX. HYDROLOGY AND WATER QUALITY.</b> Would the project:				
a) Violate any water quality standards or waste discharge requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Otherwise substantially degrade water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Place within a 100-year flood hazard area structures that would impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of a failure of a levee or dam?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j) Inundation by seiche, tsunami, or mudflow?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

### SETTING

#### SURFACE HYDROLOGY AND FLOODING

A watershed is the area of land that drains to a specific body of water. The city lies within several watersheds including Chorro Creek Basin watershed, Morro Creek Basin watershed, Toro Creek watershed, Alva Paul Creek watershed, Noname Creek drainage area, and small unnamed watersheds. The major watersheds within the city are the Morro and Chorro Basin watersheds. The Morro Basin watershed is approximately 15,400 acres, while the Chorro Basin watershed is approximately 27,670 acres including approximately 2,300 acres of mudflats, tidal wetlands, and open water habitat (Morro Bay 2011a).

According to flood insurance rate maps for the city prepared by the Federal Emergency Management Agency (FEMA), the northern and central portions of the city are located within the 1 percent Annual Chance Flood Hazard area (FEMA 2012).

#### STORMWATER DRAINAGE

Drainage within the city consists primarily of overland to surface drainage ways draining into the storm drain conveyance system and then draining to the bay or ocean. Some areas of the city drain directly to the bay or ocean (i.e., Embarcadero area) or to a creek that then drains to the bay or ocean (Morro Bay 2011a).

#### GROUNDWATER HYDROLOGY

The city overlies two groundwater basins: the Morro and Chorro basins. These basins are shallow alluvial aquifers located in the Morro and Chorro valleys. The basins behave similar to an underground stream. Rainfall in the watershed percolates into the ground and flows by gravity underground to the ocean. As a result, the basins have limited storage capacity (Morro Bay 2011b, p. 4-4).

The City obtains a portion of its potable water supply from groundwater. In 1995, the State Water Resources Control Board (SWRCB) approved water right permits for up to 1.2 cubic feet per second (cfs) and 581 acre-feet per year (afy) from the Morro Creek subterranean stream underflow, and up to 3.171 cfs and 1,142.5 afy annually of Chorro Creek subterranean stream underflow. The Chorro Creek water right includes a condition that the City can only pump its wells when the Chorro Creek flow exceeds 1.4 cfs. This condition can limit the availability of the resource for use as a water supply (Morro Bay 2011b, p. 4-5).

The Morro Groundwater Basin was previously unavailable to the City as a water source due to nearby methyl tertiary butyl ether (MTBE) contamination in the groundwater basin. The City began treatment for MTBE in 2002 and continued this treatment until MTBE contamination levels fell below the Regional Water Quality Control Board's (RWQCB) monitoring threshold in 2008. Since then, the MTBE levels continue to remain below the RWQCB's monitoring threshold (Morro Bay 2011b, p. 4-6).

**ANALYSIS AND CONCLUSIONS**

- a-h) **No Impact.** In general, new development in the city could result in water quality degradation, groundwater depletion, increased stormwater runoff, and increased risk of flooding hazards. However, such development would be required to implement construction and post-construction best management practices in accordance with the City’s Stormwater Management Plan. In addition, future development would be prohibited within 100-year flood hazard zones.

As discussed previously, the proposed Housing Element identifies the potential for development of up to 149 new housing units and the rehabilitation of up to 35 existing housing units between 2014 and 2019. However, the proposed Housing Element is intended to identify sites that could accommodate these housing units. It does not include any site-specific designs or proposals, nor does it grant any entitlements for development. Furthermore, no changes are proposed to land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to impact water quality, groundwater supplies, drainage facilities, or flood hazard risk. There would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>X. LAND USE AND PLANNING.</b> Would the project:				
a) Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

Morro Bay is divided into a series of residential and nonresidential land use designations. These different land use designations identify the locations in the city where specific types of land uses may occur. The land use designations used in the proposed Housing Element are derived from those used in the City’s General Plan.

**ANALYSIS AND CONCLUSIONS**

- a-b) **No Impact.** As discussed previously, the proposed Housing Element is policy-level document intended to identify sites that could accommodate needed housing. It does not include any site-specific designs or proposal or grant any entitlements for development. In addition, the proposed Housing Element update does not involve any changes to land use or zoning designations. Therefore, the proposed project would have no potential to divide the community or conflict with applicable land use plans, policies, or regulations. There would be no impact.
- c) **No Impact.** As discussed previously, there are no adopted habitat conservation plans (HCP) or natural community conservation plans (NCCP) within the city. Furthermore, the proposed Housing Element is policy-level document intended to identify sites that could accommodate needed housing. It does not include any site-specific designs or proposal or grant any entitlements for development. Therefore, the proposed project would not conflict with any HCP or NCCP, and there would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XI. MINERAL RESOURCES.</b> Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTINGS**

Since the US Army Corps of Engineers concluded its mining of Morro Rock, there are no known mineral resources extracted in Morro Bay.

**ANALYSIS AND CONCLUSIONS**

a-b) **No Impact.** As previously discussed, the proposed Housing Element is a policy-level document intended to identify sites that could accommodate needed housing. It does not include any site-specific designs or proposal or grant any entitlements for development. Therefore, the proposed project would have no impact on mineral resources and mineral resource recovery sites.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XII. NOISE.</b> Would the project result in:				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance or of applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan area or, where such a plan has not been adopted, within 2 miles of a public airport or a public use airport, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

The most significant source of noise in Morro Bay is road traffic along State Route (SR) 1, Morro Bay Boulevard, Main Street, SR 41, and South Bay Boulevard. Additional sources of noise in the city include operational noise at businesses and residences and construction noise.

**ANALYSIS AND CONCLUSIONS**

a–d) **No Impact.** In general, new development in the city could result in the generation of noise and/or groundborne vibrations during both construction and operational phases. However, all such development would be subject to the noise standards contained in Chapter 17.52 of the City’s Municipal Code. Section 17.52.030 prohibits noise in excess of the noise standards contained in the General Plan Noise Element, sets acceptable operational hours for uses generating excessive noise near residential uses, and requires the preparation of acoustical analyses as part of the development review process. In addition, Municipal Code Section 17.52.040 prohibits the generation of vibrations that would be noticeable at the property line where the vibration is generated.

As discussed previously, the proposed Housing Element identifies the potential for development of up to 149 new housing units and the rehabilitation of up to 35 existing housing units between 2014 and 2019. However, the proposed Housing Element is intended to identify sites that could accommodate these housing units. It does not include any site-specific designs or proposals, nor does it grant any entitlements for development. Furthermore, no changes are proposed to land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to expose people to excessive noise or groundborne vibration or exceed applicable noise standards either temporarily or permanently. There would be no impact.

- e-f) **No Impact.** There are no airports in the vicinity of the city. There would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XIII. POPULATION AND HOUSING.</b> Would the project:				
a) Induce substantial population growth in an area, either directly (e.g., by proposing new homes and businesses) or indirectly (e.g., through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

In 1984, the citizens of Morro Bay enacted Measure F, a voter initiative that set the maximum population for the city at 12,200 and requires voter approval to increase the population above this limit. The city’s growth rate was slowed by adoption of this measure, along with growth restrictions established by the Local Coastal Plan. According to the California Department of Finance (2013), Morro Bay’s population in 2013 was 10,317, a slight increase from the previous year’s population estimate of 10,275 and a slight decrease from the city’s 2000 population of 10,350.

**ANALYSIS AND CONCLUSIONS**

- a) **No Impact.** In general, new development in the city could result in population growth. However, as described previously, the Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing, but it does not include any site-specific designs or proposals or grant any entitlements for development. Nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to induce substantial population growth in the city, and there would be no impact.
  
- b-c) **No Impact.** In general, new development and redevelopment in the city could result in the demolition of existing housing units, thereby displacing housing and people and requiring the construction of replacement housing elsewhere. However, as discussed previously, the proposed Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing. It does not include any site-specific designs or proposals, nor does it grant any entitlements for development. The Housing Element would not change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to displace housing or people. There would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XIV. PUBLIC SERVICES.</b> Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the following public services:				
a) Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Police protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

**FIRE PROTECTION**

The Morro Bay Fire Department provides fire response and prevention services. The department employs 10 career firefighters, 1 administrative technician, and up to 20 part-time reserve firefighters. The firefighters are tasked with emergency planning, response, command, and mitigation of a wide variety of incidents, including paramedic services, fire suppression, rescue, and public education. Fire personnel operate from one fully staffed fire station located at 715 Harbor Street and one non-staffed station located at 460 Bonita Street. These facilities house a fleet of Pierce fire apparatus. The City operates two fire engines, one quint (75-foot ladder truck), one rescue vehicle, one command vehicle, two utility vehicles, a USAR trailer, and a mass casualty trailer.

In addition to the City-owned fire engines, the Morro Bay Fire Department operates one engine provided by the California Office of Emergency Services (OES). OES provides this engine at no cost to the City. In exchange for use of the engine, the City agrees to staff and respond the engine to emergencies outside of the jurisdiction when requested. Out-of-county mutual aid requests for this engine occur approximately three to seven times per year.

The department provides a wide array of fire prevention services focused on improving and maintaining fire and life safety within the community. Fire prevention activities ensure businesses, structures, open spaces, and construction projects are in compliance with adopted fire codes, standards, and ordinances.

**POLICE DEPARTMENT**

The Morro Bay Police Department (MBPD) provides law enforcement services to the city 24 hours a day, 7 days a week. The police station is located at 870 Morro Bay Boulevard. The MBPD currently consists of the following personnel: police chief, commander, support services manager, four sergeants, five corporals, and six officers.

### SCHOOLS

San Luis Coastal Unified School District (SLCUSD) operates an elementary school and a high school within the city: Del Mar Elementary located at 501 Sequoia and Morro Bay High School located at 235 Atascadero Road. During the 2012/2013 school year, Del Mar Elementary had a total enrollment of 484 students, while Morro Bay High School had a total enrollment of 852 (EDP 2014).

### PARKS AND RECREATIONAL FACILITIES

The Morro Bay Recreation and Parks Department manages numerous parks within the city including Del Mar Park, Anchor Street Park, Keiser Park, Morro Bay City Park, Centennial Park, Coleman Park, Bayshore Bluffs, Tidelands Park, Cloisters, Monte Young Park, Morro Bay High School, and Morro Rock Beach. In addition, San Luis Obispo County owns and operates a golf course in Morro Bay State Park. The state parks—Morro Bay State Park, Morro Strand State Park, and Montaña de Oro State Park—offer camping facilities, passive recreational opportunities, and active recreational facilities.

### ANALYSIS AND CONCLUSIONS

- a-e) **No Impact.** In general, new development in the city could result in increased demand for public services that could trigger the need for new or expanded public facilities, the construction of which could result in impacts to the environment. However, as described previously, the proposed Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing but does not include any site-specific designs or proposals or grant any entitlements for development. Nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to result in increased demand for public services, and there would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XV. RECREATION.</b>				
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project include recreational facilities, or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTING**

Morro Bay offers a wide variety of recreational opportunities such as hiking, nature walks, and sightseeing. Active recreation such as water sports, including surfing, fishing, diving, and recreational boating, are also prevalent along Morro Bay’s shoreline areas. The city also has outdoor recreation facilities including sports fields, a roller hockey rink, a skate park, and basketball courts. The state parks (Morro Bay State Park, Morro Strand State Park, and Montaña de Oro State Park) offer camping facilities, passive recreational opportunities, and active recreational facilities. In addition, San Luis Obispo County operates the Morro Bay Golf Course in Morro Bay State Park. The City manages Del Mar Park, Anchor Street Park, Keiser Park, Morro Bay City Park, Centennial Park, Coleman Park, Bayshore Bluffs, Tideland Park, Cloisters, Monte Young Park, Morro Bay High School, and Morro Rock Beach.

**ANALYSIS AND CONCLUSIONS**

a-b) **No Impact.** In general, new development in the city could result in increased use of existing parks and recreational facilities and could include the development of new parks and recreational facilities. However, as described previously, the Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing. It does not include any site-specific designs or proposals or grant any entitlements for development, nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to result in an increased use of existing parks and recreational facilities or the development of new facilities. There would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XVI. TRANSPORTATION/TRAFFIC.</b> Would the project:				
a) Conflict with an applicable plan, ordinance, or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with an applicable congestion management program, including, but not limited to, level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTINGS**

**ROAD SYSTEM**

Morro Bay is primarily a residential and commercial community that is traversed by a major regional roadway, State Route 1. SR 41 also terminates in Morro Bay, bringing travelers from the east. SR 1 and Main Street carry the highest levels of traffic in the community and are used for intra-community trips. Traffic flows well on these facilities during most periods. The bulk of the city’s traffic is generated at the local residential road level and then flows to the arterials that connect to the adjacent highways.

## PUBLIC TRANSIT

Transit service within the city limits consists of dial-a-ride services (DAR). DAR is a door-to-door public transit system for all ages and is also accessible to disabled persons.

## AIRPORTS

There are no airports in proximity to the city.

## ANALYSIS AND CONCLUSIONS

- a-b) **No Impact.** In general, new development in the city could result in increased vehicle traffic in Morro Bay, potentially degrading the performance of the roadway system. However, as described previously, the Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing. It does not include any site-specific designs or proposals or grant any entitlements for development, nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to result in increased vehicle traffic in the city, and there would be no impact.
- c) **No Impact.** Because there are no airports in proximity to the city, the proposed Housing Element would have no potential to affect air traffic patterns. There would be no impact.
- d-e) **No Impact.** In general, new development in the city could result in increased vehicle traffic as well as roadway improvements that could create traffic hazards or interfere with emergency access. However, all roadway improvements would be required to comply with City design and construction standards to ensure public safety. Furthermore, as described previously, the Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing. It does not include any site-specific designs or proposals or grant any entitlements for development, nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to result in traffic hazards or inadequate emergency access in the city. There would be no impact.
- f) **No Impact.** The Housing Element is a policy-level document intended to identify sites that could accommodate development of needed housing but does not include any site-specific designs or proposals or grant any entitlements for development. Nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to result in conflicts with public transit in the city, and there would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XVII. UTILITIES AND SERVICE SYSTEMS.</b> Would the project:				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Require or result in the construction of new stormwater drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in a determination by the wastewater treatment provider that serves or may serve the project that it has adequate capacity to serve the project's projected demand, in addition to the provider's existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Comply with federal, state, and local statutes and regulations related to solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SETTINGS**

**WASTEWATER**

The City of Morro Bay and the unincorporated community of Cayucos share the existing Morro Bay-Cayucos Wastewater Treatment Plant at 65 and 35 percent, respectively, through a Joint Powers Agreement. Each community operates its own individual wastewater collection system. The Morro Bay-Cayucos Sanitary District (MBCSD) is jointly owned by the City of Morro Bay and the Cayucos Sanitary District and had an average daily flow of 1.089 million gallons per day in 2007. However, the City and the MBCSD are currently in the process of upgrading the treatment plant to full secondary treatment and to provide tertiary filtration capacity of 1.5 million gallons per day (Morro Bay 2014b).

Currently, the plant operates under a modified discharge permit, National Pollutant Discharge Elimination System (NPDES) Permit NO. CA0047881, which waives full secondary treatment standards for suspended solids (SS) and Biochemical Oxygen Demand (BOD). For all other operations and constituents, full secondary treatment standards are maintained. The

wastewater treatment plant provides advanced primary treatment to effluent, which is discharged through a 5,000-foot ocean outfall. The plant discharges an average of 1.5 million gallons per day (mgd).

## WATER

The City's water services are managed by the Public Services Department's Water Division and are guided by the City's Water Management Plan (2008) and Urban Water Management Plan (2011). Like many coastal communities, the City of Morro Bay is dependent on state water for its primary water supply. Supplemental water supplies include a desalination plant and groundwater. Groundwater is extracted from the adjacent Chorro and Morro creek basins. The safe yield for these two basins was estimated in 1969 by the Department of Water Resources to be 1,700 acre-feet per year each. However, based on recent engineering studies, these figures proved to be too low. Currently, the City has eight wells in the Chorro Basin and another eight in the Morro Basin. However, due to high nitrate content, operations of all of the wells but one has been impacted. Even with water quality impacts from nitrates in the local groundwater, the 2008 update of the Water Management Plan found that the City has sufficient water resources (Morro Bay 2008).

## DRAINAGE

Morro Bay has generally hilly terrain with several major watercourses passing through the city that carries storm runoff from large areas outside of the city. With the exception of those water courses, the storm drainage patterns of the city are urban in nature, i.e., smaller localized watersheds concentrate and convey runoff from urban-type development on the local street system and storm drainage facilities. As the city has grown, a system of storm drainage improvements has been constructed. Storm drainage within the city is managed by the Stormwater Management Division of the Public Services Department and is guided by the City's Stormwater Management Plan (2011).

## SOLID WASTE

The City contracts with Morro Bay Garbage Service to provide residential and commercial garbage, recycling, and green waste collection services in Morro Bay. Solid waste is disposed of at the Cold Canyon Landfill located in San Luis Obispo, which, as of June 2010, had a remaining capacity of 1,830,000 cubic yards (CalRecycle 2014).

## ANALYSIS AND CONCLUSIONS

a-g) **No Impact.** In general, new development in the city could result in increased demand for public utilities, including wastewater collection and treatment, water treatment and conveyance, stormwater drainage collection and conveyance, and solid waste collection and disposal. The provision of such services in the city is planned at a cumulative level to ensure adequate supply/capacity as the city is built out under the current General Plan. As discussed previously, the Housing Element is a policy-level document intended to identify sites that could accommodate development of housing. It does not include any site-specific designs or proposals or grant any entitlements for development, nor would it change any land use designations or zoning districts that could result in new development or redevelopment. Therefore, the proposed Housing Element would have no potential to result in increased demand for any public utilities requiring new or expanded public facilities. There would be no impact.

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XVIII. MANDATORY FINDINGS OF SIGNIFICANCE</b>				
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of rare or endangered plants or animals, or eliminate important examples of the major periods of California history or prehistory?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project have impacts that are individually limited, but cumulatively considerable? “Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Does the project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**ANALYSIS AND CONCLUSIONS**

a-c) **No Impact.** The proposed Housing Element is intended to accommodate forecast population growth under the existing land use designations and zoning districts. The proposed Housing Element policies and programs do not have environmental impacts that are cumulatively significant. The Housing Element includes methods of meeting State-mandated housing numbers, but it does not include or imply approval of any specific project. No changes are proposed to land use designations or zoning districts that could result in new development, population growth, major infrastructure upgrades, or other development or redevelopment that could have a significant impact on the environment. The proposed Housing Element update would be consistent with the Local Coastal Program (which includes the City’s General Plan, Local Coastal Plan, and zoning regulations) and would not have the potential to substantially degrade the quality of the environment, as evidenced in the preceding discussions.

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**RESOLUTION NO. 39-14**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT  
FOR THE NORTH POINT NATURAL AREA  
LANDSCAPING AND LIGHTING MAINTENANCE  
ASSESSMENT DISTRICT PURSUANT TO THE  
“LANDSCAPING AND LIGHTING ACT OF 1972”  
(STREETS AND HIGHWAYS SECTIONS 22500 *ET. SEQ.*)**

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

**WHEREAS**, on May 13, 2014, the City Council adopted Resolution No. 28-14 declaring the Council’s intent to levy an assessment for the annual maintenance of the North Point Natural Area and approving the Engineers Report; and

**WHEREAS**, a public hearing to hear all protests as to the levy of the annual assessment of said district was scheduled for June 24, 2014 at 6:00 p.m. in the Veteran’s Memorial Building; and

**WHEREAS**, notices were mailed to one hundred percent (100%) of the property owners on record in the district regarding the proposed assessment listing the date, time and location of the protest hearing, as well as being published in the local newspaper; and

**WHEREAS**, the City Council did hear objections of all interested parties as to the levy of the annual assessment for the North Point Landscaping and Lighting Maintenance Assessment District on June 24, 2014 at the Veteran’s Memorial Building.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay,

1. The annual levy for the maintenance of North Point Natural Area Landscaping and Lighting Maintenance Assessment District generally located as shown on Exhibit “A” attached hereto is hereby ordered and the assessment of \$5,645 to be equally distributed per assessable parcel for the Fiscal Year 2014-15 is hereby confirmed.

2. Adoption of this Resolution shall constitute the levy of an assessment for the Fiscal Year 2014-15 and the City Clerk shall file the diagram and assessment with the County of San Luis Obispo Auditor.

RESOLUTION 39-14  
PAGE 2

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting held this 24<sup>th</sup> day of June, 2014 by the following roll call vote:

**AYES:**

**NOES:**

**ABSENT:**

---

**JAMIE L. IRONS, MAYOR**

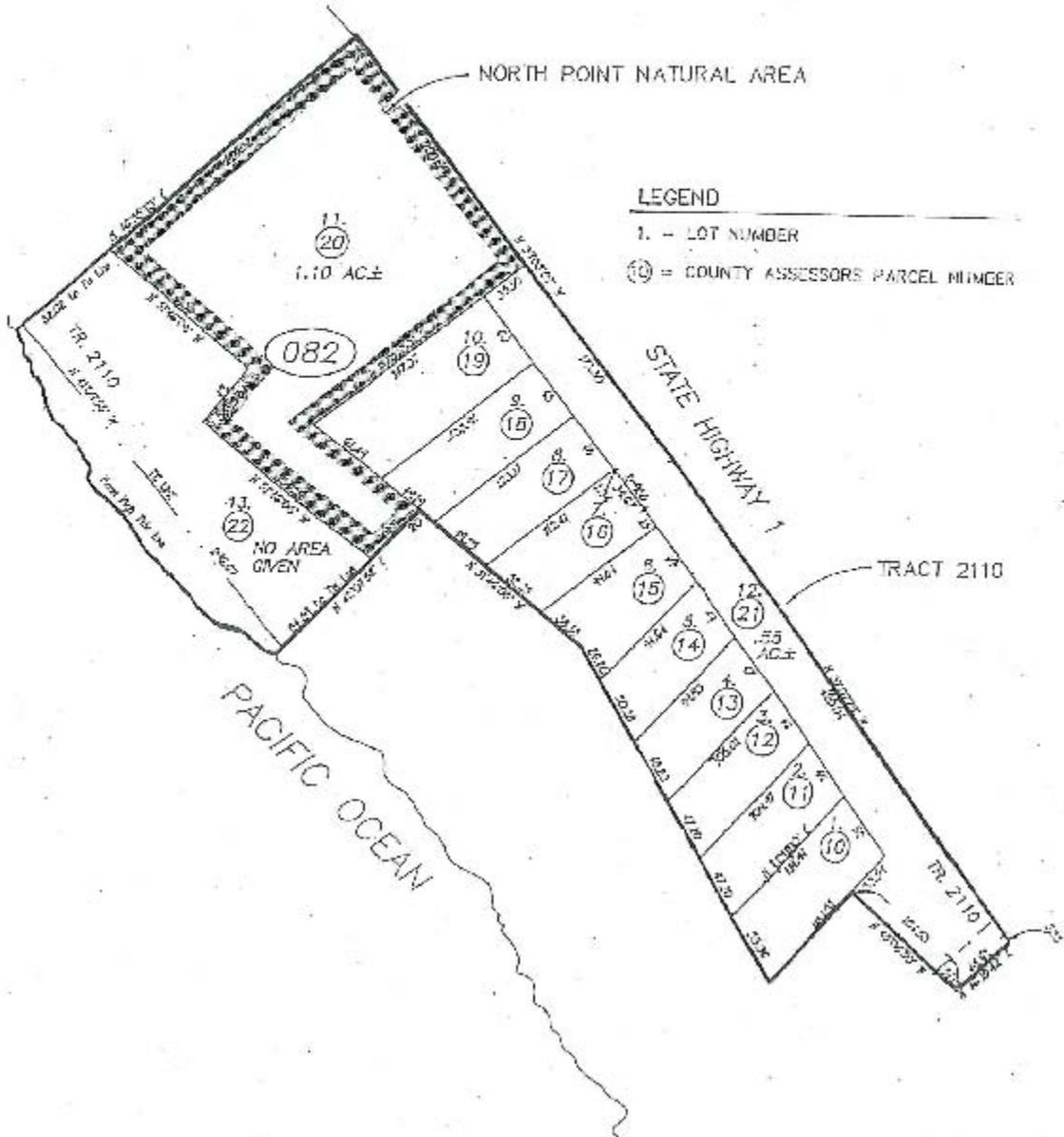
**ATTEST:**

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**JAMIE BOUCHER, CITY CLERK**

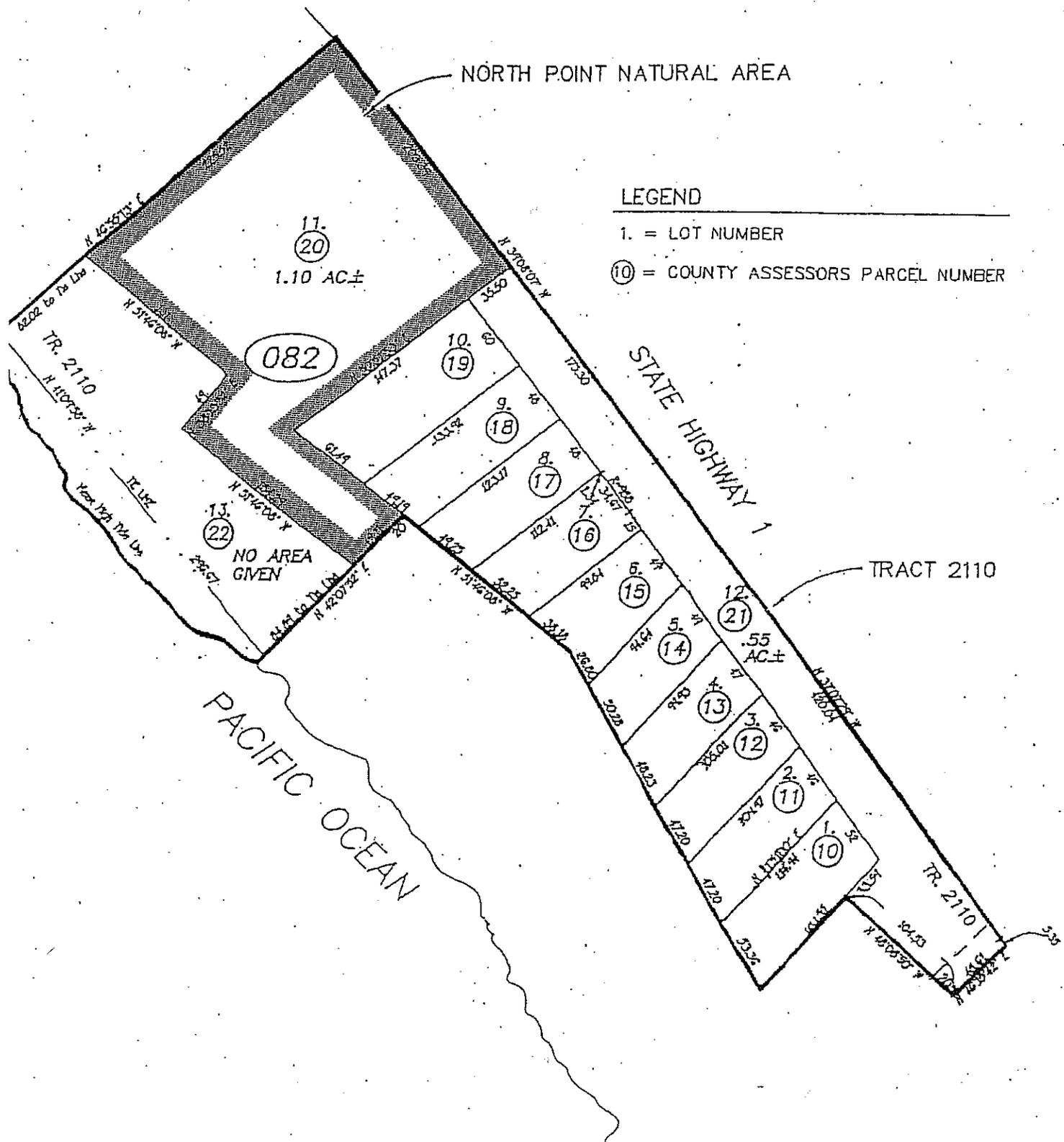
NORTH POINT NATURAL AREA  
LANDSCAPING AND LIGHTING  
MAINTENANCE ASSESSMENT DISTRICT

ASSESSMENT DIAGRAM



# NORTH POINT NATURAL AREA LANDSCAPING AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT

## ASSESSMENT DIAGRAM



### LEGEND

1. = LOT NUMBER

⑩ = COUNTY ASSESSORS PARCEL NUMBER



AGENDA NO: B-3

MEETING DATE: June 24, 2014

# Staff Report

**TO:** Honorable Mayor and City Council **DATE:** June 9, 2014  
**FROM:** Joseph M. Woods, Recreation and Parks Director  
**SUBJECT:** Resolution No. 40-14 Directing the Levy of the Annual Assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District

## **RECOMMENDATION**

Staff recommends the City Council complete the final public hearing and approve Resolution 40-14, approving the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District for FY 2014/15.

## **ALTERNATIVES**

Alternative 1 – City Council hold a public hearing on the annual levy of assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District and then adopt Resolution No. 40-14 confirming the levy of assessment for Fiscal Year 2014-15.

Alternative 2 – City Council hold a public hearing on the annual levy of assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District and not adopt Resolution No. 40-14 which would include specific follow up direction for staff .

## **FISCAL IMPACT**

By adopting Resolution 40-14, \$148,944 will be collected through an assessment of all parcel owners in the Cloisters subdivision for the maintenance of the Cloisters Park and Open Space. Council has approved the transfer of \$87,743.61 from the General Fund to the Cloisters Assessment fund. Current fund balance is \$25,271.36, a surplus for FY end 2012/13.

## **SUMMARY**

At the May 13, 2014, City Council meeting, Council adopted Resolution No. 27-14 approving the Engineer's Report describing the annual maintenance to be completed at the Cloisters Park and Open Space, and declaring the City's intent to levy an annual assessment to finance this maintenance. The assessment, projected at \$1,241.20 per assessable lot in the Cloisters subdivision, will be collected by the County Assessor. As part of the assessment process, the City ordered the preparation of an Engineer's report, adopted a resolution of intention to levy an assessment, set June 24, 2014, as the hearing date on the proposed levy of assessment, noticed all property owners on record via first class mail of the hearing and published the notice in the local newspaper. The Council must hold this protest/public hearing before considering the levy of the annual assessment.

Prepared By: JMW

Dept Review: JMW

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

## **BACKGROUND / DISCUSSION**

Staff has received nine letters in protest of the Assessment District, which are attached to this staff report. The nine protests generally express concern general City funds should be used to cover the maintenance of public facilities and the Assessment District should not fund those facilities, as no substantive “special benefit” has ever been identified.

None of the nine letters of protest regarding general vs. special benefit allocations are a new protest or argument. In 2004, a lawsuit was filed by three Cloisters’ residents against the City. The lawsuit asserted the Cloisters special assessment exceeds the cost of any special benefit conferred on their properties, and therefore is excessive. The Court ruled against the three Cloisters residents and in favor of the City. The Court determined in order to mitigate the environmental impacts of the Cloisters project, and to provide a greater than public benefit as required in a Planned Development (PD) overlay zone, the conditions of approval for the Cloisters project required the applicant to form a 100% special benefit assessment district for the maintenance of the public park, bicycle pathway, right of way landscaping, coastal accessways, Environmentally Sensitive Habitat (ESH) restoration areas and any other improved common areas to be privately held or dedicated to the City.

The Court determined there are many special benefits associated with the Cloisters Assessment District. The Cloisters lots directly benefit from the huge extent of the Cloisters open space and close proximity of the public park, bicycle pathway, right of way landscaping, ESH restoration areas and coastal accessways. There was also created, and reserved in favor of each owner in the Cloisters Development, easements for view, open space, scenic, passive recreation and coastal access across the entirety of LOTS 121, 122 and 123, which shall not be developed with any improvements or structures, unless necessary and proper for the restoration and maintenance of the Environmentally Sensitive Habitat Area. The Court determined further special benefits include: improved aesthetic appeal of nearby parcels, improved dust control, enhanced adaptation of the urban environment within the natural environment, improved erosion resistance, improved drainage and flood control, enhanced crime deterrence and aid to police protection, increased nighttime safety on roads and highways, improved visibility for pedestrians and motorists, improved ingress and egress to property, reduced vandalism and other criminal acts and damage to improvements or property, improved traffic circulation, reduced nighttime accidents, and special enhancement to property value resulting from the above benefits.

The Court also determined the City does not need to, nor is it required to, prepare an annual redetermination of the separation of special and general benefits. ,The Court specially held:

“When the special assessment district was formed the owner of all of the parcels consented to its formation. ,Moreover, the owner did not object to the amount of the assessment, which the City based upon the cost of the special benefits being conferred on the properties within the assessment district, nor to the specific amount allocated to each parcel as its proportionate share. Because express consent to the amount and allocation of the assessment was given by petitioners' predecessor, and

petitioner's purchased their properties with actual or constructive knowledge of the amount of the assessment, it is too late for them now to withdraw the consent and attack the amount of the assessment.”

While the benefits from the assessment go far beyond the maintenance of the District’s amenities, staff continues to recognize the importance of meeting our obligations, which are outlined in the Engineer’s Report. Staff continues to utilize the City’s web site using the “Notify Me” modular to inform Cloisters residents of upcoming meetings and various upcoming maintenance tasks. That form of communication has been well received by the residents and will continue through the upcoming fiscal year.

The outsourcing approach has shown to be an effective maintenance tool for the District, but has not reduced the overall costs of upkeep. Savings from periodic maintenance performance will be allocated to deferred maintenance, as well as repair to existing infrastructure on a case-by-case basis.

**CONCLUSION**

Staff is prepared to continue the Assessment District and fulfill the City’s obligation to maintain the Cloisters Lighting and Maintenance Assessment District. Staff will continue communicating with the owners to enhance our relationships and to allow for noticing of upcoming events which may impact their residence.

**RESOLUTION NO. 40-14**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
DIRECTING THE LEVY OF THE ANNUAL ASSESSMENT  
FOR THE CLOISTERS LANDSCAPING AND LIGHTING  
MAINTENANCE ASSESSMENT DISTRICT PURSUANT TO THE  
“LANDSCAPING AND LIGHTING ACT OF 1972”**

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

**WHEREAS**, on May 13, 2014, the City Council adopted Resolution No. 27-14 declaring the Council’s intent to levy an assessment for the annual maintenance of the Cloisters Park and Open Space and approving the Engineers Report; and

**WHEREAS**, a public hearing to hear all protests as to the levy of the annual assessment of said district was scheduled for June 24, 2014 at 7:00 p.m. in the Veteran’s Memorial Building; and

**WHEREAS**, notices were mailed to one hundred percent (100%) of the property owners on record in the district regarding the proposed assessment listing the date, time and location of the protest hearing, as well as being published in the local newspaper; and

**WHEREAS**, the City Council did hear objections of all interested parties as to the levy of the annual assessment for the Cloisters Landscaping and Lighting Maintenance Assessment District on June 24, 2014 at the Veteran’s Memorial Building.

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

1. The annual levy for the maintenance of Cloisters Landscaping and Lighting Maintenance Assessment District generally located as shown on Exhibit “A” attached hereto is hereby ordered and the assessment of \$148,944 to be equally distributed per assessable parcel for the Fiscal Year 2014-15 is hereby confirmed.

2. Adoption of this Resolution shall constitute the levy of an assessment for the Fiscal Year 2014-15 and the City Clerk shall file the diagram and assessment with the County of San Luis Obispo Auditor.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held this 24<sup>th</sup> day of June, 2014 by the following roll call vote:

**AYES:**

**NOES:**

**ABSENT:**

**ATTEST:**

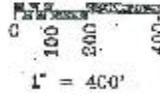
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**JAMIE L. IRONS, MAYOR**

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**JAMIE BOUCHER, CITY CLERK**

TF02 PARCEL 1  
Most northerly corner of  
Lot 122 of Tract 1998



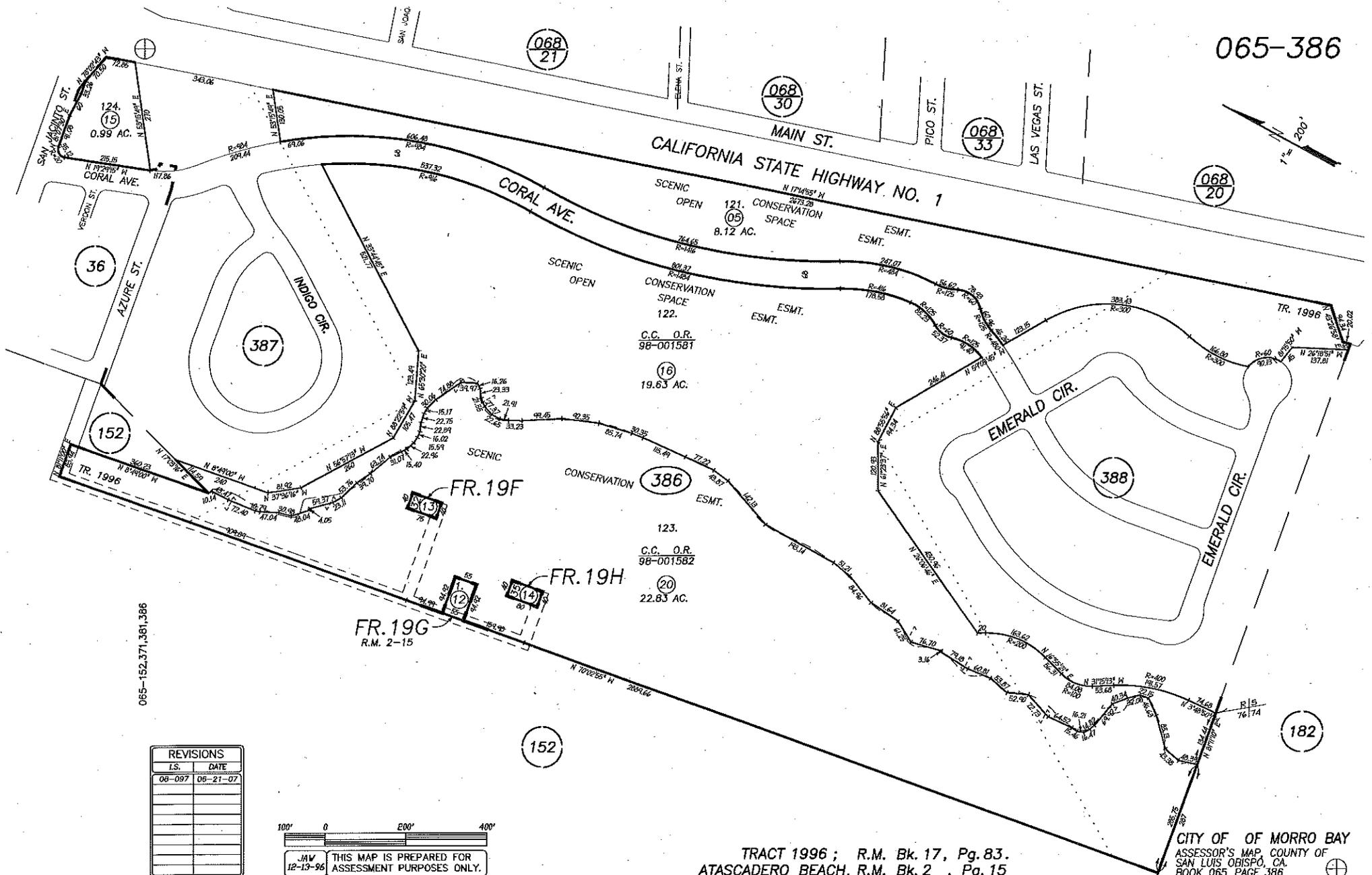
TF02 PARCEL 2

PARCEL 2

PARCEL 1

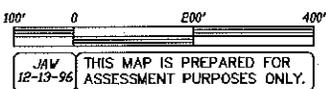
EXHIBIT A

1452578



065-152,371,381,386

REVISIONS	
I.S.	DATE
06-097	06-21-07



TRACT 1996 ; R.M. Bk. 17, Pg. 83.  
 ATASCADERO BEACH, R.M. Bk. 2 , Pg. 15

CITY OF MORRO BAY  
 ASSESSOR'S MAP, COUNTY OF  
 SAN LUIS OBISPO, CA.  
 BOOK 065 PAGE 386.

**Jamie Boucher - Cloisters Landscaping and Lighting Maintenance Assessment District**

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**From:**  
**To:** "Jamie Boucher" <JBOUCHER@morro-bay.ca.us>, "Noah Smukler" <nsmukler...  
**Date:** 6/14/2014 10:57 AM  
**Subject:** Cloisters Landscaping and Lighting Maintenance Assessment District

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**June 14, 2014**

**Mayor Irons and Members of the City Council**

**Thank you for your recent decision to support Staff's finding that the Cloisters Assessment District was not responsible for charges that exceeded the annual Assessment amount. We appreciate the effort of staff, the Council and Dawn Beattie of the Cloisters in correcting this situation.**

**However, we would like to formally protest the Cloisters Landscaping and Lighting Maintenance Assessment for 2014 and future years. We believe the time has more than come to require general city funds (which include a large chunk of Cloisters property tax money) to cover the maintenance of this public facility - it benefits all visitors, not just nearby property owners.**

**According to Dawn Beattie who has read many of the original documents related to actions that took place between the Cloisters Developer and the City, there is nothing in those documents that supports this Assessment going on in perpetuity. Property tax money, of which a portion goes to the City, have increased at least five fold since the Assessment was set up, providing plenty of general fund money to take over this responsibility.**

**Thanks in advance for your consideration.**

**Marjorie and Charles York  
2260 Emerald Circle  
Cloisters Homeowner  
Morro Bay Residents**

Mr. Michael R and Mrs. Patricia Cox  
2277 Emerald Circle Morro Bay, CA 93442

June 10, 2014

Morro Bay City Council Members  
595 Harbor Street  
Morro Bay, CA 93442

RECEIVED  
City of Morro Bay

JUN 12 2014

Administration

Dear Council Members,

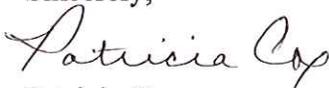
I am unable to attend the June 24, 2014 public hearing and wish to inform you that our household protests the continuation of the current annual assessment levied exclusively to property owners of The Cloister's for its care and maintenance. We feel strongly that the time has come for our elected city leaders to re-evaluate the continuation of taxing this small group of homeowners for an area that is used and accessible to all residence and visitors alike.

I heard someone say that because of the "opened area" owners enjoy, that we should be exclusively responsible for the watering and maintenance of this 'natural' area as well. Although some homes do enjoy this view, not all do. In fact, our neighbors *on the other side of the freeway* have a better view of the unobstructed, natural area of the Cloisters than we have out the one window from inside our home. Yet are they assessed for the water usage and mowing of weeds?

The 'protected willows' that back up against our home now stand 15 feet tall and are hanging over and beginning to root into the waterways and encroach on the walkways and property lines. Is it not the city's responsible to maintain these flood channels and to ensure they are not clogged with debris, old weeds, and most importantly allow these invasive "protected" willow saplings to take root?

Now there are plans to build a bridge and connect the pathway from downtown Morro Bay to those in the Cloisters. Although this beautification project is noble, *who* is responsible for its construction and upkeep of this community project? With the anticipated increase in foot, bike and dog traffic it will take a larger pool of money to care for the already worn, cracked and weed encroached walkways in the Cloisters. To me, *all residence* of Morro Bay should be *equally* assessed for the current and proposed parks and walkways throughout our city. Whatever arrangements were made at the time of the Cloister's development are outdated at best and unfairly burdens the current tax payers with a maintenance assessment for areas that benefit others in our community.

Sincerely,



Patricia Cox

June 10, 2014

RECEIVED  
City of Morro Bay

JUN 11 2014

Administration

City Club, City of Morro Bay  
595 Harbor St.  
Morro Bay, Ca

We are writing to protest the assessment on the Cloisters. We appreciate the progress that has been made, but feel that the assessment is basically unfair. We pay \$100 per month on top of property taxes, and receive no added benefits, not available to the public at large.

Sincerely,

Doug and Vicki McDonald  
2782 Indigo Circle

**Jamie Boucher - Cloisters Landscaping and Lighting Maintenance Assessment District**

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**From:** Dawn Beattie  
**To:** Jamie Boucher City Clerk <JBOUCHER@morro-bay.ca.us>, Noah Smukler <nsmu...>  
**Date:** 6/10/2014 3:01 PM  
**Subject:** Cloisters Landscaping and Lighting Maintenance Assessment District

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To: Jamie Boucher <JBOUCHER@morro-bay.ca.us> City Clerk, Noah Smukler <nsmukler@yahoo.com>, George Leage <gwleage@aol.com>, Nancy Johnson <nanj93442@yahoo.com>, Christine Johnson <cjohnson@morro-bay.ca.us>, Jamie Irons <jirons@charter.net>

From: Dawn Beattie <

Subject: Cloisters Landscaping and Lighting Maintenance Assessment District

Cc:

Bcc:

Attached:

**Mayor Irons, Members of the City Council,**

**I couldn't be happier with your recent decision to support Staff's finding that the Cloisters Assessment District was not responsible for charges that exceeded the annual Assessment amount. I appreciate everyone's commitment for righting this wrong.**

**Despite my pleasure with this latest decision, I would like to formally protest the amount of this year's Cloisters Landscaping and Lighting Maintenance Assessment and would like to see the Assessment phased out over the next 10 years. I believe the time has more than come to require general city funds (which include a large chunk of Cloisters property tax money) to cover the maintenance of this public facility - it benefits all visitors, not just nearby property owners.**

**I've read many of the original documents related to actions that took place between the Cloisters Developer and the City, and can find nothing that supports this Assessment going on in perpetuity. Property tax money, of which a portion goes to the City, have increased at least five fold since the Assessment was set up, providing plenty of general fund money to take over this responsibility. Thanks in advance for your consideration.**

**Dawn Beattie  
Cloisters Homeowner  
Morro Bay Resident**

Steven D. Rathfon

2262 Emerald Circle  
Morro Bay, CA 94611

June 5, 2014

City Clerk  
City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442-1900  
Tel: 805-772-6200

Re: Cloisters Landscaping and Lighting Maintenance Assessment District – Assessment

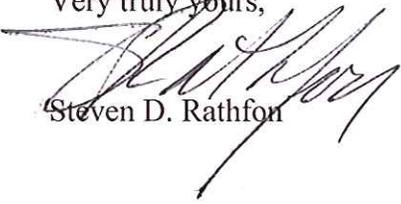
Dear Clerk,

Once again, we hereby protest the proposed “Cloisters Landscaping and Lighting Maintenance Assessment District” annual assessment.

The time has come to require that general city funds cover the maintenance of this public facility which benefits all visitors, not just nearby property owners, for which no substantive “special benefit” has ever been identified. Indeed, the presence of restrooms in the park attest to the fact that this park was intended by the city to benefit Morro Bay residents who do not live in the Cloisters. Those restrooms also attract vagrants, and non-residents to the park to use the facilities – hardly a benefit for adjacent residents. And, this park, through city’s failure to manage it or to act, has become a de facto dog park for dog owners in surrounding neighborhoods.

How long can you keep up this fiction of the Cloister’s Park providing a special benefit to the 120 residents who pay a special assessment of \$1200 each year for what is actually a city park equally available to all Morro Bay residents and used more by the adjoining neighborhoods than by the Cloister’s residents?

Very truly yours,

  
Steven D. Rathfon

RECEIVED  
City of Morro Bay

JUN 09 2014

Administration

**From:** Carole Rathfon <  
**To:** <jboucher@morro-bay.ca.us>  
**CC:** <jirons@morro-bay.ca.us>, ">Johnson" <cjohnson@morro-bay.ca.us>, <gleage...  
**Date:** 5/29/2014 10:25 AM  
**Subject:** Cloisters Landscape and Lighting District Assessment Protest

Dear Mr. Mayor, City Council, and City Clerk,

This is our annual letter protesting the Cloisters Landscape and Lighting District Assessment.

We appreciate that the city has been willing to work with owners so that accountability is now part of the budget process. It is a welcome change of attitude.

However, we still believe that the assessment pays for a public park at the expense of a small group of homeowners. We won't go into all the details once again of what is a "special benefit" vs "public benefit", but because the park is used by the public at large, it should be funded by the city.

We hereby request that you phase out the assessment.

Carole & Steve Rathfon  
2262 Emerald Circle

6/2/14

City Clerk , City of Morro Bay  
ATTN: Cloisters Landscaping and Lighting Maintenance Assessment District  
595 Harbor Street  
Morro Bay, Ca 93442

Dear City Clerk,

My wife and I protest the proposed "Cloisters Landscaping and Lighting Maintenance Assessment District" annual assessment.

We are very happy that so many visitors and Morro Bay residents use the Cloisters Park. That said, it is very clear that this park is the most regularly used park in Morro Bay and there is no substantive "special benefit" for the property owners of the cloisters.

Also with the new construction of the Morro Bay Bike Path and plans of new development North of the bike bridge, the cloisters park will again be of greater benefit to the whole community and the many visitors that frequent our city on a regular basis.

Thank you for your consideration and we appreciate your removal of our annual assessment.

Best Regards,

 6/2/14  
Kurtis and Kara Shipcott  
2227 Emerald Circle  
Morro Bay, CA 93442

RECEIVED  
City of Morro Bay

JUN 03 2014

Administration

Michael L. Baird  
Heidi N. Baird &  
2756 Indigo Circle  
Morro Bay, CA 93442

Attention: Cloisters Landscaping and Lighting Maintenance  
Assessment District  
City Clerk, City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442

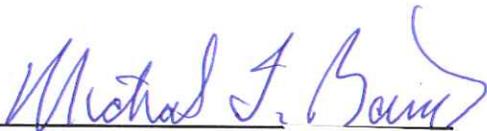
28 May 2014

We protest the proposed "Cloisters Landscaping and Lighting Maintenance Assessment District" annual assessment.

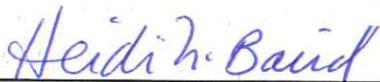
The time has come to require that general city funds cover the maintenance of this public facility which benefits all visitors, not just nearby property owners, to which no substantive "special benefit" has ever been identified.

Just as a little note of interest, we stuffed in the two Mutt Mitt boxes in this park, 50,000 dog poop pickup bags last year... an indication of the wide public benefit to all this park delivers. There is no logical or ethical reason nearby home owners should be burdened with financing in perpetuity such a widely used public property.

Thank you for your consideration.



Michael L. Baird



Heidi N. Baird

RECEIVED  
City of Morro Bay

JUN 03 2014

Administration

Attention: Cloisters Landscaping and Lighting Maintenance  
Assessment District

City Clerk, City of Morro Bay

595 Harbor Street

Morro Bay, CA 93442

30 May 2014

We protest the proposed "Cloisters Landscaping and Lighting  
Maintenance Assessment District" annual assessment.

The time has come to require that general city funds cover the  
maintenance of this public facility which benefits all visitors, not just  
nearby property owners, to which no substantive "special benefit" has  
ever been identified.



Richard Gelman

2784 Indigo Circle

Morro Bay CA, 93442

**RECEIVED**  
City of Morro Bay

**JUN 03 2014**

Administration



AGENDA NO: C-1

MEETING DATE: 6/24/2014

# Staff Report

**TO:** Mayor and City Council                      **DATE:** June 12, 2014  
**FROM:** Susan Slayton, Administrative Services Director  
**SUBJECT:** Resolution No. 42-14 Adopting the Fiscal Year 2014/15 Operating Budgets

## RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 42-14, approving the fiscal year 2014/15 budget document, including any amendments made at this meeting.

## FISCAL IMPACT

The City Council will adopt a balanced budget for fiscal year 2014/15 that includes utilizing saved cash for Enterprise capital projects.

## DISCUSSION

The City Council conducted a budget workshop on June 5, 2014, and continued discussion on the budget at its June 10<sup>th</sup> meeting. No formal action was taken at either meeting; however, the following items were asked to be added to the proposed budget document, schedules of which are attached:

- Expanded version of page 1, *Summary of All Budgeted Funds*, with revenues and expenditures broken out between operating and capital amounts;
- 2014/15 Facility Maintenance and Completed Maintenance by fiscal year;
- Addition of Del Mar Parking Lot, Unmet Bike Needs and Tidelands Park in Five Year Capital Requirements;
- Separate page for the General Plan Maintenance Fee activity;
- Changes to the Governmental Impact Fees Fund and General Government Vehicle Replacement Fund;
- Description of items budgeted for spending the COPS Special Safety Grant;
- Removal of the proposed Parking and Code Enforcement position;
- Correction of Parking In-Lieu Fund to recognize the designation of \$399,000;

After further discussion at tonight's meeting, staff is recommending adoption of Resolution No. 42-14, which authorizes the fiscal year 2014/15 budget. Any amendments made at this meeting will be incorporated into the final budget document.

**Prepared by:** \_\_\_\_\_                      **Dept. Review:** \_\_\_\_\_  
**City Manager Review:** \_\_\_\_\_  
**City Attorney's Review:** \_\_\_\_\_

**RESOLUTION NO. 42-14**

**RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING THE 2014/15 FISCAL YEAR OPERATING BUDGETS**

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

**WHEREAS**, the City of Morro Bay is required to appropriate and expend public funds to conduct the day-to-day business activities of the City; and

**WHEREAS**, the Morro Bay City Council finds and determines that these appropriations are necessary for continued efficiency, economy and effectiveness of the City government operations; and

**WHEREAS**, the City Council recognizes that Capital Improvement Projects authorized and approved in prior fiscal years may not be completed by June 30, 2014; and

**WHEREAS**, the continuing efforts of staff to operate the business of the City within an approved budget and to create savings wherever feasible are acknowledged by the City Council; and

**WHEREAS**, Section 37208 of the California Government Code provides that payments or demands conforming to an approved budget adopted by Ordinance or Resolution do not require audit by the City Council prior to payment.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that:

1. The Fiscal Year 2014/15 Operating Budgets are adopted, including any amendments made at this meeting, which will be attached to this Resolution; and
2. Staff is directed to prepare and publish a final budget document; and
3. The City Manager is authorized to transfer appropriations within the adopted budget, so long as the appropriations' changes do not have a significant policy impact, and total appropriations are not exceeded; and
4. City Council approval is required to transfer appropriations between funds, capital projects, or capital outlay items; and
5. City Council authorizes and directs the transfer of balances for capital projects approved in prior fiscal years, but not completed by June 30, 2014, to the Capital Improvement Project Fund(s) for the 2014/15 fiscal year; and

6. City Council directs that the hiring freeze for positions in the City workforce continue for those positions funded within the General Fund, with the exception of safety personnel, and the City Council reserves the right to review any requests to fill vacancies on a case-by-case basis; and
7. City Council chooses to continue to defer the remaining 2.5% of the 2009/10 deferral of the management and executive employees' 3% Cost-of-Living Adjustment (COLA);
8. Per Council minute order May 24, 2004, any expenditures, in excess of the assessments received for the Cloisters Assessment District, will be subsidized by the General Fund, without additional request made to City Council; and
9. The City will consider reducing the amount of General Fund support to the Morro Bay Tourism Bureau and other outside funding requests with its 2015/16 budget.

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 24<sup>th</sup> day of June, 2014, by the following vote:

AYES:

NOES:

ABSENT:

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JAMIE L. IRONS, Mayor

ATTEST:

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JAMIE BOUCHER, City Clerk

**CITY OF MORRO BAY  
2014/15 PROPOSED BUDGET**

**SUMMARY OF ALL BUDGETED FUNDS**

NAME OF FUND	BEGINNING CASH	REVENUE ESTIMATES		TRANSFERS		EXPENDITURE ESTIMATES		REVENUES OVER(UNDER) NET	ENDING CASH
		OPERATING	CAPITAL	IN	OUT	OPERATING	CAPITAL	TRANSFERS AND EXPENDITURES	
GENERAL	\$ (774,768)	\$ 9,231,635	\$ -	\$ 1,344,443	\$ -	\$ (10,576,078)	\$ -	\$ -	\$ (774,768)
DISTRICT TRANSACTION TAX	306,209	262,850	667,150	-	(99,608)	(163,242)	(944,383)	(277,233)	28,976
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	70,828	575,000	-	-	-	(575,000)	-	-	70,828
GENERAL GOVERNMENT VEHICLE REPLACEMENT	8,217	-	-	115,000	-	-	(115,000)	-	8,217
GENERAL FUND EMERGENCY RESERVE	2,926,101	13,000	-	-	-	-	-	13,000	2,939,101
GENERAL FUND FACILITY MAINTENANCE	160,834	99,389	-	-	-	(85,000)	-	14,389	175,223
WATER EQUIPMENT REPLACEMENT	289,801	-	-	-	-	-	-	-	289,801
SEWER EQUIPMENT REPLACEMENT	239,532	-	-	115,000	-	-	(70,000)	45,000	284,532
HARBOR EQUIPMENT REPLACEMENT	78,932	-	-	-	-	-	-	-	78,932
COMMUNITY DEVELOPMENT GRANTS	176,681	-	-	-	-	-	-	-	176,681
STATE GAS TAX	-	271,934	-	-	(271,934)	-	-	-	-
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	36,739	-	-	-	-	-	-	-	36,739
TRAFFIC SAFETY	-	30,000	-	-	(30,000)	-	-	-	-
SPECIAL SAFETY GRANTS	50,046	100,000	-	-	-	-	(100,000)	-	50,046
PARKING IN-LIEU	8,901	1,400	-	-	-	-	-	1,400	10,301
TRANSIT	135,968	358,787	77,261	-	(79,775)	(398,941)	(77,261)	(119,929)	16,039
BIKE PATHS	5,101	10,721	-	-	-	-	-	10,721	15,822
WATER REVENUE	-	3,293,250	-	595,341	(279,104)	(3,609,487)	-	-	-
SEWER REVENUE	-	3,473,067	-	2,228,859	(166,348)	(3,826,303)	(1,709,275)	-	-
HARBOR OPERATING	300	1,712,410	-	-	(284,663)	(1,427,747)	-	-	300
RISK MANAGEMENT	826,983	1,000,000	-	-	(135,688)	(1,000,000)	-	(135,688)	691,295
SPECIAL ASSESSMENT DISTRICTS	87,290	157,421	-	-	-	(154,589)	-	2,832	90,122
TRUST AND AGENCY - PEG ACCESS FUNDS	28,059	-	-	-	-	-	-	-	28,059
TRUST AND AGENCY - GENERAL PLAN MAINTENANCE	90,271	-	8,100	-	-	-	-	8,100	98,371
MB/CSD WASTEWATER TREATMENT PLANT	-	3,412,734	-	-	-	(2,191,734)	(1,221,000)	-	-
GOVERNMENTAL IMPACT FEES	551,465	-	40,000	-	(115,000)	-	(257,435)	(332,435)	219,030
PARK IN-LIEU FEES	65,034	-	-	-	-	-	-	-	65,034
STATE PARK MARINA SPECIAL REVENUE	-	65,000	-	-	-	-	(65,000)	-	-
HOUSING IN-LIEU	114,090	-	-	-	-	-	-	-	114,090
WATER RESERVE	2,290,947	30,000	-	-	(595,341)	-	(1,660,000)	(2,225,341)	65,606
SEWER RESERVE	2,898,812	-	-	-	(2,343,859)	-	(482,994)	(2,826,853)	71,959
HARBOR RESERVE	899,688	-	-	2,677	-	-	(899,327)	(896,650)	3,038
<b>TOTAL ALL FUNDS</b>	<b>\$ 11,572,061</b>	<b>\$ 24,098,598</b>	<b>\$ 792,511</b>	<b>\$ 4,401,320</b>	<b>\$ (4,401,320)</b>	<b>\$ (24,008,121)</b>	<b>\$ (7,601,675)</b>	<b>\$ (6,718,687)</b>	<b>\$ 4,853,374</b>

**CITY OF MORRO BAY  
GENERAL FUND FACILITY MAINTENANCE FUND  
SCHEDULE OF FACILITY MAINTENANCE PROJECTS  
AS OF THE 2014/15 FISCAL YEAR**

<u>OVERALL PRIORITY</u>	<u>SITE PRIORITY</u>	<u>SITE</u>	<u>WORK</u>	<u>ESTIMATED COST</u>	
A	1	City Hall	Renovate plumbing	\$ 7,500	
A	1	City Hall	Re-duct, clean, and balance HVAC venting	7,000	
A	1	Community Center	Upgrade and interlock ventilation fans with occupancy sensors	4,000	
A	1	Teen Center	Treat for termites	3,000	
A	1	Veterans Memorial Building	Encapsulate remaining asbestos tile floors in storage areas	5,000	
A	1	Veterans Memorial Building	Turf removal and CLIP site improvements	12,000	
A	1	Veterans Memorial Building	Replace picnic tables	4,000	
A	1	City Hall	Upgrade HVAC for energy efficiency	8,000	Requesting CEC 1% loan to complete
A	1	Community Center	Upgrade HVAC for energy efficiency	30,000	Requesting CEC 1% loan to complete
A	1	Harbor Office	Upgrade HVAC for energy efficiency	4,500	Requesting CEC 1% loan to complete
A	1	Police Department	Upgrade HVAC for energy efficiency	13,500	Requesting CEC 1% loan to complete
A	1	Public Services	Upgrade HVAC for energy efficiency	21,000	Requesting CEC 1% loan to complete
A	2	City Hall	Upgrade fire & security system	3,500	
A	2	City Hall	Replace carpet in offices	8,500	
A	2	Community Center	Purchase table dollies for existing and new tables to preserve floor surfacing	2,500	
A	2	Community Center	Purchase additional tables for indoor events	3,000	
A	2	Teen Center	Upgrade fire & security system	3,500	
B	1	Community Center	Upgrade building for wireless access throughout	2,000	
B	1	Public Restrooms-Tidelands	Repair dry rot & paint, replace gutters, replace shower seating, seal floors, add hand sanitizers, replace faucets w/ultra-low flow	6,500	
B	1	Public Restrooms-City Park	Repair dry rot & paint, re-roof, add hand sanitizer, replace faucets w/ultra-low flow	4,000	
B	1	Public Restrooms-Bayshore	Repair dry rot & paint, re-roof, seal floors, add hand sanitizer, replace faucets w/ultra-low flow	4,000	
B	1	Public Restrooms-Lila Keiser	Repair dry rot & paint, seal floors, add hand sanitizers, upgrade lighting, replace faucets w/ultra-low flow	4,000	
B	1	Public Restrooms-Morro Rock	Seal floors, upgrade lighting, add hand sanitizers, replace faucets w/ultra-low flow	2,500	
B	2	City Hall	Paint interior	4,000	
B	2	CLIP	Civic Landscape Improvement Program	5,000	
B	2	Veterans Memorial Building	Update kitchen cabinetry to washable lockable cabinets	7,000	
B	3	Veterans Memorial Building	Recover movable wall	2,500	
<b>Total expenditure budget</b>				<b>\$ 182,000</b>	

**NOTE:**

This fund supports projects related to the City Council's 2013 - 2015 Goals, Goal #7, Improve City Infrastructure.  
Project completion is based on priority and available funding.

**CITY OF MORRO BAY  
GENERAL FUND FACILITY MAINTENANCE FUND  
COMPLETED FACILITY MAINTENANCE PROJECTS BY FISCAL YEAR**

<u>SITE</u>	<u>WORK</u>	<u>ACTUAL COST</u>	<u>SITE</u>	<u>WORK</u>	<u>ACTUAL COST</u>
FY 2011/12:			FY 2012/13:		
975 Shasta	Demolition, asbestos abatement & report	\$ 6,845	City Hall	Replace/Repair roof	\$ 1,000
983 & 985 Shasta	Demolition, asbestos abatement & report	14,275	Community Center	Repair security hardware	4,000
Call-A-Ride	Sewer lateral enhancement	-	Community Center	Re-key lockable doors	4,000
City Hall	Paint exterior & pressure wash	8,413	Community Center	Access system improvements	15,000
City Hall	Termite mitigation	2,805	Community Center	Replace refrigerators energy efficiency	7,110
Community Center	Replace upstairs roof	6,850	Community Center	Repair lockable windows	500
Community Center	Replace Senior Center roof	24,900	Community Center	Lockable kitchen cabinets for rent	250
Community Center	French drain repair along Kennedy Way	10,865	Police Department	Repair roof	5,500
Community Center	Paint exterior & pressure wash	15,986	Public Services	Replace/Repair roof	1,500
Police Department	Evidence room renovation & flooring	5,130	Public Services	Replace acoustic ceiling tiles	500
Public Services	Paint exterior, pressure wash, repair & seal windows	22,113	Veteran's Memorial Building	Repair roof	8,000
Veterans Memorial Building	Paint exterior, lead paint test, & pressure wash	8,965			
Veterans Memorial Building	Asbestos abatement / flooring overlay	8,731			
	<b>Total</b>	<b>\$ 135,878</b>		<b>Total</b>	<b>\$ 47,360</b>
FY 2013/14:					
Centennial Park	Repair dry rot, re-roof and paint restrooms	\$ 6,500			
City Hall	Replace flooring throughout, except restrooms	6,542			
City Park	Clean and seal floor in restrooms	2,179			
City-wide	Civic Landscape Improvement Program (CLIP)	451			
Community Center	Treat for termites	685			
Community Center	Refinish auditorium floors	10,650			
Fire Department	Replace fence along rear of property	2,600			
Lila Keiser Park	Repair dry rot, replace doors, fumigate - restrooms and	2,225			
Police Department	Replace sewer lateral and planter repair	10,309			
Teen center	Replace front doors and repair dry rot around windows	1,620			
Various restrooms	Replace flush valves with low-flow	2,500			
Veterans Memorial Building	Renovate barbeque	88			
Veterans Memorial Building	Update water heater to tankless	1,700			
Veterans Memorial Building	Paint interior	500			
	<b>Total</b>	<b>\$ 48,549</b>			

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2014/15 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN FISCAL YEAR FOR REPLACEMENT AND COST	LIFE IN FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2014/15	2015/16	2016/17	2017/18	2018/19 +	
<b>Recreation and Consolidated Maintenance</b>								
<b>Fleet</b>								
Vehicles:								
#3516 2003 Chevy 1/2 Ton	2003	11			\$ 25,000			Veh #3516-Vehicle is 1 years beyond the State and County standards for useful vehicle life
<b>Streets</b>								
Vehicles:								
Gearmore Flail Mower for #3517	2008	6			\$ 3,000			Equipment is in decent repair Vehicle is in decent repair and should be replaced at ten years
#3526 - 2008 GMC 3500 w/Dump Bed	2008	6				\$ 35,000		Vehicle is in decent repair and should be replaced at ten years, but we should to rotate at 15 years if Veh#2913 gets replaced
#3761 - Truck 2-1/2 Ton w/Standard Dump	2007	7						Veh #3759-Vehicle is at the useful vehicle life
#3759 - 2008 GMC 3500 w/Utility Bed	2004	10			\$ 35,000			Low hours
Tractor/Loader for Flail Mower	2003	11						This vehicle is essential to infrastructure maintenance following the investment of road replacement
#3919 - Truck, Pot Hole Patch	2000	14					\$ 350,000	Veh #2913-Vehicle has far surpassed the State and County standards for useful vehicle life
#2913 - Truck, 2-1/2 Ton w/Standard Dump	1991	23				\$ 75,000		Specialty use equipment Low hours
Motor Grader 120G	1982	32						
Equipment:								
Tandem Roller w/ Trailer	2009	5						Good repair Low hours
Asphalt Zipper	2008	6						Should be sold at auction with proceeds to buy a more useful piece of equipment
Purchase new - Skid steer tractor w/accessories				\$ 45,000				Measure Q and the money from sale of the Zipper
Projects:								
Del Mar Parking Lot rehab/reconstruction								
Unmet Bike Needs								
Buildings:								
Road Material Storage	1964	50						Replacement scheduled w/ Corp Yard renovation
Vehicle Equipment Storage	1964	50						Replacement scheduled w/ Corp Yard renovation
Vehicle Storage	1964	50						Replacement scheduled w/ Corp Yard renovation
Sign Shop	1964	50						Replacement scheduled w/ Corp Yard renovation
<b>Parks</b>								
Vehicles:								
#3763 - Escape Hybrid	2009	5					\$ 25,000	Veh #3763 - Vehicle should last 5 more years
#3930 - Chevy 1500-2WD	2002	12		\$ 25,000				Veh #3930-Vehicle is 2 years beyond the State and County standards for useful vehicle life
#3895 - Jeep Cherokee	2001	13		\$ 25,000				Veh #3895-Vehicle is 3 years beyond the State and County standards for useful vehicle life
#3906 - Chevy 1500-2WD	2000	14		\$ 25,000				Veh #3930-Vehicle is 2 years beyond the State and County standards for useful vehicle life

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2014/15 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN FISCAL YEAR FOR REPLACEMENT AND COST YEARS	LIFE IN FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2014/15	2015/16	2016/17	2017/18	2018/19 +	
Golf cart	2000	14			\$ 8,000			Vehicle is 4 years beyond the State and County standards for useful vehicle life
Golf cart	2000	14			\$ 8,000			Vehicle is 4 years beyond the State and County standards for useful vehicle life
#3430 - Ford P/U	1994	20	\$ 25,000					Veh #3430-Vehicle is 10 years beyond the State and County standards for useful vehicle life (Government Impact Fees)
Equipment:								
John Deere Mower	2012	2						Equipment is in good repair
MOWER TRAILER	2012	2						Equipment is in good repair
Super Z Mower w/Trailer	2006	8			\$ 15,000			Vehicle is in decent repair and should be replaced at ten years
MOWER TRAILER	2006	8			\$ 5,000			Vehicle is in decent repair and should be replaced at ten years
LANDA PRESSURE WASHER	UNK				\$ 5,000			Equipment is in decent repair
Buildings:								
North Point Public Stairway	2013	1						Completely rebuilt in 2013
MB Teen Center/Skate Park	2007	7						
Morro Bay Rock Restrooms	2007	7						Repairs scheduled in facility maintenance fund
Cloisters Park Public Restroom	1996	18						Repairs scheduled in facility maintenance fund
Tidelands Park Stairway	1995	19						Repairs scheduled in facility maintenance fund
Public Toilet Centennial Parkway	1991	23						Repairs scheduled in facility maintenance fund
City Park Public Restroom	1990	24						Repairs scheduled in facility maintenance fund
Public Toilet Bayshore Bluffs	1986	28						Repairs scheduled in facility maintenance fund
Tidelands Park Public Restroom	1985	29						Repairs scheduled in facility maintenance fund
Parks Equipment Storage	1980	34						Replacement scheduled w/ Corp Yard renovation? The facility has exceeded its' useful life and it is not ADA accessible
Del Mar Park Public Restroom	1980	34		\$ 175,000				Repairs scheduled in facility maintenance fund
Keiser Park Public Restroom	1976	38						
Anchor Street End Stairway	1964	50						The facility has exceeded its' useful life and it is not ADA accessible
Coleman Park Public Restroom	1964	50			\$ 175,000			
Centennial Stairway	1964	50						The facility has exceeded its' useful life and it is not ADA accessible
Monte Young Public Restroom	1964	50				\$ 175,000		Stairs are in disrepair and should be redesigned and rebuilt, possible candidate for accessibility funds
Surf Street Stairs	1964	50	\$ 75,000					
Projects:								
Tidelands playground structure			\$ 50,000					Government Impact Fees



# CITY OF MORRO BAY

## 2014/15 PROPOSED FISCAL BUDGET

### TRUST AND AGENCY - GENERAL PLAN MAINTENANCE FEE

	<u>2010/11</u> <u>Actual</u>	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Amended</u> <u>Budget</u>	<u>2014/15</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ <u>57,877</u>	\$ <u>63,622</u>	\$ <u>71,254</u>	\$ <u>79,140</u>	\$ <u>90,271</u>
Revenues from:					
Maintenance fees	5,745	7,632	7,886	11,131	8,100
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>5,745</u>	<u>7,632</u>	<u>7,886</u>	<u>11,131</u>	<u>8,100</u>
Ending cash balance	\$ <u><u>63,622</u></u>	\$ <u><u>71,254</u></u>	\$ <u><u>79,140</u></u>	\$ <u><u>90,271</u></u>	\$ <u><u>98,371</u></u>

**NOTES:**

Money began accumulating in this account in July 2006.

**CITY OF MORRO BAY**

**2014/15 PROPOSED FISCAL BUDGET**

**GOVERNMENTAL IMPACT FEES FUND**

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Proposed</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 200,436	\$ 335,098	\$ 401,422	\$ 551,465	\$ 551,465
Revenues from impact fees:					
Administration	32,368	16,830	40,935	-	10,000
Police	10,441	5,429	13,370	-	2,500
Fire	11,486	5,972	14,707	-	2,500
Streets	48,222	25,068	61,501	-	15,000
Storm drain maintenance	2,045	1,180	6,436	-	-
Parks	30,100	11,845	13,094	-	10,000
Total revenues	<u>134,662</u>	<u>66,324</u>	<u>150,043</u>	<u>-</u>	<u>40,000</u>
Expenditures for:					
Administration	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Streets	-	-	-	-	-
Storm drain maintenance	-	-	-	-	-
Parks	-	-	-	-	-
Transfers out	-	-	-	-	(372,435)
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(372,435)</u>
Revenues over(under) expenditures	<u>134,662</u>	<u>66,324</u>	<u>150,043</u>	<u>-</u>	<u>(332,435)</u>
Ending cash balance	\$ <u>335,098</u>	\$ <u>401,422</u>	\$ <u>551,465</u>	\$ <u>551,465</u>	\$ <u>219,030</u>

**NOTES:**

On June 28, 2011, City Council voted to impose a three year moratorium on impact fees for commercial and/or mixed use projects on commercially-zoned land.

Actual collections to date:

	<u>Inception to</u>		<u>2010/11</u>		<u>2011/12</u>		<u>2012/13</u>		<u>Total</u>
	<u>2009/10</u>								
Administration	\$ 46,346	\$	32,368	\$	16,830	\$	40,935	\$	136,479
Police	15,326		10,441		5,429		13,370		44,566
Fire	16,660		11,486		5,972		14,707		48,825
Streets	72,644		48,222		25,068		61,501		207,435
Storm drain maintenance	3,147		2,045		1,180		6,436		12,808
Parks	46,313		30,100		11,845		13,094		101,352
	\$ <u>200,436</u>	\$	<u>134,662</u>	\$	<u>66,324</u>	\$	<u>150,043</u>	\$	<u>551,465</u>

For the 2014/15 budget, the transfer out is proposed for Police, Fire and Parks vehicles (\$115,000) that will be purchased through the General Fund Vehicle Replacement Fund, and a transfer for the Morro Creek Bridge (\$207,435).

**CITY OF MORRO BAY**

**2014/15 PROPOSED FISCAL BUDGET**

**GENERAL GOVERNMENT VEHICLE REPLACEMENT FUND**

	<u>2010/11</u> Actual	<u>2011/12</u> Actual	<u>2012/13</u> Actual	<u>2013/14</u> Amended Budget	<u>2014/15</u> Proposed Budget
Beginning cash balance	\$ 161,343	\$ 171,250	\$ 126,176	\$ 8,217	\$ 8,217
Revenues from:					
Interest income	1,407	1,244	128	-	-
Sales of assets	8,500	-	-	-	-
Other revenues	-	1,500	-	-	-
Transfer in	-	-	-	20,000	115,000
Total revenues	<u>9,907</u>	<u>2,744</u>	<u>128</u>	<u>20,000</u>	<u>115,000</u>
Expenditures:					
Administration	-	-	-	(20,000)	-
Finance/Information Services	-	-	-	-	-
Police Department	-	(45,236)	(67,527)	-	(45,000)
Fire Department	-	-	(50,560)	-	(45,000)
Public Services Administration	-	-	-	-	-
Vehicle Maintenance	-	-	-	-	-
Street Maintenance	-	-	-	-	-
Recreation and Parks Administration	-	-	-	-	(25,000)
Recreation and Parks Facilities	-	-	-	-	-
Recreation and Parks Parks Maintenance	-	(2,582)	-	-	-
Transfers out	-	-	-	-	-
Total expenditures	<u>-</u>	<u>(47,818)</u>	<u>(118,087)</u>	<u>(20,000)</u>	<u>(115,000)</u>
Revenues over (under) expenditures	<u>9,907</u>	<u>(45,074)</u>	<u>(117,959)</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u>171,250</u>	\$ <u>126,176</u>	\$ <u>8,217</u>	\$ <u>8,217</u>	\$ <u>8,217</u>

**NOTES:**

2011/12 allocation: Watch Commander vehicle

2012/13 allocation: Two marked Police cars, Fire command vehicle

2013/14 request: purchase a 4-door hybrid for Administration, paid for by Risk Management and the cash remaining in this Fund.

2014/15 requests will be paid by a cash transfer from Government Impact Fees: 1) Police = Ford Inceptor; 2) Fire = Ford F250 4x4

3) Parks = pickup truck

13-14 SLESF COPS Grant Purchase List - \$100,000 Total										
							Estimate Cost	Priority	Actual	
Property Tech Position							\$ 20,000.00		\$ 20,509.35	
Utility Truck + Equipment							\$ 40,000.00			
BWC (Body Worn Cameras)							\$ 10,000.00			
Night Vision Camera							\$ 4,000.00			
Patrol Bikes (six bicycles & safety equipment)							\$ 6,144.20			
Convert 902 for U/C							\$ 7,500.00			
Convert 901 for U/C							\$ 7,500.00			
Pepper Spray (25 cans)							\$ 1,000.00			
						TOTAL	\$96,144.20		\$ 20,509.35	

14-15 SLESF COPS Grant Proposed Purchase List - \$100,000 Total										
							Estimate Cost	Priority	Actual	
Property Tech Position							\$ 20,000.00			
RTV Utility Vehicle							\$ 20,000.00			
Firearms (handgun replacement)							\$ 20,000.00			
Replace Investigations Vehicle (Vehicle & Safety Equipment)							\$ 40,000.00			
						TOTAL	\$100,000.00		\$ -	

**CITY OF MORRO BAY**  
**STAFFING LEVELS - HISTORICAL, CURRENT AND PROJECTED**

	<u>1999/00</u>	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>
<b>GENERAL FUND:</b>								
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager	3.00	3.00	3.00	5.00	5.00	5.00	4.00	5.00
Personnel	1.50	2.00	2.00	-	0.00	-	1.75	1.75
City Attorney	-	-	-	1.00	1.75	1.75	5.00	5.00
Finance Department	6.00	6.00	6.00	6.00	6.00	6.00	-	-
Information Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Department	25.50	26.50	26.50	26.50	26.50	26.50	24.50	23.50
Fire Department	11.00	11.00	11.00	11.00	11.00	11.00	-	-
Public Services Administration	13.00	14.00	14.00	14.00	14.00	14.00	11.00	11.00
Vehicle Maintenance	1.50	2.00	2.00	2.00	2.00	2.00	11.00	10.00
Street Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Recreation and Parks Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Recreation Programs	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Recreation and Parks Facilities	5.00	5.00	5.00	5.00	5.00	5.00	2.00	2.00
Parks Maintenance	5.50	6.00	6.00	6.00	6.00	6.00	4.00	4.00
Cloisters Assessment District	-	-	-	-	0.00	-	4.00	4.00
Grant-funded temporary positions - PD	-	1.00	1.00	2.00	2.00	1.00	1.50	1.50
Measure Q-funded SRO	-	-	-	-	0.00	-	-	-
Measure Q-funded firefighter	-	-	-	-	0.00	-	-	-
<b>ENTERPRISE FUNDS:</b>								
Water Revenue Fund	5.00	5.00	5.00	5.00	5.00	5.00	8.00	8.00
Sewer Revenue Fund	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Harbor Fund	6.50	6.50	7.50	7.50	7.50	7.50	7.50	8.00
MB/CSD Wastewater Treatment Plant	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00
<b>TOTAL STAFF MEMBERS</b>	<u>106.50</u>	<u>111.00</u>	<u>112.00</u>	<u>115.00</u>	<u>115.75</u>	<u>114.75</u>	<u>107.25</u>	<u>106.75</u>
	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
<b>GENERAL FUND:</b>								
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager	5.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
City Attorney	1.75	1.75	1.75	1.75	1.75	2.00 <sup>5</sup>	2.00	1.00 <sup>9</sup>
Finance	5.00	4.00 <sup>1</sup>	4.00	3.00 <sup>2</sup>	3.00	3.00 <sup>5</sup>	3.00	3.00
Human Resources	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Information Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police	23.50	18.50	18.50	18.00 <sup>2</sup>	18.00	18.00	18.00	18.00
City-wide Communications	-	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Fire Department	11.00	11.00	11.00	10.50 <sup>2</sup>	10.50	10.50	10.50	11.50 <sup>9</sup>
Public Services Administration	9.00	9.00	11.00	9.75 <sup>2</sup>	9.75	9.75	9.75	9.75
Vehicle Maintenance	2.00	1.00	1.00	1.00 <sup>3</sup>				
Street Maintenance	2.00	2.00	2.00	2.00 <sup>3</sup>				
Recreation and Parks Administration	1.00	3.00	3.00	2.00 <sup>2</sup>	2.00	2.00	2.00	2.00
Recreation Programs	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Facilities	4.00	3.00	3.00	3.00 <sup>3</sup>				
Parks Maintenance	4.00	3.50	3.50	3.50 <sup>3</sup>				
Consolidated Maintenance Division	-	-	-	- <sup>3</sup>	9.50	10.00 <sup>6</sup>	10.00	10.00
Cloisters Assessment District	1.50	1.50	1.50	1.50	1.50	- <sup>6</sup>	-	-
Measure Q-funded SRO	-	-	-	-	1.00	1.00 <sup>4</sup>	1.00 <sup>8</sup>	1.00
Measure Q-funded firefighter	-	-	1.00	1.00	1.00	1.00	1.00	1.00
<b>ENTERPRISE FUNDS:</b>								
Water Revenue Fund	9.00	8.50	7.50	7.50	7.50	7.38 <sup>5</sup>	7.50 <sup>8</sup>	7.50
Sewer Revenue Fund	4.00	4.50	4.50	4.50	5.50	5.37 <sup>5</sup>	5.50 <sup>8</sup>	5.50
Harbor Fund	8.00	8.00	8.00	8.00	7.75	7.00 <sup>7</sup>	7.00	7.00
MB/CSD Wastewater Treatment Plant	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<b>TOTAL STAFF MEMBERS</b>	<u>106.75</u>	<u>104.25</u>	<u>105.25</u>	<u>101.00</u>	<u>102.75</u>	<u>101.00</u>	<u>101.25</u>	<u>101.25</u>

<sup>1</sup> Finance Account Clerk III paid for by Water and Sewer (50-50 split)

<sup>2</sup> Layoffs 2010/11

<sup>3</sup> Consolidated Maintenance Division formed during FY 2010/11 - Streets, Parks, Facilities, Vehicle Maintenance

<sup>4</sup> School Resource Officer funded 25% by the City, 75% by the San Luis Coastal Unified School District

<sup>5</sup> 3/4 time OA IV in City Attorney's division promoted to full-time Legal Assistant; Account Clerk I Utility Billing clerk hired 3/4 time and paid by Water and Sewer (50-50 split)

<sup>6</sup> Maintenance position vacated due to retirement, and not refilled; 50% allocation moved to Consolidated Maintenance Div, Parks

<sup>7</sup> At the July 10, 2012 meeting, the City Council changed the Harbor Business Manager to a Business Coordinator, and eliminated the 3/4 time OA IV position

<sup>8</sup> 2013/14 staffing increase of Utility Billing clerk to full-time; SRO funded at 63% by Measure Q due to funding cut by San Luis Coastal Unified School District

<sup>9</sup> 2014/15 staffing changes: Additions - 1 Firefighter; Reductions - City Attorney

**CITY OF MORRO BAY**

**2014/15 PROPOSED FISCAL BUDGET**

**PARKING IN-LIEU FUND**

	<u>2010/11</u> <u>Actual</u>	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Amended</u> <u>Budget</u>	<u>2014/15</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ 133,343	\$ 139,670	\$ 387,833	\$ 399,301	\$ 8,901
Revenues from:					
Parking in-lieu fees/agreements	11,557	45,366	9,151	8,000	1,400
Interest income	1,329	2,797	2,317	600	-
Other revenues and transfers	<u>20,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and transfers in	<u>32,886</u>	<u>248,163</u>	<u>11,468</u>	<u>8,600</u>	<u>1,400</u>
Expenditures:					
Contract services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers out:					
Enterprise	(26,559)	-	-	-	-
Capital improvement	-	-	-	-	-
Reservation per Reso No. 48-13	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,000)</u>	<u>-</u>
Subtotal	<u>(26,559)</u>	<u>-</u>	<u>-</u>	<u>(399,000)</u>	<u>-</u>
Total expenditures, transfers out and reservations	<u>(26,559)</u>	<u>-</u>	<u>-</u>	<u>(399,000)</u>	<u>-</u>
Revenues over(under) expenditures and transfers out	<u>6,327</u>	<u>248,163</u>	<u>11,468</u>	<u>(390,400)</u>	<u>1,400</u>
Ending cash balance	\$ <u>139,670</u>	\$ <u>387,833</u>	\$ <u>399,301</u>	\$ <u>8,901</u>	\$ <u>10,301</u>

**NOTES:**

In January 2011, the City sold the Brannigan's restaurant and the parking lot on Market St. The City entered into a loan agreement with the purchaser that provides for annual payments until 2020, when the balance is due in full. Current payments are being deposited into the General Fund Maintenance Fund; in 2020, \$500,000 must be deposited into this fund for the sale of the parking lot.

On October 8, 2013, Council passed Resolution No. 48-13, designating \$399,000 for revisions to the parking in-lieu map, and improvements to the City-owned Front Street and Triangle parking lot adjacent to the Dynegy Power Plant.



AGENDA NO: D-1

MEETING DATE: 6/24/2014

## Staff Report

**TO:** Honorable Mayor and City Council **DATE:** 6/09/2014  
**FROM:** Joseph M. Woods, Recreation and Parks Director  
**SUBJECT:** Consideration of Co-Sponsorship of the 2014 Morro Bay Triathlon

### **RECOMMENDATION**

Staff recommends the City Council review and discuss the possibility of co-sponsoring All Out Events for the Morro Bay Triathlon scheduled for November 1, 2014. At their May 15, 2014 meeting, the Recreation and Parks Commission (RPC) voted to forward a unanimous recommendation to the City Council to review and support the co-sponsorship proposal from All Out Events.

### **FISCAL IMPACT**

The financial impact to the City could be the costs of a public area use permit and associated use fees for the triathlon as well as for the filming permit for a promotional video advertising the triathlon. The rate for the Public Area Use Permit is \$217/permit with an additional fee of \$101/day when using multi-areas, an entire park, or multi-days. A filming permit would cost an additional \$220/day of filming. The total costs of requested co-sponsorship would be approximately \$640 (permit fee, 2 days of use, and 1 day of filming).

### **SUMMARY**

The City has previously co-sponsored events which mutually benefit the parties involved. Sponsorships should create community relationships as well as support the City's mission to preserve and enhance the quality of life. Currently the City has three basic criteria used as qualifiers for requesting co-sponsorships: the event is held off-season, the event is multi-day, and the event is held by a non-profit organization. If the event is one day, it must show a financial return to the City. The 2014 Morro Bay Triathlon event applied for by All Out Events, does meet some, but not all of these requirements: The event is held off- season and is multi-day. However, the requesting party is not a non-profit organization, but states a portion of their proceeds will benefit Lifewater International.

Prepared By:   JMW  

Dept Review:   JMW  

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

## **BACKGROUND/DISCUSSION**

In 2009, the City began formal discussion on the topic of co-sponsorships with groups hosting special events. The item was discussed at the Recreation and Parks Commission in September and October 2009 with recommendations forwarded to City Council for consideration. On October 12, 2009, Council approved the continuance of co-sponsorships with the following conditions:

1. The event is held off-season (November 1<sup>st</sup> through April 30<sup>th</sup>).
2. The event is a multi-day event, or a one-day event with financial return to the City.
3. The requesting party is a non-profit organization.

Currently the City co-sponsors two such events, the Morro Bay Winter Bird Festival and Morro Bay Dahlia Daze. Both events were reviewed by the RPC and City Council during the initial review process and have subsequently been approved annually by staff.

At the regular meeting of March 11, 2014, City Council approved Resolution 18-14 enacting the Morro Bay Partnership Policy. Within the Partnership Policy is a standalone policy for sponsorships. The Sponsorship Policy is being reviewed by the RPC and will be presented to Council upon request. Until said review, the current Sponsorship Policy, as stated above, is in effect.

All Out Events, according to their website, produces high logistics, human powered adventure events like mud runs, triathlons, adventure races, bike races, and climbing competitions both locally and nationally. A press release dated May 1, 2014 stated a recent partnership has been developed between Lifewater International, a non-profit based in San Luis Obispo, and Morro Bay Triathlon, a local event produced by All Out Events of San Luis Obispo. Lifewater International has been working since 1977 to bring safe water to over 2 million people in over 40 third-world countries. All Out Events has listed Lifewater International as a beneficiary of their event's proceeds on their *Request Consideration for City Co-Sponsorship* application.

## **CONCLUSION**

The City has previously co-sponsored events which mutually benefit both parties involved. Co-sponsorships should create community relationships, as well as support the City's mission to preserve and enhance the quality of life. Staff is requesting that the City Council review the co-sponsorship application for the 2014 Morro Bay Triathlon submitted by All Out Events and determine if it is mutually beneficial for the City to co-sponsor the 2014 Morro Bay Triathlon event.

Attachments: Request for Consideration for City Co-Sponsorship  
All Out Events Triathlon Marketing Plan Guide  
MB Triathlon Public Area Use Application



# City of Morro Bay

Morro Bay, CA 93442

(805) 772-6200

## REQUEST CONSIDERATION FOR CITY CO-SPONSORSHIP PLEASE COMPLETE THIS FORM AND SUBMIT WITH YOUR APPLICATION (To be attached to Permit Application – Retain in City files)

*The City of Morro Bay is dedicated to the preservation and enhancement of the quality of life. The City shall be committed to this purpose and will provide a level of municipal service and safety consistent with and responsive to the needs of the public.*

*We are committed to providing quality recreational services, facilities, and parks necessary to live a healthy and enriched life. We provide these services to our customers in a responsive courteous manner. Our programs strive to build wellness in people, families, and the community.*

\*\*\*\*\*

Requesting Organization: All Out Events

Address: 1241 JOHNSON AVE #128 SLO, CA 93401

Contact Person: KRISTIN HORDWITZ Daytime Phone: 805 748 1478

Email: KRISTIN@ALL-OUTEVENTS.COM Organization Website: ALL-OUTEVENTS.COM

Non-Profit       Resident       Non-Resident       Profit

If Non-Profit, please provide Tax Exempt #: Ø

Event Dates: 11/2/14 Location: COLEMAN PARK, STATE BEACH, Hwy 1, 11/2/14 8 ETC

Time: ( Include setup and take down ) 11/1/14 - SETUP EVENT: 6 AM - 3 PM

- 6 PM CLINIC

Is event scheduled between Nov. 1<sup>st</sup> and April 30<sup>th</sup>? YES Offered more than one day? KNOW OF (CLINIC)

Total attendance per day: (include participants, spectators, guests, exhibitors, performers, entertainers, volunteers and employees)

Day 1: 1000+ Day 2: \_\_\_\_\_ Day 3: \_\_\_\_\_ Day 4: \_\_\_\_\_ Day 5: \_\_\_\_\_

Detailed description of event: OLYMPIC 1/2 SPRINT DISTANCE TRIATHLON W/KAYAK OPTION

Estimated total cost of event: \$35,000

Event proceeds to benefit: LIFEWATER INTERNATIONAL

Who is the target audience for the event? TRIATHLETES \$100,000+ INCOME, AGES 27-45

~~MALE~~ EVERY SEX DIVISION

Will the event be advertised for participants outside of San Luis Obispo County? HEAVILY

Will the event be advertised for participants from outside the State of California? YES

How will your event be advertised? SEE ATTACHED PLAN

Is this event an Annual Event? YES How many previous? 3

Why is your group requesting City co-sponsorship? WE WOULD LIKE HELP COVERING PERMIT FEES FOR FILMING & PROMOTION & PARK RENTAL FEES

What are your group's expectations of a City co-sponsorship? HELP w/ PROMOTION PLACEMENT, WRITE OFF OF SOME FEES, PROVIDE BRANDS RACE CHECK-IN BUSES

How does your event align with the City's goals? WE ARE EXPOSING YOUNG AFFLUENT ATHLETES TO A SIDE OF MORE BY OTHER EVENTS DON'T HIGHLIGHT

Describe the type of Vendors / Exhibitors / Concessionaires: LOCAL FOOD & RETAIL VENDORS, CHARITIES

Please describe your methods to obtain the City's minimum requirement of 75% waste recycling? WE USE PRIMARILY RECYCLED & BIODEGRADABLE MATERIALS, PROVIDING PINT GLASSES FOR FINISHER REFRESHMENTS

Describe any food service to be provided at event: LOCAL FOOD TRUCKS

Caterer

Alcoholic Beverages Served FREE

Alcoholic Beverages Sold

List entertainment activities:

On site: TRIATHLON, LIVE MUSIC, BOUNCE HOUSE, GAMES, CHALLENGES, KAYAKING, DEMOS

Off site: CURING THE NIGHT BEFORE

\*\*\*\*\* CITY REVIEW \*\*\*\*\*

1. Department Head Review: \_\_\_\_\_
2. RPC Review: \_\_\_\_\_
3. Department Head Approval: \_\_\_\_\_
4. City Council Approval (if required): \_\_\_\_\_



## Marketing Plan Guide

Event name: Morro Bay Tri

Description: Olympic and Sprint distance triathlons with paddle and relay option. Swim/paddle will be in Morro Bay harbor area in an out and back during slack tide. The bike will go through Morro Bay, north to Cayucos. There will be a king of the town race in Cayucos for an additional prize. The run passes through boardwalk and sand to a finish below Morro Rock. Music will be upbeat, with a great band and beer garden and plenty of seating. We'll have games, SUPs, and massage to entertain the crowd while results are tabulated and announced promptly at noon.

What benefit will people enjoy by participating? What are the key elements of the event that should be highlights or benefits for your participants?

- Local
- Location offers a lot to do
- Good potential competition
- SUP and paddle option
- Relay option
- Need to offer some unique entertainment – band, beer, bounce house, photobooth?\*

What does it look like from a consumer perspective? Include skepticism they may feel or concerns.

- Challenge.
- Festival.
- Beer garden.

Make a one-sentence (elevator) description of it from consumer perspective. If you are unable to, you have a problem. This will drive how you market the event. Be sure to incorporate the consumer's perspective.

**Olympic- and Sprint-distance athletes converge in the late season for a California central coast triathlon, gliding through the bay, biking iconic hwy 1, and running beach and boardwalk to finish below the commanding Morro Rock**

<p>What kind of person is most likely to enter? It can help to keep it narrow, but identify as many specific people as you can. One way to do this is to identify qualifiers and apply a formula: [Qualifier</p>	<p>Where are you most likely to find those people? What do they do? How do they feel? How do they organize/find each other? List places, organizations.</p>
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<p>1] + [Qualifier 2] = buyers. (ie, [Single women] + [who ride mountain bikes])</p> <ol style="list-style-type: none"> <li>1. Local triathletes</li> <li>2. Statewide triathletes</li> <li>3. National triathletes</li> <li>4. People getting in shape</li> <li>5. Collegiate teams</li> <li>6. Paddlers</li> <li>7. SUPers</li> <li>8. Surfers</li> <li>9. Multisport athletes</li> <li>10. Spring adventure racers</li> </ol>	<p>How do they communicate with one another (social media, forums, websites, newsletters)? Which ones?</p> <ol style="list-style-type: none"> <li>1. Our newsletter</li> <li>2. Email and visit clubs/organizations directly with images and a discount code</li> <li>3. Go onto forums and post enticing photos and facts</li> <li>4. Ask bloggers to compete and write about it</li> <li>5. Press release to media with enticing photos and facts</li> <li>6. Discounts to adventure racers</li> <li>7. Booths at similar events</li> <li>8. Rack cards at similar events and stores</li> <li>9. Posters all over MB and local area</li> <li>10. Talking to coaches and fitness studios about teams and training</li> <li>11. Rack cards and posters for SUP/kayak shops – talk to owners about how to get the word out</li> </ol>
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What would you say to each group you've identified as a message about the event intended only for them?

1. Local triathletes – do what you love best – in your own backyard!
2. Statewide triathletes – discover California all over again
3. National triathletes – come experience the true California Coast
4. People getting in shape – you've earned this!
5. Collegiate teams – come to Cal Poly
6. Paddlers – here's a chance to be a triathlete on your own terms
7. SUPers - here's a chance to be a triathlete on your own terms
8. Surfers – do more in the bay
9. Multisport athletes - your kind of tri
10. Spring adventure racers – take off road back on, adventure style!

<p>What's stopping people from signing up/participating?</p>	<p>How do you counteract that?</p>
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<ol style="list-style-type: none"> <li>1. Distance</li> <li>2. Cost</li> <li>3. Not interested in tri</li> <li>4. Cold water</li> <li>5. Open water</li> <li>6. Sand</li> <li>7. Riding highway one</li> <li>8. Poor past experience</li> <li>9. Don't know where it is</li> </ol>	<ol style="list-style-type: none"> <li>1. Push heavily the North County and SLO area offerings and location as a vacation destination</li> <li>2. Work with hotels to offer shuttles and discounts for triathletes</li> <li>3. Testimonials about the swim</li> <li>4. Group rides, swims, and runs to get people to test the water</li> <li>5. Emphasize the adventurous aspect of it</li> <li>6. Tips for riding on the highway</li> <li>7. Tips for sand running</li> <li>8. Tips for open ocean swims</li> <li>9. Discount to MB loyals</li> </ol>
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Pricing Ladders (dates and prices for helping determine campaign pushes):

- 1/1-1/20 \$100
- 1/20-8/2 \$105
- 8/3 – 9/2 \$120
- 10/3- 10/26 \$135
- Day of: \$140 (no shirt)

Offers (discounts):

- Student rate on website
- Public servant: 15% HEROTRI
- Adventure race: 15% ARLOYAL
- MB Tri Loyal: 15% MBTRILOYAL (limit to a certain ladder)

Engaging Champions (champions are the people that will sell the event for you)

- How do we get people to try our service/product before buying? Is it a good idea to get them there at a reduced cost because their championship may lead to sales?
  - Clinics, fun activity days with people, be at equipment demos and offer discounts to those people
- How can we help people forward promotional messages?
  - Provide PDF flyers and graphics that are easy to share on social media
  - Provide something super high in the social proof department like a quiz or article thanks to Quibblo
- How can your champions help others experience your event?
  - Release specific discount codes for them to share
  - Provide a good media kit where they can access it
  - Make sponsorship packet easy to engage and share
  - Affiliate marketing channels through friends, sponsors, and nonprofits

- o VIP treatment to champions at the event (better stuff, easy packet pickup)
- How do we keep champions engaged all year long?
  - o Talk to them – email them on their birthdays, call them out on Facebook
  - o Repost neat stuff on facebook if they provide content
  - o Ask them to write guest posts for the blog and share heavily
  - o Find photos and post them from old events
  - o Use hashtags

#### Sales outlets and how you will engage them:

1. Website – heavy tourism (follow the City to Sea website model) and education source (find good links or create them), provide PDF flyers for participants to share, graphics, etc, media kit, sponsorship kit
2. Reg software – see if advertising is effective in drawing interest before committing
3. Sponsors – engage businesses in MB that want an athletic visitor base, look for sponsors interested in the natural tri experience (Patagonia?)
4. Friends – affiliate marketing? Just engaging and asking people personally to share who are well-connected (especially active social media/bloggy people)
5. Non-profit – Engage Lifewater with co-branding and an immersive experience
6. Online sales - Facebook ads in August, Trifind banner
7. Stores – rack cards, posters, finding a way for them to be directly involved or invested

#### Marketing Materials to develop and how they will be distributed:

1. Website – media kit, how to videos and educational materials, tourism info, page on relays, post our video playlist, maybe play the promo when you land on it?
2. Registration Site – make sure the skin matches
3. Facebook – look for tourism videos along with videos on ocean water swims, beach running, etc. post twice a week and align inspiring graphics campaigns with price ladders, profiles of past athletes that fit our target profiles, queue up any videos or blog write ups and post them
4. Email – send emails before price ladders and promote different aspects of the race with monthly emails
5. Rack Cards – general appeal that matches the tri's current branding, have them ready for all booths (end of Feb), distribute to stores and supporters and at booths and in race bags
6. Posters – print 100 and distribute heavily in the area, SUP stores, tri stores, running stores, swimming stores, bike shops
7. Sponsorship packet – develop by end of Feb and target local businesses who appreciate athletes
8. Aerial demo reel with staged athletes that shows the area - \$2500

#### Promotions (which types will you use?):

1. Print Advertising – Central Coast Active ads, Adventure sports journal, triathlete magazine
2. Keyword Advertising – facebook sponsored posts (August) (Not ads)
3. Banner Advertising – trifind, beginnertriathlete.com

4. Booths – see marketing calendar
5. Press releases - as news develops, sent to all local news and national athlete markets in our list
6. Cross promotion with other events – City to the Sea, SLO Marathon, our adventure races, SLO Tri, others?
7. Cross promotion with sponsors – buy x and enter to get a free hotel or meal?
8. Bloggers – California Triathlon, California SUP, surfsports.com, beth walsh,
9. Facebook sharing – come up with a graphics campaign that highlights social proofing (aka, I'm awesome because I did this) "I'm a Rock Star?" Too cheesy? Instagram (same as Fbook)
10. Linked in
11. Celebrity – inviting a pro athlete to participate and blog/social media it
12. Radio spots – focusing on new triathletes and co-branded with an area coach for training

Online strategy (how will you get the attention of your target audience?):

1. Keywords: off road, triathlon, California, beach, paddle, sup, run, bike, swim, morro bay, san luis Obispo, cayucos
2. SEO (document updates that contain key words): instructional documents, press releases, testimonials, etc
3. Paid Online: banners
4. Social Media: Create instagram and LinkedIn strategy and extend the Facebook reach

Conversion strategies (how will you actually get people to register when they're engaged with your promotions)?

- plugin on the site that collects emails as soon as they land on the page – optin revolution, \$97
- Get emails through booths and maybe a free training guide online?
- Rely on aggressive email and social media campaigns once a quarter and once a month in the final quarter
- Release incentives (like giveaways, coupon codes, and contests) at appropriate times

Joint Ventures and Partnerships (what possible relationships can you leverage for this – include new relationships with organizations your participants already engage with)

- FLUID – product sale and coupon codes or contests, teamed up with clinics
- Pinnacle Fitness – training/clinics
- Patagonia – swimwear and environmental stewardship
- Lifewater – engaging runners in the charity through mile markers with stuff like "you've just done what someone in so and so has to do every day to get water" at the aid stations
- Bakersfield Track Club – great website referrals (because of this we should team up somehow, he was at an event of ours)
- Savor – clinics and co-sponsor with Morro Bay/county for activities?

Upselling (How do you get people to spend more money on registration?)

- Donations to the charity
- Dropshipped apparel? JCarroll – can they do this?

Major campaigns:

- SUP/paddle option
  - Rack cards
  - Posters
  - Social media postings
  - Talk to champions in the industry, invite someone famous to do it for free?
  - Video tour of the paddle?
  - clinics
- Relay
  - Talk to fitness centers
  - Social media posting
- Collegiate
  - Talk to clubs
  - Highlight student discount
  - Prize for top-ranking club
- Local
  - Posters
  - Rack cards
  - Relationships with local organizations
  - Lifewater connections/churches
  - Banner @ SLO downtown? Banners elsewhere?
  - boothing
  - Clinics
  - Print advertising
  - Radio
  - MB support by engaging businesses and volunteer community
- State/National
  - Engage champions with connections
  - Contest for free hotel or MB vacation
  - Social media postings
  - Boothing
  - Clinics
  - Celebrity athlete
  - Online advertising (banners and sponsored ads)
  - Online advertising (search ranking)
  - Video reel
  - Print advertising
- Crossover

- Email list
- Social media postings on our other pages
- clinics
- Confront people who keep doing the same thing with a call to action
- Don't let the season get away from you! Late season tri (might be the poster concept if we poster in August)
  - Highlight our warm weather and lack of fog or rain
  - Social media
  - Email

Marketing Schedule based on findings above:

- February
  - Generalized press release
  - Collateral for champions produced (PDF flyers and graphics to share)
  - Sponsorship packets out
- March
  - MTS booth (Lopez Lake)
  - XTerra booth (Folsom)
- April
  - SLO Marathon promotion/booth
  - Launch Collegiate campaign
- May
  - Launch "What kind of triathlete are you?" quiz
  - Pause Collegiate campaign
  - Release adventure race loyalty codes to participants
- June
  - Launch SUP campaign
  - Booth at Fearless Open Water Academy (San Diego)
  - Sacramento International Tri booth
- July
  - Launch "What should you visit in SLO County" quiz
  - SLO Tri booth
  - Offer series #1 MB Tri Clinics
  - Launch national campaign
- August
  - End SUP campaign
  - Launch local campaign
  - Launch potential cobrand promotions
- September
  - Relaunch collegiate campaign
  - Savor co-brand with clinics

- MB Tri Clinics #2

- So Cal Youth Tri Booth
- SB Tri Booth
- Fearless Open Water (Folsom) booth
- Release MB codes
- Reach out to fitness centers

- Oct

- City to the Sea booth
- Scott Tinley booth
- Diablo Man Kid's Tri booth

- Nov

- Tri and follow up promotions

# APPLICATION

Group or Company Name: (Applicant's Name) ALL OUT EVENTS

Resident  Non-Resident  Profit  Non-Profit IRS # \_\_\_\_\_

Contact Person: KAORI FUNAHASHI

Address: 301 SANTA MARIA AVENUE 1241 Johnson Ave #128  
City: SAN LUIS OBISPO State: CA Zip: 93409

Telephone: Home: \_\_\_\_\_ Work: \_\_\_\_\_ Fax: \_\_\_\_\_  
Cell: 310-347-5692 EMAIL: kaori@all-outevents.com

### FACILITY REQUESTED: (\* no electricity available)

- |  |   |   |  |  |
|--|---|---|--|--|
| <input type="checkbox"/> Del Mar Park                                | <input type="checkbox"/> Lila Kefser Park | <input checked="" type="checkbox"/> Coleman | <input type="checkbox"/> Centennial Parkway                | <input type="checkbox"/> Monte Young Park*                           |
| <input type="checkbox"/> Hillside Area                               | <input type="checkbox"/> BBQ Area         | <input type="checkbox"/> City Park          | <input type="checkbox"/> Giant Chessboard                  | <input type="checkbox"/> Court 1 OR <input type="checkbox"/> Court 2 |
| <input type="checkbox"/> Meadow Area*                                | <input type="checkbox"/> East Field       | <input type="checkbox"/> Anchor Memorial*   | <input type="checkbox"/> Bayshore Bluffs                   | <input type="checkbox"/> Open Public Space (please specify):         |
| <input type="checkbox"/> Hockey Rink*                                | <input type="checkbox"/> West Field       | <input type="checkbox"/> Tidelands          | <input type="checkbox"/> Morro Rock                        |  |
| <input type="checkbox"/> Court 1 OR <input type="checkbox"/> Court 2 |   | <input type="checkbox"/> Cloisters          | <input checked="" type="checkbox"/> Morro Rock Parking Lot | <u>NORTHEAST SIDE OF</u>   |

### EQUIPMENT REQUESTED:

- Volleyball Set  Bocce Ball  
 Horseshoes  Barricades  
 Softball Set  
 Other: \_\_\_\_\_

### EVENT DATE AND TIME REQUESTED:

Day and Date: November 1<sup>st</sup> 2014 - November 2<sup>nd</sup> 2014

Set-up Time:	From: <u>4:00 AM</u>	To: <u>8:00 AM</u>
Event Time:	From: <u>8:00 AM</u>	To: <u>2:00 PM</u>
Clean-up Time:	From: <u>2:00 PM</u>	To: <u>7:00 PM</u>
TOTAL HOURS: <u>15 HRS</u>		

+ LOT @ MORRO ROCK.

### EVENT INFORMATION:

Name of Event: MORRO BAY TRIATHLON  
 Purpose: FUNDRAISING TRIATHLON FOR LIFEWATER INTL.  
 Estimated Attendance: 600 Adults: 600 Youth: \_\_\_\_\_ % of Morro Bay Residents: \_\_\_\_\_  
 Will a fee be charged?  NO  YES: please explain: PARTICIPANT ENTRY FEES  
 Do you plan to have amplified music/sound (ie: live music, DJ, PA System, etc.)?  NO  YES: Explain PA FOR TRIATHLON  
 Will alcohol be consumed?  NO  YES Will alcohol be sold?  NO  YES (An ABC License will be required)  
 Will a bounce house be provided at this event?  NO  YES: Name of company: \_\_\_\_\_  
 Will any other attraction be provided at this event?  NO  YES: Explain: \_\_\_\_\_

If you want your event to be listed on the community calendar and/or website, and to learn about other potential promotional opportunities, please contact the Morro Bay Chamber of Commerce at (805) 772-4467.

### SITE INFORMATION:

- NO  YES Electricity required?  
 NO  YES City streets and/or parking areas must be closed for this event.  
 NO  YES Temporary structures are to be built for this event.  
 NO  YES Tents or structures will be used for event seating.  
 NO  YES Other structures, including of vehicles or trailers that become the subject for this event.

**AGREEMENT FOR USE OF CITY PROPERTY:**

"The undersigned, herein known as the applicant, understands and agrees that he/she and/or the organization that he/she represents shall assume all risks for loss, damage, liability, injury, cost or expense that may occur during or as a result of use listed above. The applicant further agrees that in consideration of permission to use City property above, he/she and/or the organization will defend, indemnify, and hold harmless the City of Morro Bay and the City's officials, employees and agents from and against all claims, liability, damages, and/or injuries to persons and property (including demands, losses, actions, causes of actions, damages, liabilities, expenses, charges, assessments, fines or penalties of any kind, and costs including attorney fees and litigation expenses) from any cause arising out of or relating (directly or indirectly) to this Permit for use of City property. The applicant further agrees to be personally responsible for any damage sustained to the grounds, building, fixtures or equipment, as a result of their use of City property. The applicant further certifies that he has read (or had interpreted), understands and agrees to abide by any and all attached reservation policies of the City of Morro Bay Recreation and Parks Department."

[Signature]  
 Applicant's Signature

5/8/2014  
 Date



AGENDA NO: D-2

MEETING DATE: June 24, 2014

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** June 11, 2014

**FROM:** Joseph W. Pannone, City Attorney

**SUBJECT:** Discussion of placing a Measure on the November, 2014 Ballot to Amend Morro Bay Municipal Code Section 2.09.010 changing the Election Process to a General Election Only in November of Even Numbered Years

### RECOMMENDATION

Staff recommends the City Council discuss the matter and provide direction whether to prepare, for the July 8<sup>th</sup> regular council meeting, all resolutions and other documents necessary to place the subject amendment to the Morro Bay Municipal Code (MBMC), Section 2.09.010 before the voters on the November 4, 2014 ballot.

### ALTERNATIVES

The Council could schedule a special meeting between July 8<sup>th</sup> and July 23<sup>rd</sup> to discuss whether to place the subject amendment on the November 4<sup>th</sup> ballot.

### BACKGROUND/DISCUSSION

At your meeting of June 10, 2014, at Mayor Iron's request, he and Council Members Christine Johnson and Smukler agreed to place on the June 24<sup>th</sup> Council regular meeting agenda, a discussion item regarding whether the Council would place a measure on the November 4, 2014, ballot to amend Morro Bay Municipal Code ("MBMC") section 2.09.010. That amendment would change the City's election process so only a general election would occur in November of even-numbered years, with no primary election in June. If that is the direction a majority of the Council approves, then the matter will be returned to the Council at your meeting of July 8, 2014. That scheduling is needed because the County of San Luis Obispo requires all City Council actions necessary for placing a matter on that November ballot be provided to the County no later than July 23, 2014. There is no regular Council meeting scheduled for July 22<sup>nd</sup>.

A ballot measure is required to amend the subject MBMC section because the primary election process was adopted by way of a citizen's initiative.

Prepared By: JWP

Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_