

**CALIFORNIA COASTAL COMMISSION**

CENTRAL COAST DISTRICT OFFICE  
725 FRONT STREET, SUITE 300  
SANTA CRUZ, CA 95060  
(408) 427-4863  
HEARING IMPAIRED: (415) 904-5200

*W11a*

March 24, 1998

**To:** Commissioners and Interested Persons

**From:** Tami Grove, Deputy Director  
Charles Lester, District Manager  
Steven Guiney, Coastal Program Analyst

**Subject:** **City of Morro Bay Local Coastal Program Major Amendment Number 1-97**  
For public hearing and Commission action at its meeting of April 7-10, 1998, to be held at the Hyatt Regency Long Beach, 200 South Pine Avenue, Long Beach 90802-4553, (562) 491-1234.

## Synopsis

The City of Morro Bay is proposing to amend both its Land Use Plan and Implementation Plan as they apply to water supply, allocation, and management through the City's certified water management plan. This Local Coastal Program amendment, if certified, will supersede existing Coastal Commission permit 4-81-309, as amended. That permit and its amendments generally govern water allocation in the City of Morro Bay.

The proposed Local Coastal Program (LCP) amendment would modify the **Land Use Plan** portion of the LCP by revising Chapter Five, *Public Works and Locating and Planning New Development*. The bulk of the proposed revisions would remove 20 pages of text taken from the *1981 Preliminary Water Management Plan* and currently included in Chapter Five. Since the 1981 preliminary plan, more current information about the City's water resources has been developed and incorporated into the City's certified water management plan. In addition, and more importantly, the amendment would delete the chapter's seven policies and replace them with three new policies. The three new policies are much less detailed with fewer requirements and restrictions, largely because the City now has a certified water management plan (certified by the Coastal Commission on January 11, 1995). Furthermore, in addition to its two previous sources of water (groundwater from the Morro and Chorro Valleys and a desalination plant), the City also now has water from the State Water Project.

The **Implementation Plan** is proposed to be modified by repealing Chapter 13.20, *Building Limitation* and replacing with a new Chapter 13.20, *Allocation of Water Resources*. The new chapter includes additional definitions, such as "infill," "lower cost accommodations," and "retrofit program." The new chapter also includes provisions for: allowing the transfer of water equivalencies from one site to another; allowing water equivalencies granted to a site to remain valid even if the land use and/or building permit have expired; eliminating the existing structures retrofitting requirement for earning water equivalency units (although the City still would require retrofitting of a structure when ownership is sold or otherwise transferred); clarifying allocations to visitor-serving and non-visitor-serving commercial land use categories; and changing program administration from the City's planning department to its public works department. Since the City now has a certified water management plan and has developed additional water sources, the mandatory retrofit program for earning water equivalencies has been deemed unnecessary by the City.

## Summary of Staff Recommendation

Staff recommends that the Commission approve the proposed changes with suggested modifications for the reasons given in this report.

## Analysis Criteria

The relationship between the Coastal Act and a local government's Local Coastal Program (LCP) can be described as a three-tiered hierarchy with the Coastal Act setting generally broad statewide policies. The Land Use Plan (LUP) portion of an LCP incorporates and refines the Coastal Act policies for the local jurisdiction, giving local guidance as to the kinds, locations, and intensities of coastal development. The Implementation Plan (IP), or zoning, portion of an LCP typically sets out the various zone districts and site regulations which are the final refinement specifying how coastal development is to proceed on a particular parcel. The IP must be consistent with and adequate to carry out the policies of the LUP. The LUP must be consistent with the Coastal Act. In order to approve the City's proposed Implementation Plan changes, the Commission must find that the proposed changes are consistent with the LUP, as proposed to be amended. In order to approve the proposed LUP changes, the Commission must find that the LUP, as proposed to be amended, is consistent with the Coastal Act.

## Additional Information

For further information about this report or the amendment process, please contact Steven Guiney or Charles Lester, Coastal Commission, 725 Front Street, Suite 300, Santa Cruz, CA 95060, (408) 427-4863.

## Table of Contents

<b>I. Staff Recommendation.....</b>	<b>3</b>
A. LAND USE PLAN MOTIONS AND RESOLUTIONS.....	3
B. IMPLEMENTATION PLAN MOTIONS AND RESOLUTIONS.....	4
C. SUGGESTED MODIFICATIONS.....	4
<b>II. Findings .....</b>	<b>5</b>
A. AMENDMENT SUBMITTAL BACKGROUND.....	6
B. LAND USE PLAN AMENDMENTS: ISSUES AND ANALYSIS .....	10
1. Development and Public Services: Water Supply .....	10
2. Environmentally Sensitive Habitat .....	12
3. Miscellaneous Policy Deletions and Updates.....	15
C. IMPLEMENTATION PLAN AMENDMENTS: ISSUES AND ANALYSIS .....	16
1. Definitions.....	16
2. Retrofit Program .....	16
3. Public Works Director Rather Than Planning Commission to Award Water Equivalencies .....	17
4. Transfer of Water Equivalencies and Time Limit on Use.....	18
5. Allocation Clarification .....	19
D. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) .....	20
<b>III. Exhibits</b>	
Exhibit 1. Resolution No. 32 - 97, City of Morro Bay	
Exhibit 2. Ordinance No. 456, City of Morro Bay	
Exhibit 3. Text of Measure F	

Exhibit 4. Text of Measure I

## **I. Staff Recommendation**

### **A. LAND USE PLAN MOTIONS AND RESOLUTIONS**

Staff recommends adoption of the following four resolutions:

#### **1. Denial of Land Use Plan Amendment as Submitted**

##### **MOTION 1**

"I move that the Commission certify amendment #1-97 to the City of Morro Bay Land Use Plan as submitted by the City."

Staff recommends a **NO** vote. An affirmative vote by a majority of the appointed commissioners is needed to pass the motion.

##### **RESOLUTION 1**

The Commission hereby rejects the amendment to the Land Use Plan of the City of Morro Bay as submitted for the specific reasons discussed in the findings on the grounds that, as submitted, the amendment and the LUP as thereby amended do not meet the requirements of the Coastal Act. The amendment is not consistent with applicable decisions of the Commission that guide local government actions pursuant to Section 30625(c) and approval will have significant adverse environmental effects for which feasible mitigation measures have not been employed consistent with the California Environmental Quality Act.

#### **2. Approval of Land Use Plan Amendment if Modified**

##### **MOTION 2**

"I move that the Commission certify amendment # 1-97 to the City of Morro Bay Land Use Plan if it is modified as suggested."

Staff recommends a **YES** vote. An affirmative vote by a majority of the appointed commissioners is needed to pass the motion.

##### **RESOLUTION 2**

The Commission hereby certifies Amendment # 1-97 to the Land Use Plan of the City of Morro Bay Local Coastal Program for the specific reasons discussed in the following findings on the ground that, as modified, these amendments and the LUP as thereby amended meet the requirements of Chapter 3 of the Coastal Act. These amendments, as modified, are consistent with applicable decisions of the Commission that guide local government actions pursuant to Section 30625(c) and approval will not have significant environmental effects for which feasible mitigation measures have not been employed consistent with the Californian Environmental Quality Act.

## **B. IMPLEMENTATION PLAN MOTIONS AND RESOLUTIONS**

### **3. Denial of Implementation Plan Amendment as Submitted**

#### **MOTION 3**

"I move that the Commission reject amendment #1-97 to the Implementation Plan of the City of Morro Bay LCP as submitted by the City."

Staff recommends a **YES** vote which would deny the amendment as submitted. An affirmative vote by a majority of the Commissioners present is needed to uphold the motion according to the staff recommendation (otherwise the amendments are approved as submitted)

#### **RESOLUTION 3**

The Commission hereby rejects amendment #1-97 to the Implementation Plan of the City of Morro Bay LCP for the specific reasons discussed in the following findings on the grounds that it does not conform with and is inadequate to carry out the provisions of the certified Land Use Plan. There are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse impacts which the approval of the amendment would have on the environment.

### **4. Approval of Implementation Plan Amendment #1-97 if Modified as Suggested**

#### **MOTION 4**

"I move that the Commission certify amendment #1-97 to the Implementation Plan of the City of Morro Bay LCP if it is modified as suggested."

Staff recommends a **YES** vote. An affirmative vote by a majority of the commissioners present is needed to pass the motion.

#### **RESOLUTION 4**

The Commission hereby certifies amendment #1-97 to the Implementation Plan of the City of Morro Bay LCP as modified, for the specific reasons discussed in the following findings, on the grounds that, as modified, the amendment conforms with and is adequate to carry out the certified Land use Plan; and approval of the amendment as modified will not cause significant adverse environmental effects for which feasible mitigation measures have not been employed consistent with the California Environmental Quality Act.

## **C. SUGGESTED MODIFICATIONS**

Note key for modifications: Unaltered text represents City-proposed language. **Bold** is language suggested by Coastal Commission. ~~Struck-through~~ language represents deletions suggested by Coastal Commission. Page notations following a suggested modification refer to page numbers in the findings section of this report.

### **1. Land Use Plan**

- a. Resolution 32-97, LUP Chapter 5, page 3. Correct wastewater treatment plant capacity and Morro Bay's share thereof:

"The total design capacity of the existing Wastewater Treatment Plant is ~~2.09~~ 2.36 million gallons per day (mgd); therefore, Morro Bay's share (65 percent) is ~~1.36~~ 1.534 mgd..."

- b. Resolution 32-97, LUP Chapter 5, page 3. Correct typographical error by changing D to C:  
D C. Policies for Public Works Water Facilities and Allocating These Resources to New Development
- c. Resolution 32-97, LUP Chapter 5, page 3. Add the following to the proposed Policy 3.01:  
**Policy 3.01:** The City of Morro Bay shall approve future growth in conjunction with water and sewage treatment availability. Water resources will be allocated to new development yearly by the City Council. Development shall be approved only if the City finds that sewer and water services are available to serve the proposed use. So long as existing public works facilities for the provision of water...and visitor serving land uses.
- d. Resolution 32-97, LUP Chapter 5, page 4. Add the following new policy:  
**Policy 3.04:** Utilization of existing water sources and methods of obtaining additional water resources shall ensure protection of riparian and wetland habitats. Extractions of water from groundwater basins shall not exceed the safe yield as determined in the *Analysis and Recommendations for a Water Management Plan for the City of Morro Bay* as prepared by Boyle Engineering Corporation (1995), and in *Appendix B, Groundwater Analysis* as prepared by Cleath and Associates (1993). Groundwater extractions shall not adversely affect riparian and wetland habitats.

## 2. Implementation Plan

- a. Proposed section 13.20.080A, Projects defined which do not need an award of water equivalency units, add the words "non-temporary use" in the second sentence, as follows:
  - A. Projects which involve the demolition...Water equivalency units credited to demolished buildings shall be limited to the highest number of water equivalency units credited to legally permitted non-temporary uses which have existed in the building since January 1, 1977...
- b. Proposed section 13.20.090C, add the following:
  - 3. The proposed project is consistent with all planning regulations and it has received all required discretionary permits and the building permit has been or is ready to be issued.
- c. Proposed section 13.20.090D, City Bank of Water Equivalency Units, modify the first sentence, as follows:

The half of the water equivalency units which were earned as part of the Off-Site Retrofit Program from 1991 to the expiration of the program with the adoption of Ordinance 456 shall be held by the City in reserve, as a "bank" of water equivalency units.

## **II. Findings**

The Commission finds and declares the following for City of Morro Bay LCP amendment #1-97:

### **A. AMENDMENT SUBMITTAL BACKGROUND**

This amendment is submitted to bring the City of Morro Bay LCP up to date with current water policy developments. Since the Commission last reviewed the City's water policies in late 1994, the City has begun receiving water from the State Water Project. To evaluate the consistency of these water policy updates with the Coastal Act, a brief review of the City's water policy history is necessary.

The City of Morro Bay has experienced serious water quality and quantity problems from its groundwater wells over the years. Morro Bay has historically been dependent entirely on groundwater pumped from the Morro Creek and Chorro Creek basins for its water supply. These two basins are typical central California basins. They are relatively small and, although they can recharge quickly after moderate to significant rainfall, the water levels in the basins can drop quickly and the water quality can deteriorate significantly during drought periods and/or periods of heavy pumping. Chorro and Morro Creeks also support a great diversity of fauna and flora including, in Chorro Creek, such sensitive species as steelhead trout, California red-legged frogs and the southwestern pond turtles.

### **Water Loss Recovery Efforts (1970s)**

The City of Morro Bay and the Coastal Commission have developed multiple policies since the early 1970s in an effort to address these water supply constraints. In 1973, the City initiated a water loss recovery plan in order to save (recover) water lost through leaks in the city water system. Between 1973 and 1977, the program recovered 112 water equivalencies or 28 acre feet of water. (Note that 1 water equivalency = 1/4 acre foot/year = 10,700 cubic feet per year = approximate amount of water necessary to serve one single family residence for one year based upon the 1977 drought year.)

However, in 1977, prior to the certification of the City's LCP, the Commission found in its "Filer" decision that the Morro and Chorro Creek groundwater basins were in danger of being overdrafted by as much as 700 acre feet per year. The Filer application involved a 10 unit residential development on vacant land surrounded by developed lots in Morro Bay. The Commission's main concerns for this proposal were the lack of water and the potential adverse effects (such as seawater intrusion and impacts to riparian habitat) due to increased pumping from the groundwater basins. The Commission then refused to approve any additional applications in the City, beyond those that were already under review by the City, until measures were taken to ensure an adequate water supply that would not endanger coastal resources. In response, the City developed programs to replace leaky water system pipes and retrofit existing structures with water saving devices in order to "save" enough water to allow building without increasing the amount of water withdrawn from the groundwater basins.

### **Water Recovery Allocation Model (CDP 4-81-309)**

After the 1976-77 drought, the City continued replacing City water system pipes and, in 1981, submitted to the Commission a Water Recovery Allocation Model in the form of an application for a coastal development permit. The Commission approved the Model as coastal development permit 4-81-309. The Model was based on the amount of water conserved by the City's water system

replacement program (e.g., by replacing deteriorated pipes, etc.). At this time, the City's water policy focused on the use of groundwater, which had been the City's historical mainstay, and conservation. This focus was not to change for over ten years.

In 1984, the Commission certified the City of Morro Bay LCP. The LCP's certified water policies essentially incorporated the Commission's previous decision in CDP 4-81-309 utilizing the water recovery allocation model as the basis for determining water availability for new development. The LCP policies also established priority uses for receiving water; required the preparation of a water management plan; and ensured protection of coastal resources, including Morro Bay wetlands, groundwater and riparian habitat, and agricultural operations (see Exhibit 2, pages 95-96).

Subsequently in 1984, the Commission approved the City's implementation of a retrofitting program. Under this program, which is still in effect, a project proponent must earn water equivalencies through the installation of water saving devices in an existing structure. To ensure that enough water is recovered, the City requires that the retrofitting result in twice as many water equivalencies as is needed for the proposed project. Given that the retrofit program establishes that 8 single family residences must be retrofitted to conserve enough water to provide one water equivalency, a new single family residence proposal would have to retrofit 16 existing houses in order to earn enough water to be able to build. The City "banks" any extra water saved as a result of the retrofitting and allocates it to other projects through the Water Recovery Allocation Model.

The Water Recovery Allocation Model provides for allocation of water equivalencies to construction projects on a quarterly basis. In the first three quarters of the year, water is distributed to land uses on a percentage basis (48.7% to visitor-serving and other commercial uses; 42.8% to residential uses, and 8.5% to industrial uses). During the fourth quarter, water is allocated on a Coastal Act development priority basis in the following priority order: commercial fishing/agriculture, coastal dependent uses, coastal related uses, essential public services and basic industries, public recreation, commercial recreation, visitor accommodations, other commercial and office use, industrial uses, and residential uses.

### **Measures F, G and I**

Also in 1984, the voters of Morro Bay passed Measure F which prescribes the pace for new development in the City, as well as the "mix" among types of uses (i.e., residential, commercial, and industrial). Measure F allows a population of no more than 12,200 people in Morro Bay by December 31, 2000. Once the population reaches 12,200, no further residential building will be permitted unless a population increase is approved by a majority vote of the people of the city at a regular or special election. Section 3 of Measure F controls growth by limiting residential building permits issued in any one year to 70, although that number can be increased, or decreased, by a maximum of 10 percent if necessary to achieve the allotted annual population growth target. Further, under Section 4 of Measure F, commercial and industrial building permits issued in any one year to cannot require more than 130 percent of the water allocated to residential units in that year. Sections 3 and 4 of Measure F have been certified as part of the City's LCP (LCP amendment 1-85).

By the mid-1980s, the City had a growth control mechanism and a population cap. The City's water policy remained focus on groundwater and conservation. Then, in the late 1980s and early 1990s, Morro Bay found itself, as did other coastal communities, in the grip of one of the longest and most severe droughts in recent history. It was clear by this time that the City's reliance on groundwater was beginning to result in salt water intrusion into the Morro and Chorro groundwater basins.

The drought prompted the City to turn to desalination, first of brackish water from the Morro Creek basin and later from seawater wells. The water produced by the desalination plant, along with that

produced from the City's groundwater well fields, enabled the City to meet the demand for potable water during the drought period in 1990 - 92. A series of permits were issued by the Commission for use of the wells to supply a temporary, portable desalination facility and then, subsequently, a permanent facility. Commission permit 3-94-46 allowed the permanent use of the seawater wells and a brine discharge pipe to support a maximum potable water production of 400 gallons per minute (645 acre feet a year) from the City's permanent desalination plant.

In addition to pursuing desalination, Morro Bay voters have also approved Measure G. This measure mandated that the City pursue State Water through the Coastal Aqueduct as an imported source of water. Thus, in the early 1990s, recognizing that the City's water supply was very vulnerable to climatic factors beyond the City's control, the City's water policy focus had shifted away from total reliance on groundwater. Desalination was being developed as a supplemental source and there was a push towards State Water.

Just before the worst of the drought, in 1990, the Morro Bay electorate approved Measure I. Under Measure I, no more than one-half of the savings from retrofitting could be allocated to a new use. Furthermore, the City could not allocate water to a new use based on water savings derived from: a project performed by the City or on City managed property; a project that had previously earned water saving credits; replacement of City water pipes; and mandated projects or measures (such as forced rationing of water use or compulsory retrofitting of private property). Measure I was never submitted for certification as an amendment to the LCP or as an amendment to permit 4-81-309. However, it is included in the City's proposed new Chapter 13.20, *Water Allocation*, which is part of this submittal.

### **Water Management Plan**

On January 11, 1995, the Coastal Commission certified amendment 1-94 to the City's LCP, thereby incorporating the Water Management Plan into the LCP. As mentioned, the need for a water management plan is discussed in several places in the existing Land Use Plan (LUP) and is required by the existing LUP prior to any additional subdivisions within the City that are not considered in-fill. The Water Management Plan is the City's blueprint for how it will meet the demand for water until at least the time the City is projected to reach its maximum projected population. As certified, it lists the City's water source priorities in the following order:

1. Conservation
2. Reclamation
3. Groundwater
4. State Water
5. Desalination
6. Lake Nacimiento

However, since 1995, the State Water Project (SWP) began construction of the Coastal Branch to bring water to San Luis Obispo and Santa Barbara Counties from the Feather River at Oroville. The coastal branch of the SWP to Morro Bay was completed in 1997 and late last year began delivering water to the City. According to the City, deliveries of water from the SWP "constitute the virtual totality of potable water supply. For the period October 10 through October 21, a total of 16,000 gallons of groundwater was extracted, compared to the average of more than 1.3 million gallons per day before SWP deliveries." When making full delivery, the SWP provides over 75 percent of the City's current demand. That figure is expected to drop to about 50 to 60 percent when the City reaches buildout. SWP deliveries will be affected by drought and, when that occurs — as it inevitably will — Morro Bay's allotment could be cut back. At those times the City will rely more on the desalination plant and the groundwater wells.



Currently, the City has contracted for 1313 AFY from the SWP. By paying fees above and beyond that charged for the 1313 AFY, the City has been able to ensure, on a temporary basis, that all 1313 AFY will be delivered even if overall SWP deliveries are cut by up to 50 percent. Further cuts in overall delivery would result in proportional reductions in the City's supply (e.g., if deliveries are cut to 60 percent, then the City would receive 60 percent of 1313 AFY, or 788 AFY). Morro Bay has applied to San Luis Obispo County, the entity through which all local governments in the county obtain water from the SWP, to permanently guarantee that the City will receive all 1313 AFY even if SWP deliveries are reduced by up to 50 percent. The County has not yet acted on the City's request and it is unknown when the County will act on the City's request.

As of the writing of this staff recommendation, the City is relying virtually entirely on water delivered by the State Water Project, even though it is the City's fourth priority as a water source. The City's first priority, conservation, is implemented by City retrofit requirements. Retrofitting the plumbing in an existing house with low flow fixtures is required when the house is sold. Retrofitting of existing houses is required to obtain water equivalencies to be credited toward new development. For the City's second priority, reclamation, there is no program in place. The City is pursuing funding for studies of a treatment plant proposed in the Chorro Valley which would reclaim wastewater and provide a minimum flow in Chorro Creek so that it would not go dry, forcing the City to stop pumping. Development of such a treatment plant is in the early planning stage and its construction and operation is several years away. Groundwater, the third priority, is not now being used to a great degree because of the availability of State Water, although the City still has wells to tap the Morro and Chorro aquifers. The City desalination plant is very expensive to operate so this fifth priority is typically used only when absolutely necessary. And finally, planning for distribution of Lake Nacimiento water is in the environmental review stage. Water deliveries from Lake Nacimiento, if they occur, are several years in the future.

### Water Policy Timeline

YEAR	EVENT	WATER POLICY
1973	City initiated water loss recovery plan by replacing leaky City water system pipes.	Reliance on groundwater, with emphasis on pipe replacement.
1977	Commission action on Filer application prohibited development approvals beyond those projects already applied for.	Reliance on groundwater with emphasis on conservation.
1981	City submitted Water Recovery Model to Commission outlining allocation of water. Commission issued permit 4-81-309 to City, incorporating Model.	Reliance on groundwater with emphasis on conservation.
1984	Voters approved Measure F, which limited population to 12,200; limited number of residential building permits to 70 annually; limited commercial and industrial water allocation to no more than 130% of residential allocation; required residential approvals to follow Coastal Act priorities as given in permit 4-81-309; limited building permits to proposals which met the definition of "infill;" required majority vote of the people to alter the population cap, building permit annual limit, and LUP agriculture policies; exempted nonprofit public facilities from annual building permit limit.  LCP certified - referenced permit 4-81-309 as water policy.	Reliance on groundwater with emphasis on conservation.
1985	Sections 3 and 4 of Measure F certified by Commission. Section 3 limits building permits to 70 annually; Section 4 limits commercial and industrial water use to no more than 130% of residential use.  LCP Amendment 1-85 certified by Coastal Commission incorporated Sections 3 and 4 of Measure F and added retrofitting as a means to obtain water.	Reliance on groundwater with emphasis on conservation; retrofitting of existing buildings allowed as means to obtain water for new development at 2:1 ratio.
1990	Voters approved Measure I, which eliminated leaky water system pipe replacement as a means of obtaining water, thus leaving retrofitting as only means to obtain water for new projects.	Groundwater with required retrofitting; only one-half of water saved by retrofit to be credited to new project; other half

	Drought: City used desalination unit to produce potable water from wells along Morro Creek.	to be banked by City for future use as determined by City Council; limited desalination of brackish well water.
1991	Continuing drought: City constructed existing desalination facility including seawater wells.	Reliance on groundwater, mandatory strict conservation, with emergency supplements from desalination plant.
1995	City received permit from Commission for permanent operation of existing seawater wells, brine discharge, and related items, to enable permanent use of desalination plant at City's discretion.  LCP Amendment 1-94 (water management plan) certified by Commission.	Reliance on groundwater, conservation (including retrofitting), and supplemental use of desalination plant.  In order of priority, water options listed as: conservation, reclamation, groundwater, State Water, desalination, Lake Nacimiento.
1997	Arrival of State Water.	Reliance on groundwater greatly diminished; reliance on State Water; efforts to ensure maximum State Water deliveries even in droughts.

## B. LAND USE PLAN AMENDMENTS: ISSUES AND ANALYSIS

The City is proposing to update the LCP's water policies to reflect both the adopted Water Management Plan and the fact that SWP water is now available. Overall, the proposed LCP amendment would modify the Land Use portion of the LCP by revising Chapter Five, Public Works and Locating and Planning New Development. Twenty pages of text would be removed from Chapter Five and the existing policies would be modified. The text proposed to be removed from Chapter Five is text that originally appeared in the City's *1981 Preliminary Water Management Plan* and which was inserted into the chapter verbatim (see Exhibit 2). As mentioned, the City now has a certified water management plan based on more current information as well as a better understanding of the City's water resources.

More importantly, the amendment would delete the chapter's seven policies (Policies 3.01-3.07 found on pages 95-96 of Exhibit 2) and replace them with three new policies (Exhibit 1, 3.01-3.03). The three new policies are much less detailed with fewer requirements and restrictions. For example, the proposed new policies do not list an allocation hierarchy of residential land uses based on whether or not a parcel is subdivided or whether it is located contiguous to or isolated from presently developed areas. References, restrictions, or requirements based on the development of a water management plan are similarly not discussed since the City now has a water management plan. The most important issues for analysis, though, concern Coastal Act requirements for overall Development and Public Services, and the protection of Environmentally Sensitive Habitat.

### 1. Development and Public Services: Water Supply

The following Coastal Act development and public service policies are applicable to this LCP amendment request:

**Section 30250.** (a) *New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. In addition, land divisions, other than leases for agricultural uses, outside existing developed areas shall*

*be permitted only where 50 percent of the usable parcels in the area have been developed and the created parcels would be no smaller than the average size of surrounding parcels.*

*(b) Where feasible, new hazardous industrial development shall be located away from existing developed areas.*

*(c) Visitor-serving facilities that cannot feasibly be located in existing developed areas shall be located in existing isolated developments or at selected points of attraction for visitors.*

**Section 30254.** *New or expanded public works facilities shall be designed and limited to accommodate needs generated by development or uses permitted consistent with the provisions of this division... Where existing or planned public works facilities can accommodate only a limited amount of new development, services to coastal dependent land use, essential public services and basic industries vital to the economic health of the region, state, or nation, public recreation, commercial recreation, and visitor-serving land uses shall not be precluded by other development.*

The most important element of the proposed amendment which raises concerns under these policies is the replacement of Policy 3.01.

#### ***Policy 3.01***

The existing policy to be deleted directs the City to allocate water and sewer service to development based on Coastal Development Permit No. 4-81-309 as approved by the Coastal Commission. The amount of water and sewer services to be allocated to new development is to be limited to the amounts of water recovered according to Permit No. 4-81-309.

With respect to water supply issues, Coastal Act policy 30250 requires that new development be limited to that which can be accommodated by existing public services. Section 30254 requires that if only limited new development can be accommodated by planned or existing services, certain priority development types will not be precluded. Although the policies that are to be replaced by the City's proposed amendment are obsolete in some respects, they are consistent with Sections 30250 and 30254. This is because they specify that development shall be approved in conjunction with findings of water and sewage treatment availability and that Coastal Act priorities are not precluded (see Exhibit 2). Proposed new Policy 3.01 eliminates the requirement that new development be approved in conjunction with the availability of public services.

In addition, although there is now state water available to the City, there is still some uncertainty concerning water supply in the event that drought conditions materialize or, as discussed below, new constraints are needed to protect riparian habitats. Indeed, when the Commission certified the City's water management plan in 1995, before state water was on line, it found that it was "unlikely that the State Water Project [would] be able to deliver" consistently the amount that the City had contracted for, given the vagaries of weather and unforeseen political decisions concerning the distribution of State Water. And while State Water certainly relieves some of the pressure on new development in the City of Morro Bay, some uncertainty remains. To address this uncertainty, Policy 3.01 should be amended as follows to maintain the general obligations of Coastal Act Sections 30254 and 30250:

**Policy 3.01:** **The City of Morro Bay shall approve future growth in conjunction with water and sewage treatment availability. Water resources will be allocated to new development yearly by the City Council. Development shall be approved only if the City finds that sewer and water services are available to serve the proposed use. So long as existing public works facilities for the provision of water...and visitor serving land uses.**

Other than these additions to address Coastal Act development policies, the old policy may be replaced. There are references to the pipeline replacement program which are outdated and need not remain. The proposed amendment will incorporate much of permit 4-81-309 including the water allocation system and will supersede the permit. The City also has a certified water management plan, making this requirement obsolete. Overall, if the proposed Policy 3.01 is modified as suggested, then the deletion of the existing Policy 3.01 will be consistent with Coastal Act Sections 30250 and 30254.

### **Policy 3.02**

The existing policy to be deleted requires that the City ensure the following uses receive priority, in the order they are listed, for available water and wastewater treatment facilities:

- Commercial Fishing/Agriculture
- Coastal-Dependent Land Uses
- Coastal-Related Land Uses
- Essential Public Services and Basic Industries
- Public Recreation
- Commercial Recreation
- Visitor-Serving Land Uses
- Residential and other Commercial and Industrial Land Uses.

Residential land uses are allocated water based on the following order of varying residential parcels:

1. presently subdivided parcels within existing developed areas
2. presently subdivided parcels contiguous to developed areas of unsubdivided parcels within existing develop areas
3. unsubdivided parcels contiguous to developed areas
4. unsubdivided parcels isolated from either presently developed or subdivided areas

The list of the priority in which water is to be allocated will be incorporated into the implementation plan ordinances in Chapter 13.20. As discussed above, Coastal Act priority developments will also be covered by new Policy 3.01. The hierarchy within the residential land use category is not necessary since existing Policy 3.03 says that once a water management plan is implemented, subdivision in previously unsubdivided area may be permitted. Furthermore, the definition of infill in proposed new Chapter 13.20 will tend to direct development to parcels in the same order as listed in existing Policy 3.02. Therefore, the proposed deletion of Policy 3.02 is consistent with Coastal Act section 30254.

## **2. Environmentally Sensitive Habitat**

The following policies concern the protection of environmentally sensitive habitat (ESHA):

*Section 30231. The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of groundwater supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.*

**Section 30240.** *(a) Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values, and only uses dependent on those resources shall be allowed within those areas.*

These policies are most directly implicated by the proposed replacement of Policy 3.01 and the deletion of Policy 3.04. The remainder of existing Policy 3.01 discussed above that would be deleted with the amendment states:

*Methods of obtaining additional water resources shall ensure protection of the biological productivity of coastal waters. Accordingly, extractions of water from groundwater shall not exceed Basin Safe Yield except under a conjunctive use program. Determinations of Basin Safe Yield shall ensure that groundwater extractions, stream diversions, etc. must not exceed a magnitude when biological productivity of coastal waters is adversely affected.*

In addition, existing Policy 3.04 states that Chapter 3 Coastal Act Policies are required to be the basis for reviewing the adequacy of a water management plan, which, among other things, shall ensure at a minimum the following:

- Continued protection of the Morro Bay wetland areas and flushing of accumulated salts from sediments.
- An adequate groundsurface water supply to protect the biological productivity of coastal waters including riparian stream corridors.

The policy also states that once a Water Management Plan has been incorporated into the LUP, the approved elements of the plan shall be implemented with each project approval accompanied by findings that the resources listed above have been protected consistent with Chapter 3 policies contained in the Coastal Act. Upon implementation of the Water Management Plan, new subdivision in previously undeveloped areas may be permitted.

Although the City now has a water management plan, certified by the Commission, this certification was in part contingent on the protections built into the existing Policy 3.04. In particular, after a discussion concerning the need to protect biological productivity of coastal waters, including riparian stream corridors and the estuary of Morro Bay, the Commission acknowledged that the new water management plan would "help to ensure consistency with City LUP Policy 3.04(2) and (3)." Because of this reliance by the Commission on existing LCP ESHA protections, the removal of environmentally sensitive habitat protection policies needs to be examined carefully at this next point of water policy evolution for the City.

It might also be observed that this need for careful examination is underscored by a modification that the Commission required with its certification of the water management plan that required a five year review and update process for the water management plan. This requirement is also now being proposed by the City as new Policy 3.02:

*The City has adopted, and the Coastal Commission has certified a Water Management Plan. The City shall review the Water Management Plan at least once every five years to ensure that water sources are adequate and to reflect any changes in climatic, hydrological, technological or political conditions that could affect the City's long-term water supply, negatively or positively. As part of the five year review, the City shall prepare a report and submit a copy to the Executive Director of the California Coastal Commission for review. The policies and programs of the Water Management Plan are incorporated herein by reference. The Water Management Plan may be amended from time to time at the discretion of the City council.*

Although we are two years away from the first five-year review following actual certification of the water management plan by the Commission, this LCP amendment requires a review of current information concerning the protection of environmentally sensitive habitat.

As mentioned in the background discussion, both Morro Creek and Chorro Creek support environmentally sensitive riparian habitats. More discussion of this habitat is found in the draft Watershed Management Plan for the Morro Bay National Estuary Program, which also discusses Los Osos Creek. For purposes of this amendment, Chorro Creek is of particular concern:

*Chorro and Los Osos creeks support a great diversity of fauna and flora including a number of sensitive species, including steelhead trout, California red-legged frogs and southwestern pond turtles...Although it is not the intent of the program to focus on management of any single species, biological work group participants have agreed that the steelhead trout population serves as an excellent indicator of the health of our creeks and watershed. Both Chorro and Los Osos creeks have historically supported steelhead populations and both still have remnant population of resident (non-migratory) steelhead trout (Morro Bay State Estuary and Watershed Management Plan, 28).*

The draft plan goes on to say that one of the primary goals of the Estuary Program is to reestablish healthy steelhead habitat in Chorro Creek through various measures, including maintenance of adequate fresh water flows. Most significant, and since the last Commission review of Morro Bay water policy, the steelhead has been listed as a threatened species by the U.S. Fish and Wildlife Service. Similarly, the draft Estuary plan notes that the lagoon habitat of Chorro Creek has been heavily impacted by water diversion and siltation. This includes negative impacts to the Tidewater goby, a Federal Endangered Species.

Overall, the draft Estuary Plan articulates several management goals that require the protection and enhancement of riparian habitats through the maintenance of instream habitats, water quality, wetlands, and other riparian habitat values. Nonetheless, there is still a significant lack of information concerning the appropriate instream flows in the Morro Bay Watershed. Thus, new studies are being pursued that will assess the geophysical, habitat, and stream corridor characteristics of the watershed's creeks. As state in the plan, "the integration of existing riparian habitat information and other stream data with new data from these studies will assist in the development of a detailed characterization of stream flow and related impacts" (Management Plan, 9).

Since the Filer decision in 1977, the Commission has consistently expressed concern about the possible impacts of groundwater withdrawals on the sensitive habitats of Morro and Chorro Creeks. As of 1998, the City of Morro Bay is legally entitled to extract 1142.5 AFY from the Chorro basin and 581 AFY from the Morro basin, for a total of 1723.5 AFY. And although extraction from the Chorro basin must cease when the flow of Chorro Creek drops below 1.4 cubic feet per second, there are no restrictions on pumping of Morro Creek, other than those imposed by climatic and geohydrologic conditions (e.g., drought, salt water intrusion).

Similar to the Commission's recent findings concerning instream flows and riparian habitats along the North Coast of San Luis Obispo County (see SLO County LCP Amendment 1-97), continuing uncertainty and potential impacts due to groundwater withdrawals, as well as new information concerning sensitive habitats dictate that the Morro Bay LCP maintain its policies that assure protection of biological productivity and the water quality of coastal streams. Accordingly, to be found consistent with sections 30231 and 30240, a new Policy 3.04 should be included in the updated LCP as follows:

Policy 3.04: Utilization of existing water sources and methods of obtaining additional water resources shall ensure protection of riparian and wetland habitats. Extractions of water from

groundwater basins shall not exceed the safe yield as determined in the *Analysis and Recommendations for a Water Management Plan for the City of Morro Bay* as prepared by Boyle Engineering Corporation (1995), and in *Appendix B, Groundwater Analysis* as prepared by Cleath and Associates (1993). Groundwater extractions shall not adversely affect riparian and wetland habitats.

### **3. Miscellaneous Policy Deletions and Updates**

#### ***Policy 3.03***

The existing policy to be deleted encourages the City to develop a specific, comprehensive, long-range water plan which will implement water management policies that will provide water service consistent with sound resource planning. New water and sewer services to previously unsubdivided areas are not to be approved until a Water Management Plan has been developed, adopted, and submitted for Commission review and approval as a subsequent amendment to the LUP. As discussed above, the City's water management plan was certified by the Commission in 1995. As a result, this policy is no longer mandatory. The water management plan and this amendment submittal, as modified by the Commission, provides a specific, long-range, comprehensive water plan. Therefore, the proposed deletion of Policy 3.03 is consistent with Coastal Act Section 30254.

#### ***Policy 3.05***

The existing policy to be deleted directs the City to adopt a five-year Capital Improvement Program for maintenance, improvements, and extensions of water and sanitary sewer facilities. This policy was necessary when the City's water and sewer infrastructure was in poor shape. This is no longer the case now and Policy 3.05 is not needed. Therefore its deletion is consistent with Coastal Act Section 30254.

#### ***Policy 3.06***

The existing policy to be deleted directs the City to provide wastewater treatment facilities to accommodate a population of 12,195, which the policy says was determined to be the build-out figure in Coastal Development Permit (CDP) 406-01 (CDP 406-01 permitted further expansion of the wastewater treatment facilities to 2.4 mgd). Staff has researched CDP 406-01 and has not found a condition or other requirement stating that the City's buildout population is 12,195. The City has indicated no desire to limit the population to a figure less than 12,195. The suggested modification to proposed policy 3.01 requires the City to approve future growth in conjunction with water and sewage treatment availability, without referencing any particular population. Since CDP 406-01 does not set any population limit, and the population cap of 12,200 in Measure F has never been certified, nor is it a part of this submittal, deletion of Policy 3.06 is consistent with Coastal Act Section 30254.

#### ***Policy 3.07***

The existing policy to be deleted requires water-saving devices in new developments. The Implementation Plan already requires this. It is not necessary for the Land Use Plan to list water conserving fixtures, particularly since only three are listed out of an unknown number of fixtures, and since there may be more efficient water conserving fixtures. Further, building and plumbing codes incorporate the requirement for water conserving fixtures. Therefore, the proposed new policy is consistent with Coastal Act Section 30254.

#### ***New Policy 3.03***

This new policy states that "all new development shall incorporate water conservation fixtures as set by the City Council." This proposed new policy more or less fits in the place of existing policy 3.07,



which mentions that water saving devices may include, but are not limited to, three specific water conservation fixtures. However, it is not necessary for the Land Use Plan to list water conserving fixtures, particularly since only three are listed out of an unknown number of fixtures, and since there may be more efficient water conserving fixtures. Further, building and plumbing codes incorporate the requirement for water conserving fixtures. Therefore, the proposed new policy is consistent with Coastal Act Section 30254.

## **C. IMPLEMENTATION PLAN AMENDMENTS: ISSUES AND ANALYSIS**

The Implementation Plan is proposed to be modified by revising Chapter 13.20, *Allocation of Water Resources*.

### **1. Definitions**

Revisions include adding 17 definitions to the definitions section: accommodation; affordable housing; coastal dependent development or use; coastal related development; commercial fishing (uses); development; infill development; legally permitted buildings, uses or occupancies; lower cost accommodations; retrofit program; receiving site; source site; water equivalency award; water equivalency bank; water equivalency credit; water equivalency transfer; and very-low, low, moderate income. Some of these are in the text of the existing Chapter 13.20, some are new. These changes facilitate implementation of the LCP and are consistent with Coastal Act Sections 30250, 30254, 30240 and 30231.

### **2. Retrofit Program**

Since 1985, with amendment A3 to coastal development permit 4-81-309, the City has had a program that allows water equivalency units to be earned through the retrofitting of plumbing fixtures in existing structures. Project proponents are required to save twice as much water as their project would use. Since the City now has a certified water management plan and has developed two additional water sources, the retrofit program to earn water equivalencies has been deemed by the City to be no longer necessary. As proposed, the changes to Chapter 13.20 provide for the termination of the retrofit program, although just when it would terminate is not clear. Section 13.20.020L defines the retrofit program as follows:

*"RETROFIT PROGRAM" means a water conservation method as contained in Coastal Development Permit No. 04-81-309A3, which replaces existing plumbing fixtures with low-flow fixtures and applying the water equivalency units saved towards a new Project located on another parcel (Off-Site Retrofit), or to apply the water equivalency units saved as a credit to the site retrofitted (On-Site Retrofit).*

*The retrofit program to earn water equivalency units shall terminate with the certification of this amendment and the ability of the city to serve projects with the water resources identified in the Water Management Plan.*

This definition seems to imply that termination of the retrofit program won't occur until 1) this amendment is certified, and 2) the City is able to serve projects with all of the identified water sources and without the need for retrofitting. Section 13.20.090D indicates that the retrofit program will expire "with the adoption of Ordinance 456." Ordinance 456 contains the proposed changes to Chapter 13.20. Ordinance 456 has been adopted by the City, so that seems to imply that the retrofit program is already terminated. In any event, and in order to clarify this termination issue, since it is part of the LCP, the retrofit program as a mandatory means of obtaining water for new development will end upon certification of the amendment by the Commission.



In the certified Water Management Plan, the City states that conservation is its first priority (out of six) in its efforts to provide an adequate, stable water supply. One method of conserving water is to retrofit (i.e., replace) the existing plumbing in existing structures with low flow fixtures. Changes proposed to Chapter 13.20 would eliminate the retrofit program as the way of earning water equivalencies. However, since the City has chosen conservation as its first priority as a water source, it seems contradictory to terminate a water conservation program such as retrofitting. Retrofitting conserves water "up-front," before a new water demand is placed on the system, and its cost to the public is limited to what the City incurs in administering the retrofit program (verifying retrofitting has occurred, maintaining a list of structures already retrofitted, etc.). The City has adequate water *now* to serve development, so perhaps required retrofitting to obtain water for current new projects is not necessary. However, retrofitting is a useful tool and hopefully the City carefully considered the benefits that may be lost with the elimination of retrofitting. Nonetheless, elimination of retrofitting is not inconsistent with Coastal Act Sections 30231, 30240, 30250, and 30254. Therefore the proposed elimination of the retrofit program as a means to obtain water for new development is consistent with these Coastal Act sections.

### **3. Public Works Director Rather Than Planning Commission to Award Water Equivalencies**

Currently, the Planning Commission allocates water equivalencies to projects. Through the revise Chapter 13.20, the City proposes to transfer that authority to the Public Works Director. The awarding of water equivalency units currently requires the Planning Commission to make the following three findings:

1. The project is consistent with city planning regulations; all applicable local discretionary permits shall be approved prior to a project's being eligible to receive equivalencies;
2. There are enough water equivalency units available to be allocated to the specific type of use for which application has been made;
3. A water equivalency unit allocation to the proposed project is consistent with the water equivalency program adopted for the year.

If authority to award water equivalencies is transferred to the Public Works Director, the first finding requirement would be eliminated. The Public Works Director would still have to make the second and third findings.

According to the City, the proposed change in authority to award water equivalencies would require that the awarding of the equivalencies take place following the building permit plan check process. At a minimum, to reach the building permit plan check stage, an applicant would have to have project plans drawn up and submit them to the city with a completed application, and pay the applicable fees (which could be several thousand dollars). Depending on the particular project, application for a coastal development permit and/or a conditional use permit could also be necessary. Whether or not a project has received all required permits before being awarded water equivalencies is not a problem if the award is similar to a will-serve letter in which a water purveyor states that water is available and the purveyor is capable of serving the development, but no water will actually be delivered until all permits are in place. That is essentially what the existing ordinance does when it requires the planning commission to make a finding that all applicable local discretionary permits are approved. The proposed change does not specifically require that all discretionary or other permits are approved prior to awarding of equivalencies.

Since the City wishes to also amend the ordinance to allow for the transfer of water equivalencies from one site to another (see section 4, below) and to allow the equivalencies to remain on a site indefinitely (see section 5, below), there needs to be a mechanism to ensure that only after all permits

have been approved will equivalencies be awarded. Therefore it is necessary to modify the proposed change which would allow the Public Works Director to award equivalencies to require that the Public Works Director make a finding that the project is consistent with city planning regulations and that all applicable local discretionary permits as well as the building permit shall be approved prior to a project's being eligible to receive equivalencies. With that modification, the transfer of authority from the Planning Commission to the Public Works Director to award water equivalencies is consistent with the LUP as amended and modified.

#### **4. Transfer of Water Equivalencies and Time Limit on Use**

Currently, water equivalencies are awarded to a specific project on a specific parcel and cannot be transferred from that parcel; if the project is not constructed and the permit expires, the award of water equivalencies is void. The amendment would allow water equivalencies to be transferred from one parcel to another, with one restriction. Water equivalencies could not be transferred from a parcel with a visitor-serving project to a parcel with a non-visitor-serving project, but equivalencies could be transferred from a non-visitor-serving parcel to a visitor-serving parcel.

Currently Section 13.20.110 governs the life of awarded water equivalency unit and limits them to "...the period in which all applicable (related) discretionary and/or ministerial or administrative approvals are valid." Extensions of such approvals "...shall automatically extend the water equivalency award to the new expiration date." If the permit(s) expire then so do(es) the allocation of water equivalency units and "...new allocations must be obtained for new or reactivated projects on a property." Proposed Section 13.20.120 would allow awarded equivalency units to "...continue to be credited to the site of the proposed project until...the equivalencies are transferred...or...the water allocation program is terminated."

The City anticipates transfer of water equivalencies to occur infrequently and most likely in those cases where a project proponent cannot go forward with the project because of financial hardship, death, etc. Rather than have the equivalencies expire with permit expiration, and have the project proponent lose the equivalencies, this would allow the project proponent to recoup some of their losses. According to the City:

*It is not foreseen that there will be many of these types of instances, as the water equivalency award will take place following the building permit plancheck process. Once the building permit has been issued, the Uniform Building Codes regulate the validity of the permit, expiration, and extension opportunities. Few project proponents will go to the expense of processing permit applications for a project they do not intend to inaugurate, but there are those cases where personal and economic hardships occur, and the City wished to remain flexible...In addition, there are those projects where applicants have purchased, often at substantial expense, water equivalencies through the Off-Site Retrofit Program, and may not, due to economic or personal hardship, proceed with the project.*

Given the relative scarcity of water in Morro Bay, speculation in water equivalencies could occur. Proposed subsection 13.20.090G.4.a limits the number of water equivalencies one project proponent may be awarded between January 1st and September 30th to no more than 25 percent of the number of available water equivalency units in any category. From October 1st through December 31, one-quarter of the total number of equivalencies plus all left-over equivalencies from previous quarters of that year are made available to projects. According to the City, "the intent of this award period is to allow high priority uses to capture needed equivalencies for the total units which remain available within the calendar year." The reason for the limitation in the first three quarters of the year is to prevent "...one project proponent from collecting water equivalency units to the exclusion of other project proponents filed subsequently." There is no limitation on the number of equivalencies that a

project proponent may purchase or hold. Since selling, purchasing, and transferring already awarded water equivalencies does not reduce the number of equivalencies available through the allocation system, there is no need for a limitation on the number of equivalencies that one project proponent may purchase. Neither is there any need to limit the number of equivalencies a project proponent may hold. Similarly, allowing already awarded water equivalency units to remain on a site indefinitely does not reduce the number of available equivalency units and there is therefore no reason to not allow this change.

Therefore, for the foregoing reasons and as proposed, the amendment to allow water equivalencies to remain indefinitely on a site and/or to be transferred, is consistent with the LUP, as amended and modified.

### 5. Allocation Clarification

Water equivalencies are currently awarded according to the following four priority categories and percentages:

Commercial A	41.0%
Commercial B	7.7%
Industrial	8.5%
Residential	42.8%

The City is proposing to adjust the percentages as follows:

Commercial A	28.7%
Commercial B	20.0%
Industrial	8.5%
Residential	42.8%

The changes involve only the two commercial categories. This is because there is duplication of land use types within those two categories. In 1985 the Commission approved splitting the single commercial category into two commercial categories with corresponding percentages (the total commercial percentage remained the same). The following are the categories, percentages, and land uses as they were revised:

#### Commercial A, 41%

1. commercial fishing
2. coastal dependent development
3. coastal related development
4. public, quasi-public, and institutional uses
5. visitor accommodations: campgrounds and other low cost
6. other visitor-serving uses
  - a. lower cost
  - b. general rate
7. other commercial and office uses

#### Commercial B, 7.7%

1. visitor serving except visitor accommodations
  - a. lower cost
2. other commercial and office use

Category A has a higher percentage of water equivalency units available although non-visitor-serving uses can qualify for category A water. Both visitor-serving land uses and non-visitor-serving land uses are contained in both commercial categories A and B. Category A lists visitor serving commercial and other commercial and office uses, while Category B lists visitor-serving, except visitor accommodations, and other commercial and office uses.

The City's proposal would result in two commercial categories with percentages and land uses as follows.

**Commercial A, 28.7%**

1. commercial fishing/agriculture
2. coastal-dependent
3. coastal related
4. public, quasi-public and institutional uses
5. visitor accommodations
  - a. campgrounds and other lower cost
  - b. general rate
6. other visitor-serving commercial, including recreational and restaurant uses

**Commercial B, 20.0%**

Other non-coastal dependent or non-coastal related commercial and office uses, including retail

The proposed revision provides for coastal priorities in Category A, and non-coastal priorities in category B, with a corresponding adjustment in the percentages available within each category. The modification will reflect historical percentages and will provide for coastal priorities, therefore the proposed modification is consistent with the Land Use Plan as amended.

**D. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

The Coastal Commission's review and development process for LCPs and LCP amendments has been certified by the Secretary of Resources as being the functional equivalent of the environmental review required by CEQA. Therefore, local governments are not required to undertake environmental analysis on LCP amendments, although the Commission can and does utilize any environmental information the local government has developed. CEQA requires that alternatives to the proposed action be reviewed and considered for their potential impact on the environment and that the least damaging feasible alternative be chosen as the alternative to undertake. The Commission's suggested modifications are the result of consideration of alternatives. Approval of the amendment, as modified, will not have significant environmental effects for which feasible mitigation measures have not been employed consistent with the California Environmental Quality Act.

**RESOLUTION NO. 32-97****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,  
ANNOUNCING FINDINGS AND APPROVAL OF AMENDMENTS TO  
CHAPTER V OF THE LOCAL COASTAL PLAN, AND  
PORTIONS OF CHAPTER II OF THE GENERAL PLAN  
TO IMPLEMENT THE 1995 CERTIFIED WATER MANAGEMENT PLAN****THE CITY COUNCIL****City of Morro Bay, California****CASE NO. LCP/GPA 01-96****Section 1.**

**WHEREAS**, on November 12, 1996 the City Council authorized staff to initiate amendments to the Local Coastal Plan and Morro Bay Municipal Code Chapter 13.20 for submittal to the Coastal Commission to certify changes and modifications to the water allocation program to implement the Water Management Plan; and

**WHEREAS**, the Planning Commission of the City of Morro Bay, on May 5, 1997 by adoption of Resolution No. 01-97, after duly noticed **Public Hearings**, made recommendations to the City Council for approval of amendments to Chapter V of the Coastal Land Use Plan and portions of Chapter II of the General Plan; and

**WHEREAS**, on the 12th day of May, 1997 the City Council held a duly noticed **Public Hearing** to consider the proposed amendments, including the Planning Commission findings and recommendation contained in Resolution No. 01-97; and

**WHEREAS**, the City Council accepts the determination of the Public Works Director, as contained in the status report dated March 1997 presented to the Public Works Advisory Board on March 12, 1997, that potable water continues to be a limited resource in the community of Morro Bay as defined by the Coastal Act, Public Resources Code Section 30254; and

**WHEREAS**, the Environmental Coordinator determined that the California Coastal Commission is the lead Agency for Local Coastal Plan amendments for the purposes of the California Environmental Quality Act; and

**WHEREAS**, following the public hearing and consideration of the testimony of all persons, both written and oral, the City Council approved the amendments based on the following findings:

**Ex 1****MRB LCPA 1-97**

Section 2.

1. The amendments are consistent with the intent of the State Coastal Act; and
2. The amendments are consistent with the City's certified Coastal Land Use Plan and General Plan; and
3. The amendments are consistent with the certified Water Management Plan; and
4. The amendments are exempt from the California Environmental Quality Act pursuant to Government Code Sections 15250 and 15251.
5. The amendments are not detrimental to the health, safety, morals, comfort and general welfare of persons residing or working in the city and are intended to improve the desirability of investment or occupation in the city.

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

1. That the above recitations are true and correct and constitute findings of the Council in this matter; and
2. That the Council does hereby approve the Coastal Land Use Plan and General Plan amendments attached hereto as Exhibit A and B and made a part of this resolution by reference; and
3. That this resolution adopting the Coastal Land Use Plan and General Plan amendment shall be transmitted to the California Coastal Commission with the request that the Coastal Commission certify the amendments are part of the city's Local Coastal Program; and
4. That the City Council of the City of Morro Bay hereby finds that these Local Coastal Program amendments are in compliance with the intent, objectives and policies of the California Coastal Act, and that the City will carry out the Local Coastal Program, including these amendments in a manner fully consistent with California Coastal Act and all of its provisions; and
5. That these amendments will take effect immediately upon certification.

**MRS LCRA 1-97**

*Bridgett Bauer*

FROM

03-25-98 01:00PM TO SF CCC

914159045400

\*157 P.3/31

Bridgett Bauer  
BRIDGETT BAUER, City Clerk

Attachments:

Exhibit A: Revised LCP Chapter V.

Exhibit B: Revisions to portions of General Plan Chapter II.

**MRA LCPA 1-97**


City Council  
Resolution No. 32-97  
Page 3

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morro Bay, on the 12th day of May, 1997, by the following vote:

**AYES:** Anderson, Elliott, Peters, Novak

**NOES:** Peirce

**ABSENT:** None

  
\_\_\_\_\_  
CATHY NOVAK, Mayor

**ATTEST:**

  
\_\_\_\_\_  
BRIDGETT BAUER, City Clerk

**Attachments:**

Exhibit A: Revised LCP Chapter V.

Exhibit B: Revisions to portions of General Plan Chapter II.

**MRB LCPA 1-97**



## AMENDMENTS TO LOCAL COASTAL PLAN

### City Council Resolution No. 32-97 Attachment A

Upon adoption by the City Council and approval by the Coastal Commission, the following chapter will replace the existing Chapter V. PUBLIC WORKS AND LOCATING AND PLANNING NEW DEVELOPMENT. The revisions to this chapter are based on the 1995 Water Management Plan.

#### Chapter V. PUBLIC WORKS WATER AND WASTEWATER FACILITIES AND ALLOCATING THESE RESOURCES TO NEW DEVELOPMENT

##### A. INTRODUCTION

This chapter describes the city's public works water and wastewater facilities and allocating those services to new development. These two topics are discussed together because, in the case of the City of Morro Bay, they interrelate. The City's management of its water facilities, imported water sources, desalinated water, and wastewater treatment will determine how future growth will be accommodated. In 1984, the citizens of the community 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 major constraint to new development has been the limited availability of water sources. The City's ability to allocate water to development from 1982 through 1996 came through water conservation measures which did not place an increased demand on the City's ground water sources. Prior to certification of the Local Coastal Program Land Use Plan, the California Coastal Commission approved the allocation of water equivalency units to development through conservation measures, that included the water pipe replacement program and the off-site retrofit program. Both programs were described by the Coastal Commission as interim measures to provide for some development while the City prepared a Water Management Plan.

Determining the long term water sources for the city has been a topic of debate for many years. On February 14, 1995 the City adopted Resolution 08-95 approving the City's Water Management Plan. With the passage of Measure G, a voter initiative that mandated the City pursue State Water through the Coastal Aqueduct as an imported source of water, the City was able to formulate the long term water management plan. The Water Management Plan provides for a combination of water resources achieved through conservation, reclamation, ground water, imported water and desalination.

The sources identified in the Water Management Plan will be distributed to new development through the priorities and processes identified here and in Morro Bay Municipal Code Chapter 13.20.

**MRR LCPA 1-97**

Resolution 32-97

Attachment A

## B. RESOURCE INVENTORY AND CONSTRAINTS

An important factor in determining the type, location and intensity of land uses within the community is the capability of the city's water and sewage systems to accommodate those uses. The Coastal Act requires that new development be closely correlated with existing and planned service capacity. The adopted Water Management Plan is intended to provide guidance to the City Council and staff, the Public Works Advisory Board and Planning Commission, and city residents, to assist them in selecting a reliable and cost-effective solution to their long-term water supply needs.

### 1. Water Resources

The city's management of its water facilities and wastewater treatment will determine how future growth will be accommodated. The Coastal Act gives priority to coastal dependent industrial uses, agriculture and recreation and visitor-serving facilities for public services where existing or planned public works facilities can accommodate only a limited amount of new development. (Public Resources Code Section 30254)

The City has two sources of water available for allocation to new development, "banked" water accumulated under its previous Water Allocation Model as approved by the Coastal Commission by the issuance of Coastal Development Permit 04-81-309A3, and new sources of water available to serve new development identified in the adopted and certified Water Management Plan. The City's Water Allocation Program is identified in Morro Bay Municipal Code Chapter 13.20.

Discussion of the City of Morro Bay's water resources and supply are contained in the *Analysis and Recommendations for a Water Management Plan for the City of Morro Bay* as prepared by Boyle Engineering Corporation (1995). Copies of the report are available at City Hall and the city's public library.

### 2. Waste water resources

#### a. Wastewater Facilities

Existing wastewater treatment facilities are shared jointly by the unincorporated community of Cayucos and the City of Morro Bay, 35 and 65 percent, respectively. Each community operates its own individual wastewater collection system.

The Wastewater Treatment Plant provides advanced primary treatment to the effluent which is discharged through a 5,000 foot ocean outfall. The plant currently discharges an average of 1.5 million gallons per day (mgd). The City's wastewater collection system is at capacity in certain portions of the community pursuant to the Wastewater Master Plan.

MRO LCRA 1-97

Local Coastal Plan Chapter V Amendments  
Resolution 32-97  
Attachment A

The total design capacity of the existing Wastewater Treatment Plant is 2.09 million gallons per day (mgd); therefore, Morro Bay's share (65 percent) is 1.36 mgd. When the treatment plant was designed in 1984, the capacity was based upon meeting the then current quality standards.

b. Wastewater Demand

In response to drought conditions and water conservation measures over the past decade, individual wastewater flow rates in the community have varied. In 1975 domestic and commercial wastewater use was an estimated 93 gallons per capita per day (gpcd). This was projected to increase to 110 gpcd by 1999.

**D. POLICIES FOR PUBLIC WORKS WATER FACILITIES AND ALLOCATING THESE RESOURCES TO NEW DEVELOPMENT**

The City Council, in 1992 initiated the review and analysis of the Water Management Plan. The Plan was first adopted in February 1994. With modifications, the Coastal Commission certified the Water Management Plan as an amendment to the city's Local Coastal Plan in January, 1995. The City Council accepted the Coastal Commission's modifications in February, 1995.

The Coastal Act includes policies requiring growth to occur in an orderly, well-planned fashion. Specifically, the Act states that new development shall:

1. Be located in or near existing developed areas;
2. Protect coastal resources; and
3. Give priority to coastal-dependent uses.

Resources to serve future growth in the city will be administered through Morro Bay Municipal Code Chapter 13.20, consistent with Measure F and Coastal Act Priorities. Water sources which will be allocated to new development are those identified in The Water Management Plan, incorporated herein by reference, and the city's "Bank" of accumulated water equivalency units. Policies, 3.01, 3.02, and 3.03, insure consistency with the Water Management Plan, the Coastal Act, and Measure F.

**Policy 3.01:** Water resources will be allocated to new development yearly by the City Council. So long as existing public works facilities for the provision of water can only accommodate a limited amount of new development, water resources shall be allocated in such a manner so as to not preclude service to coastal dependent land uses, essential public services and basic industries vital to the economic health of the region, state, or nation, public recreation, commercial recreation, and visitor serving land uses. (LU-79.1)

**MRS LCPA 1-97**

Resolution 32-97

Attachment A

**Policy 3.02:** The City has adopted, and the Coastal Commission has certified a Water Management Plan. The city shall review the Water Management Plan at least once every five years to ensure that water sources are adequate and to reflect any changes in climatic, hydrological, technological or political conditions that could affect the city's long-term water supply, negatively or positively. As part of the five year review, the city shall prepare a report and submit a copy to the Executive Director of the California Coastal Commission for review. The policies and programs of the Water Management Plan are incorporated herein by reference. The Water Management Plan may be amended from time to time at the discretion of the City council. (LU-79.2)

**Policy 3.03:** All new development shall incorporate water conservation fixtures as set by the City Council. (LU-84.1)

(Note: In discussing units of measure for water and sewer capacity, the following conversion factors are provided to assist in understanding the data:

- 1 cubic foot is equal to 7.48 gallons
- 1 acre foot is equal to 325,828.8 gallons
- 1 acre foot is equal to 43,560 cubic feet)

ml:5/6/97\S:\MSOFFICE\WINWORD\PLAN&BLD\STAFF\REP\LCP5PC4.DOC

**MRB LCPA 1-77**

public services. The Water Equivalency Ordinance should be amended to reflect the following priorities:

- (1) Commercial fishing/agriculture
- (2) Coastal dependent industries
- (3) Recreation/visitor-serving uses
- (4) Commercial
- (5) Industrial
- (6) Residential Development
  - (a) Infill areas
  - (b) Areas contiguous to existing development
  - (c) Others

These land uses will be allocated a number of equivalencies consistent to their existing levels of demand. Those equivalencies not utilized in one year may be transferred to other uses in the subsequent year.

D. PUBLIC WORKS AND LOCATING AND PLANNING NEW DEVELOPMENT:  
GENERAL POLICIES

Policy 3.01. The City of Morro Bay shall approve future growth in conjunction with water and sewage treatment availability. Development shall be approved for actual construction and/or implementation only if the City finds that sewer and water services are available to serve the proposed use. The City shall allocate water and sewer services to development within the Coastal Zone based on Coastal Development Permit No. 4-81-309 as approved by the Coastal Commission. The amount of water and sewer services to be allocated to new development shall be limited to the amounts of recovered water due to the water pipe replacement program approved in Permit No. 4-81-309; except that additional wastewater treatment service may be provided based on plant capacity. If the City develops additional sources of water and/or improves its water management so that additional water is demonstrably recovered, the City may submit a revised water allocation program as a subsequent amendment for Coastal Commission review and approval. Until a water management program which provides additional water for allocation is approved and amended into the LUP, the allocation program for future developments shall be as described in the findings and exhibits adopted by the Coastal Commission for Permit 4-81-309 which specifically includes the "Water Recovery Allocation Model and percentage allocation system".

Methods of obtaining additional water resources shall protect the biological productivity of coastal water.

~~MOA 1504 1-07~~

Policy 3.02. In any system the City of Morro Bay uses for water allocation, the City shall insure the following uses receive priority for available water and wastewater treatment facilities:

Commercial Fishing  
Coastal-Dependent Land Uses  
Coastal-Related Land Uses  
Essential Public Services and Basic Industries  
Public Recreation  
Commercial Recreation  
Visitor-Serving Land Uses  
Residential and other Commercial and Industrial Land Uses

Residential land uses shall be allocated water based on the following order of varying residential parcels:

- (1) presently subdivided parcels within existing developed areas
- (2) presently subdivided parcels contiguous to developed areas or unsubdivided parcels within existing developed areas
- (3) unsubdivided parcels contiguous to developed areas
- (4) unsubdivided parcels isolated from either presently developed or subdivided areas

Policy 3.03. The City may develop a specific, comprehensive, long-range water plan which will implement water management policies that will provide water service consistent with sound resource planning. New water and sewer services to previously unsubdivided areas shall not be approved until a Water Management Plan has been developed, adopted, and submitted for Coastal Commission review and approval is a subsequent amendment to the LUP.

Policy 3.04. Chapter 3 Coastal Act Policies shall be the basis for reviewing the adequacy of any Water Management Plan. A Water Management Plan shall ensure at a minimum, the following:

1. An adequate water supply for coastal-dependent activities such as commercial fishing, oyster farming, fish and shellfish processing, recreational boating and fishing and industrial energy development.

2. Continued protection of the Morro Bay wetland areas with assurances that the wetlands shall continue to be seasonally flushed of accumulated salts from sediments.

MRO LCPA 1-97

3. An adequate groundsurface water supply to protect the biological productivity of coastal waters including riparian stream corridors upon which the anadromous fishery depends for viability.

4. Sufficient water for agricultural operations in the Morro and Chorro Valleys.

Once a Water Management Plan has been incorporated into the LUP, the approved elements of the plan shall be implemented with each project approval accompanied by findings that the resources listed above have been protected consistent with Chapter 3 policies contained in the Coastal Act. Upon implementation of the Water Management Plan, new subdivision in previously undeveloped areas may be permitted.

Policy 3.05. The City of Morro Bay shall adopt a five-year Capital Improvement Program which specifies maintenance, improvements, and extensions of water and sanitary sewer facilities, including recommendations of the Water Management Plan.

Policy 3.06. The City will continue a program of providing wastewater treatment facilities to accommodate the ultimate build-out population of 12,195, determined to be the build-out figure in Coastal Development Permit No. 406-01, which permitted further expansion of the wastewater treatment facilities to 2.4 mgd.

Policy 3.07. Water-saving devices shall be required in new developments. These devices may include, but are not limited to the following:

(1) faucets with faucet aerators to help reduce the flow of water to 2 gallons per minute, or less;

(2) water restrictions on shower heads to restrict water to 3 gallons per minute, or less;

(3) water conservation toilets to restrict each flush to 3 gallons or less.

Efforts to conserve or reduce water consumption through the implementation of water-saving techniques shall be recognized by the City when determining priority of water use allotments.

**MRB LC PA 1-97**

**ORDINANCE NO. 456**

**AN ORDINANCE OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ANNOUNCING FINDINGS AND ADOPTING AMENDMENTS TO  
CHAPTER 13.20 OF THE MORRO BAY MUNICIPAL CODE  
TO IMPLEMENT THE 1995 CERTIFIED WATER MANAGEMENT PLAN**

**THE CITY COUNCIL**

City of Morro Bay, California

**SECTION 1:**

**WHEREAS**, the Planning Commission of the City of Morro Bay, on May 5, 1997 by adoption of Resolution No. 01-97, after duly noticed **Public Hearings**, made recommendations to the City Council for approval of amendments to Chapter 13.20 of the Morro Bay Municipal Code to implement the City's certified Water Management Plan through the adoption of regulations for the allocation of these resources to new development; and

**WHEREAS**, on the 12th day of May, 1997, the City Council did hold a duly noticed **Public Hearing**, to consider the amendments to Chapter 13.20 of the Morro Bay Municipal Code, including the recommended of the Planning Commission; and

**WHEREAS**, the Environmental Coordinator determined that the California Coastal Commission is the lead Agency for Local Coastal Plan Amendments for the purposes of the California Environmental Quality Act; and

**WHEREAS**, following the hearing, and consideration of the testimony of all persons, both written and oral, the City Council approved the amendments based upon the following findings:

1. The amendments are intended to implement Water Management Plan, consistent with the policies of the Local Coastal Plan - Chapter V, Public Works Water and Wastewater Facilities and Allocating these Resources to New Development, as well as portions of the General Plan - Chapter II, Land Use, Open Space and Conservation Element; and
2. The amendments are intended to improve the desirability of investment or occupation in the city by proceeding with the implementation of the certified Water Management Plan by allocating available water resources in accordance with the new provisions contained in revised Morro Bay Municipal Code Chapter 13.20, Allocation of Water Resources, as attached and referenced herein; and
3. The amendments are consistent with the intent of the State Coastal Act; and
4. The amendments were published and made available for public review in accordance with Section 13515 of the California Code of Regulations.

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

**SECTION 2:** Morro Bay Municipal Code Chapter 13.20, Building Limitation, is hereby repealed.

**Exhibit 2** **MRS**  
**LCPA**  
**1-97**



City of Morro Bay  
Ordinance No. 456  
Page Two

**SECTION 3:** Morro Bay Municipal Code Chapter 13.20, Allocation of Water Resources, is hereby adopted as shown in Attachment 1, included herein by reference and made a part of this ordinance.

**SECTION 4:** To implement the amendments adopted herein the City Council of the City of Morro bay, California, hereby directs as follows:

1. This Ordinance adopting the Municipal Code amendments shall be transmitted promptly to the California Coastal Commission with the request that the Commission certify the amendments; and
2. The City of Morro Bay hereby finds that the Local Coastal Program Implementation Program Amendments (repealed and replaced MBMC Chapter 13.20) are in compliance with the intent, objectives, and policies of the California Coastal Act and that the City will carry out the Local Coastal Program, including these amendments in a manner fully consistent with the California Coastal Act and all its provisions; and
3. These amendments shall take effect immediately upon certification by the California Coastal Commission.

**INTRODUCED** at a regular meeting of the City Council of Morro Bay, held on the 12th day of May, 1997, by motion of Councilmember Peters, and seconded by Councilmember Anderson.

**PASSED, AND ADOPTED**, on the 27th day of May, 1997 by the following vote:

**AYES:** Anderson, Elliott, Peirce, Peters, Novak

**NOES:** None

**ABSENT:** None

  
CATHY NOVAK, Mayor

**ATTEST:**

  
BRIDGETT BAUER, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
DAVID R. HUNT, City Attorney

**CITY OF MORRO BAY  
ORDINANCE NO. 456**

**ATTACHMENT 1  
(Adopted May 27, 1997)**

**CHAPTER 13.20**

**ALLOCATION OF WATER RESOURCES**

**Sections:**

- 13.20.010 Intent and findings.
- 13.20.020 Definitions.
- 13.20.030 Responsibilities of the public works director.
- 13.20.040 Responsibilities of the public works advisory board.
- 13.20.050 Responsibilities of the planning commission.
- 13.20.060 Responsibilities of the city council.
- 13.20.070 Submission of annual report by the public works director.
- 13.20.080 Projects defined which do not need an award of water equivalency units.
- 13.20.090 Projects defined which do need an award of water equivalency units.
- 13.20.100 Transferability of water equivalency units.
- 13.20.110 Water equivalency table.
- 13.20.120 Time limit for using water equivalency units.
- 13.20.130 Limitations on allocations of water.

**13.20.010 Intent and findings.**

A. The intent of this chapter is to regulate the addition of new water users to the city's water system, whether new construction, expansions or new occupancies, to ensure that demand for water shall not exceed available supply and that the pace of allocating the available water supply to new users is reasonable and orderly.

B. The city of Morro Bay presently has a limited amount of water resources; this fact is not only recognized by the city but also by the state of California in various actions of the California Coastal Commission limiting new development within the city limits. New water users must be regulated, accordingly, to ensure that demand does not exceed supply and that the pace of development using available water is orderly and reasonable.

C. The regulations established by Ordinance 266 (Measure F) and this chapter may effectively limit the number of housing units which may be constructed on an annual basis, but such limitation is necessary to protect the public health, safety and welfare. If water use exceeded supply and adequate water were not available to users, there could result in increased fire hazard, adverse impacts on commerce, industry and recreation, and the public health, safety and welfare would generally be jeopardized.

D. "Development that occurs in an orderly fashion" means development which can be served by public utilities, including but not limited to water resources and delivery systems;

**Ex 2**

**MRO LCRA 1-97**

## Ordinance No. 456

## Attachment 1

## Chapter 13.20

which encourages infill development; and, which helps to implement the policies and priorities articulated in the city general plan and local coastal program.

E. Similarly, the public health, safety and welfare is promoted by regulating the pace of new development so that it occurs in an orderly fashion. Such development helps preserve the community's character, enhances the attractiveness of the city, better implements adopted plans, policies and priorities for the physical growth of the city, and tends toward a more efficient use of available resources including but not necessarily limited to water and water delivery systems.

**13.20.020 Definitions.**

The following definitions shall be used for interpreting this chapter:

- A. "ACCOMMODATION" means commercial transient lodging, i.e. motel, hotel, campgrounds and Bed & Breakfast establishments.
- B. "AFFORDABLE HOUSING" means housing affordable to persons and families with moderate, low and very low incomes as defined by the State of California.
- C. "COASTAL DEPENDENT DEVELOPMENT OR USE" means any development or use which requires a site on, or adjacent to, the sea to be able to function.
- D. "COASTAL RELATED DEVELOPMENT" means any use that is dependent on a coastal-dependent development or use.
- E. "COMMERCIAL FISHING (USES)" means uses directly in support, or in the performance of commercial fishing activities.
- F. "DEVELOPMENT" is defined pursuant to Public Resources Code Section 30106 as identified in Morro Bay Municipal Code Section 17.12.199 (definitions)
- G. "INFILL DEVELOPMENT" means development of areas within the Urban/Rural Boundary.
- H. "LEGALLY PERMITTED BUILDINGS, USES OR OCCUPANCIES" means any building, use or occupancy for which any required use permit, building permit or business license had been secured and validated, or any legal nonconforming use.
- J. "LOWER COST ACCOMMODATIONS" means commercial transient occupancy for which the operating definition for "lower costs accommodations" shall be based upon the most recent information from the Motel Association. The subgroup priority of "Lower Cost" Visitor Services reflects the objectives of Coastal Act implementation to allow coastal access and enjoyment by persons and families with modest incomes. The differentiation between "Lower Cost" and "General Rate" will be based on a comparison with like services. If the distinction cannot

## Ordinance No. 456

## Attachment 1

## Chapter 13.20

easily be ascertained by the Planning and Building Director, the matter shall be referred to the Planning Commission. The Commission shall then consider all testimony and render its opinion.

K. "PROJECT" means new construction, additions to existing facilities, changes or intensification of use or occupancies in an existing facility, or demolition and replacement of existing facilities.

L. "RETROFIT PROGRAM" means a water conservation method as contained in Coastal Development Permit No. 04-81-309A3, which replaces existing plumbing fixtures with low-flow fixtures and applying the water equivalency units saved towards a new Project located on another parcel (Off-Site Retrofit), or to apply the water equivalency units saved as a credit to the site retrofitted (On-Site Retrofit).

The retrofit program to earn water equivalency units shall terminate with the certification of this amendment and the ability of the city to serve projects with the water resources identified in the Water Management Plan.

M. "RECEIVING SITE" means the site where water equivalency units are to be transferred to.

N. "SOURCE SITE" means the site where water equivalency units are to be transferred from.

O. "WATER ALLOCATION PROGRAM" means a program adopted each year by the City Council that establishes the total number of water equivalency units to be allocated for the coming year, and the method of awarding and administering water equivalency units through the year.

P. "WATER EQUIVALENCY AWARD" means the water equivalency units assigned to a project from the sources identified in the Water Management Plan.

Q. "WATER EQUIVALENCY BANK" means 1/2 of water equivalency units accrued through the Off-Site Retrofit Program, and held (banked) by the City to be awarded at the discretion of the City Council.

R. "WATER EQUIVALENCY CREDIT" means water equivalency units established on a site through the methods contained in 13.20.080 of this section.

S. "WATER EQUIVALENCY TABLE" means a table that indicates the average annual water use of different land uses that is used in calculating how many water equivalency units a proposed project needs.

Attachment 1  
Chapter 13.20

T. "WATER EQUIVALENCY TRANSFER" means the transfer of a water equivalency unit from a source site to a receiver site.

U. "WATER EQUIVALENCY UNIT" means a unit of measure for water use. Since 1977, one water equivalency unit has been considered as equal to ten thousand seven hundred eighty (10,780) cubic feet of water per year, rounded to the nearest hundreds for cubic feet and hundredths for water equivalencies, which was determined to be the average amount used by a single-family residence in one year.

Water equivalency units are established to assist the city in regulating the addition of new water users to the city's limited water system.

V. "VERY-LOW, LOW, MODERATE INCOME" - For the purpose of this section, moderate, low and very low income persons shall be defined as set forth in California Health and Safety Code Sections 50079.5 and 50105.

(Historical Note: Under Measure F reference to the definition of in-fill as set forth in Resolution No. 26-84, is modified pursuant to its own terms and revised by Resolution No. 23-95).

**13.20.030 Responsibilities of the public works director.**

The public works director is charged with:

- A. Submitting an annual report to the public works advisory board, the planning commission, and subsequently to the city council pursuant to Section 13.20.070;
- B. Calculating the water equivalency units required by individual projects upon the submittal of a building permit or where no permit is required, prior to occupancy;
- C. Monitoring the water allocation program during each year;
- D. Annually updating the water equivalency table and recommend adjusting the water use rates based on significant changes of water consumption by land use type;
- E. Developing operating procedures for the administration of the water allocation program; such procedures shall be included in the annual report presented to the public works advisory board, the planning commission, and city council.
- F. Awarding of the water equivalency units established for the year to projects, in accordance with the approved water allocation program.

**13.20.040 Responsibilities of the public works advisory board**

The public works advisory board is charged with reviewing the public works director's annual report, including the operating procedures and recommending an annual water allocation program to the city council.

**13.20.050 Responsibilities of the planning commission**

The planning commission may review the public works director's annual report, the public works advisory board's recommendation, the operating procedures, amendments to this chapter, and make recommendations on the annual water allocation program to the city council.

**Ordinance No. 456****Attachment 1****Chapter 13.20****13.20.060 Responsibilities of the city council.**

The city council is charged with adopting, by January 15th of each year, a water allocation program for that calendar year, consistent with Ordinance 266 (Measure F). In each such program it shall set by resolution: 1) the number of water equivalency units available for residential and commercial development; and 2) the mix of single family and multi-family units.

**13.20.070 Submission of annual report by the public works director**

A. In December of each year the public works director shall submit a report to the public works advisory board, the planning commission, and city council outlining: 1) the number of uses receiving water equivalencies; 2) the number of water equivalencies distributed; 3) the total number of water equivalency units banked by the City; 4) the director's recommendation for the water allocation program for the following calendar year; 5) the city's current water availability and the continued need for the allocation program to insure coastal priorities are met; and 6) recommendations for updating the water equivalency table contained in Section 13.20.110. As part of the report, the public works director shall estimate the amount of water equivalency units available to award to new development for the coming calendar year, and provide the council with recommendations for and the results of the implementation of water conservation measures.

B. The public works advisory board and the planning commission shall consider this report and forward it to the city council with its recommendations. The city council shall thereafter hold a public hearing and shall take action to adopt a water allocation program for the following calendar year.

**13.20.080 Projects defined which do not need an award of water equivalency units.**

The following types of projects shall not be required to obtain an award of water equivalencies units:

A. Projects which involve the demolition of a building where the number of water equivalencies required by the new use is less than or equal to those credited to the demolished building(s). Water equivalency units credited to demolished buildings shall be limited to the highest number of water equivalency units credited to legally permitted uses which have existed in the building since January 1, 1977, based upon the most current water equivalency table contained in Section 13.20.110 of this code, and any accrued water equivalency savings achieved through the on-site retrofit program.

B. Projects which involve the replacement of a use or occupancy where the number of water equivalency units required by the new use or occupancy is less than or equal to those credited to the site. Water equivalency units credited to the site shall be limited to the highest number of water equivalency units credited to the legally permitted, nontemporary uses, which have existed in the building since January 1, 1977, based upon the most current water equivalency table contained in Section 13.20.110 of this code, and any accrued water equivalency savings achieved through the on-site retrofit program.

C. Projects which are located on a "receiver" site where the transfer of water equivalency units is equal to the amount required by 13.20.110.

Projects which are located on a "receiver" site where water equivalencies are being transferred to, where such equivalencies are equal to the amount required by the project.

## Ordinance No. 456

## Attachment 1

## Chapter 13.20

D. Additions or expansions to residential uses, motels, hotels, campground or other uses for which equivalencies are based on number of units so long as such additions or expansion does not involve an increase in number of residential, motel, hotel, or campground units.

E. Family day care homes, as defined in Section 17.12.272 of this code.

**13.20.090 Projects which do need an award of water equivalency units.**

A. No project as defined in this chapter shall be permitted unless it is first reviewed by the public works director to ascertain whether it will increase likely water usage. Any building demolished, or use or occupancy discontinued, prior to January 1, 1977 shall not be credited with water equivalency units. The director shall use the "water equivalency table" contained in Section 13.20.110 for determining water equivalencies for various uses. If a particular use is not listed on the table, the director shall estimate equivalencies for that use. Generally, the water usage records of a sample of like uses already operating in the city shall be used if available. The time frame for the sampling should be at least seven years of use if available. Any other relevant information may be used in making a reasonable estimate. The director's decisions regarding estimates of water usage may be appealed to the planning commission, and subsequently to the city council. If a proposed project, as defined in this chapter, is found to require water equivalencies, it shall not be approved for construction, or in cases of changes to, or the expansion or intensification of, existing uses, the occupancy shall not be approved until and unless the required water equivalencies have been awarded in accordance with subsection C of this section, except as provided in section 13.20.080.

B. If a project needs to obtain water equivalencies pursuant to this chapter, the project proponent shall make application for the water equivalency units as outlined in the current water equivalency award procedures.

C. The public works director shall award the required water equivalency units to the proposed project based upon the following findings:

1. There are enough water equivalency units available to be awarded to the specific type of use for which application has been made;

2. A water equivalency award to the proposed project is consistent with the water allocation program adopted for the year.

**D. City Bank of Water Equivalency Units**

The half of the water equivalency units which were earned as part of the Off-Site Retrofit Program from 1991 to the expiration of the program with the adoption of Ordinance 456 shall be held by the City in reserve, as a "bank" of water equivalency units. The public works director shall include an update of the status of this bank in his annual report on the water equivalency program. The Council, however, may choose at any time to use this bank to serve only affordable housing and coastal dependent uses, consistent with Ordinance 266 (Measure F) and Chapter 13.20.130 (Measure I).

Attachment 1  
Chapter 13.20

E. Priority for Affordable Housing Projects.

1. In any given year at the time water allocations are authorized by the city council, priority shall be given for multi-family developments which provide a minimum of fifty percent of housing which will be guaranteed to be affordable to persons and families with moderate, low and very low incomes: provided, however:

a. That not more than fifty percent of the multi-family units allocated each year by the city council pursuant to Ordinance 266 (Measure F) shall be so prioritized;

b. Developments which provide a minimum of fifty percent of affordable housing including a minimum of twenty-five percent affordable to low and very low income families shall have a priority over projects for affordable housing which do not provide units for low and very low income families;

c. Developments which provide one hundred percent affordable housing shall have a priority over projects which provide fifty percent affordable housing.

2. An applicant desiring low income housing priority shall submit to the planning and building department a written request for such priority listing the applicant/owner, the address and legal description of the project property, and agreements as approved by the city attorney, restricting the sale and/or occupancy of the affordable units in the project to moderate, low or very low income persons for a period of thirty years after completion of the housing project. Upon receipt of this information and agreements, the applicant's property will be eligible for priority in the allocation period for which they apply. If there are not enough water equivalencies within the period the applicant makes application, the project shall be given priority in a subsequent period.

3. If a project due to be awarded water fails to qualify and/or submit agreements as required in this section prior to the award of water, or voluntarily withdraws, the project shall be removed as a priority within that period.

4. The city, at its option, may contract with a nonprofit housing agency to provide for administration of various aspects of agreements and other procedures to ensure the effectiveness of this program to provide long-term low income housing. Costs for such services shall be borne by the applicant/developer.

5. The city shall encourage the use of banked water for affordable housing projects.

F. In each calendar year, the Planning and Building Director shall insure that the number of building permits issued to residential and non-residential projects do not exceed the limit set by Ordinance No. 266 (Measure F).

G. The water allocation program shall be administered as follows:

1. Allocation Periods

a. From January 1st to September 30th of each calendar year 3/4ths of the water equivalencies allocated by the City Council shall be made available to projects. The priorities and percentages of water equivalency units to be awarded shall be as follows:

- |      |                 |       |
|------|-----------------|-------|
| i.   | Commercial "A": | 28.7% |
| ii.  | Commercial "B"  | 20.0% |
| iii. | Industrial:     | 8.5%  |
| iv.  | Residential:    | 42.8% |



## Ordinance No. 456

## Attachment 1

## Chapter 13.20

b. From October 1st to December 31st of each calendar year 1/4 of the total number of water allocated by the City Council plus all left-over water equivalencies in that year shall be made available to projects. The intent of this award period is to allow high priority uses to capture needed equivalencies from the total units which remain available within the calendar year. Since projections of actual demand cannot be made with certainty, due to the ups and downs of the market place, this scheme allows a yearly adjustment while addressing Coastal Act priorities. The water equivalency units shall be awarded as follows:

- i. No percentage assignment by land use.
- ii. Water equivalency units awarded according to priority order noted in G-1 of this section, for approved projects.
- iii. In November of each year, the unallocated multi-family units shall be made available to single family residential applicants.

## 2. Priority Categories

## a. Commercial "A":

- Commercial fishing \Agriculture
- Coastal Dependent
- Coastal Related
- Public, quasi-public and institutional uses
- Visitor accommodations:  
campgrounds and other lower cost  
general rate
- Other visitor-serving commercial, including recreational and restaurant uses

## b. Commercial "B":

- Other non-coastal dependent or non-coastal related commercial and office uses, including retail

## c. Industrial

- Coastal dependent/related
- General Industrial uses.

## d. Residential

- Multi-family density, low/moderate income
- Single-family density, low/moderate income
- Market rate/higher income single or multi-family density:

## 3. Mixed Use Projects - Commercial/Residential

MRB LCPA 1-97

Ordinance NO. 430

Attachment 1

Chapter 13.20

If projects involve mixed uses, that is non-residential uses (e.g.: commercial or industrial) with residential ones, the following shall be used to place such projects in the allocation priority list:

a. For mixed uses with only one residence (e.g.: accessory apartment, manager's quarters or security residence) the entire project, including that one residence, shall be considered in the appropriate non-residential category.

b. Mixed use projects with more than one residence, the residential portion of the project shall be considered in the multi family category. The non-residential portion of the project shall be placed in the appropriate commercial category and shall "wait" separately for water equivalency award. In such cases, if feasible, a phasing program may be approved whereby the residential and non-residential portions are built separately, as each obtains its necessary water allocation.

4. Water equivalency awards limitations

a. To avoid one project proponent from collecting water equivalency units to the exclusion of other project proponents filed subsequently, from January 1st to September 30th of each calendar year, no one project proponent may be awarded more than 25% of the number of available water equivalency units in any category.

b. Coastal dependent projects, affordable housing projects, and affordable visitor serving accommodation projects shall be exempt from this provision.

**13.20.100 Transferability of water equivalency units.**

A. A water equivalency unit shall be awarded only to a specific project in a specific location. Minor amendments to projects which do not change the type or intensity of use may be approved without loss of equivalencies so long as the project and site do not change.

B. A water equivalency unit that has been allocated to a specific project, or credited to a specific site may be transferred to another project or property subject to the following standards:

1. A property owner may transfer water equivalencies from any source site to a receiving site, regardless of the base zoning district or use.

2. A transfer of water equivalency units shall not be considered an award of water and is not subject to water or sewer development fees.

3. In cases where the structure(s) on the source site is not demolished, a minimum amount of water equivalency units must be retained on the site for the occupancy of the structure. For calculating the amount of water equivalencies to be retained, the planning and building director shall use the list of uses allowed in the zoning district where the source site is located, and the water equivalency required for the minimum use listed, based on the Water Equivalency Table. Prior to the transfer of water equivalency units, the city shall ensure that the use which represents the transferred water equivalency units has ceased to operate.

4. Water equivalency units credited to sites with coastal dependent uses or projects may only transfer water equivalencies to other coastal dependent uses. Said transfer shall be approved

Ordinance No. 456

Attachment 1

Chapter 13.20

by the City Council. This provision shall not restrict the transfer of water equivalency units from non-coastal dependent uses to coastal dependent uses.

5. Applicants shall process the transfer of water equivalency units through the planning and building department.

C. A project proponent must be the record owner, or have the consent of the record owner of a property in order to be eligible to transfer or receive credit of water equivalency units.

**13.20.110 Water equivalency table.**

The water equivalency table shown in this section indicates the average annual water use of different land uses and building types relative to one (1) water equivalency unit (the 1977 annual average use of a single-family dwelling). The water equivalency table shall be followed when calculating the water equivalency units needed by individual projects or to be credited to existing or discontinued land uses as set forth in Section 13.20.080. When calculating water equivalency units for a project with a mixture of uses, the square foot area devoted to each use shall be calculated based on the equivalency factor in the water equivalency table. The water equivalency table shall be reviewed in accordance with Section 13.20.070 and modified to reflect changes in water use.

**MRB LCPA 1-97**

Ordinance No. 456

Attachment 1

Chapter 13.20

# **WATER EQUIVALENCY TABLE** Revised March 1997

Land Use	Average Cubic Feet Per Year Per Unit Factor	Water Use Rate Usage Equated to Water Equivalency Per Unit Factor	Unit Factor Per 1000 sq.ft./ or Unit/ or Site**
<u>Automotive Services</u>			
Auto Garage (no gas)	1,800	.17	sq.ft.
Service Sta. W/mini mkt	9,900	.92	sq.ft.
Service Sta. W/o mkt	7,200	.67	sq.ft.
<u>Banks &amp; Financial Inst.</u>			
Banks & Savings & Loan	4,200	.39	sq.ft.
<u>Bldg. Mats &amp; Lumber Yard</u>			
Lumber Yard	16,700	1.55	Site
Plant Nurseries	2,300	.21	Sales Area sq. Ft. (Indoor & outdoor)
<u>Eating &amp; Drinking Places</u>			
Bars	7,400	.69	sq.ft. or
Restaurants	22,200	2.06	sq.ft. or
24 Hour Restaurant	39,300	3.65	sq.ft.
Fast Food (Take-Out)	41,700	3.80	sq.ft.
Pizza (Take-Out Only)	3,200	.30	sq.ft.
Deli, Coffee Shop	4,600	.43	sq.ft.
Bakeries/Ice Cream	4,600	.43	sq.ft.
<u>Food Stores</u>			
Supermarkets	2,200	.20	sq.ft.
(over 10,000 sq.ft.)			
Mini-Markets	4,100	.38	sq.ft.
Liquor Stores	2,700	.25	sq.ft.

Ordinance No. 456  
Attachment 1  
Chapter 13.20

	Average Cubic Feet Per Year Per Unit Factor	Water Use Rate Usage Equated to Water Equivalency Per Unit Factor	Unit Factor Per 1000 sq.ft./ or Unit/ or Site**
<b>Land Use</b>			
<u>Health Services</u>			
Medical Dr. Offices			sq.ft.
Misc. Medical (Chiropractor Optometrist)	2,800	.26	sq.ft.
Mixed Medical	4,900	.45	sq.ft.
Veterinarians	9,500	.88	sq.ft.
<u>Hotels, Motels &amp; RV Parks</u>			
Hotels/Motels with Managers unit	5,400	.50	unit
Hotels/Motels without Managers unit	5,200	.48	unit
RV Parks with utility hook-ups		.46	space
RV Parks without utility hook-ups		.10	space
<u>Industrial/Storage</u>			
Industrial Laundry	85,400	7.92	sq.ft.
Light Industrial	1,000	.09	sq.ft.
Storage/Mini-storage	500	.05	sq.ft.
Upholstery Shops	3,000	.28	sq.ft.
<u>Institutions &amp; Organizations</u>			
Churches	300	.03	sq.ft.
Fraternal Organizations	2,500	.23	sq.ft.
Yacht Club	11,500	1.05	sq.ft.

Average

Water Use Rate

Unit Factor

Ordinance No. 456  
Attachment I  
Chapter 13.20

Land Use	Cubic Feet Per Year Per Unit Factor	Usage Equated to Water Equivalency Per Unit Factor	Per 1000 sq.ft./ or Unit/ or Site**
<u>Marine Oriented</u>			
Marine Service/Supply	4,100	.38	sq.ft.
Seafood Processors			
w/saltwater use	33,600	3.13	sq.ft.
w/o saltwater use	47,800	4.43	sq.ft.
<u>Offices (Non-medical)</u>			
Offices - General	1,600	.15	sq.ft.
including complexes			
& real estate			
<u>Personal Services</u>			
Barber/Beautician	8,000	.74	sq.ft.
Car Washes (Self-Serve)	17,000	1.61	bay
Car Wash - tunnel type	75,244	6.98	sq.ft.
Dry Cleaners (Off-Site)	10,800	1.00	sq.ft.
Laundromats	102,800	9.54	sq.ft.
Mortuaries	10,000	.93	sq.ft.
<u>Residential</u>			
Single-family Home	10,780	1.00	unit
Duplex Unit	8,400	.78	unit
Condominium Unit	6,900	.65	unit
Apartment Unit	5,800	.54	unit
(including secondary unit)			
Trailer/Mobile Home	6,500	.46	unit
One-bedroom and Studio	4,900	.45	unit
Apartment Unit, 600 sq.ft. or less for elderly/handicapped only			
<u>Retail - General</u>			
Misc. Similar Retail	1,600	.15	sq.ft.
	Average Cubic Feet	Water Use Rate Usage Equated to	Unit Factor Per 1000 sq.ft./

## Ordinance No. 456

## Attachment 1

## Chapter 13.20

Land Use	Per Year Per Unit Factor	Water Equivalency Per Unit Factor	or Unit/ or Site**
<u>Retail - Other than General</u>			
Farm & Feed Supply	800	.07	sq.ft.
Pet Stores	4,100	.38	sq.ft.
<u>Social Services</u>			
Day Care Facilities (except family day care)	15,500	1.44	sq.ft.
<u>Misc. Uses</u>			
Theater	100	.01	seat
Printer/Newspaper	2,400	.22	sq.ft.

\*UNIT FACTOR is defined as follows

Per 1,000 square feet: Generally, the square foot ratio refers to the gross building area, unless other wise indicated

Per Unit: Unit refers to each individual residential unit or motel room.

Per Site: The site refers to the gross area to be occupied by the land use, including buildings, parking areas and landscaping.

(Note: In discussing units of measure for water and sewer capacity, the following conversion factors are provided to assist in understanding the data:

- 1 cubic foot is equal to 7.48 gallons
- 1 acre foot is equal to 325,828.8 gallons
- 1 acre foot is equal to 43,560 cubic feet)

Ordinance No. 456  
Attachment 1  
Chapter 13.20

**13.20.120 Time limit for using water equivalency units.**

If water equivalency units have been awarded to a project by the public works director, that award shall continue to be credited to the site of the proposed project until such time as:

1. the equivalencies are transferred pursuant to 13.20.100; or
2. the water allocation program is terminated.

**13.20.130 Limitations on the Allocation of Water (Measure I)**

A. The city shall not allocate water to new use on the basis of:

1. Any project performed by the city or on city-managed property;
2. Any water savings that was not derived from, or accomplished by, a specific city-approved and city-contracted project;
3. Any project, or part thereof, that has previously earned water savings credit for allocation. Thus, a toilet facility, whose retrofit had earned allotment credit, shall not become a factor in a subsequent retrofit by another fixture replacement;
4. Past, present or future replacement of the city water pipes;
5. An excess of fifty percent of that water saved from any projects. No more than one half of the savings from a project shall be so allocated;
6. An increase in the amount originally contracted for allocation from a project; or
7. Mandated projects, measures or procedures, including compulsory retrofitting of private property and forced rationing of water use.

B. The word "project," as used in this section, shall denote any measure, act, process or procedure by which the consumption of potable city water may be assumed, or expected, to decrease and thereby legally permit the allocation of city water to new use.

C. Any water allotment to nonprofit public facilities which are supported by public funds shall be exempt from subdivisions 1, 2 and 3 subsection A of this section.

ml:5/20/97S:\MSOFFICE\W\NWORD\PLAN&BLD\STAFFREP\1320PC4.DOC



MEASURE F

*partially*

## ORDINANCE NO. 266

AN ORDINANCE ESTABLISHING A GROWTH MANAGEMENT PROCEDURE  
WHICH WILL ALLOW FAIR DISTRIBUTION OF OUR SCARCE WATER  
RESOURCES AND PROTECT THE SMALL TOWN CHARACTER AND  
SURROUNDING OPEN SPACE OF THE CITY

Be it ordained by the people of the City of Morro Bay as follows:

SECTION 1. Both the Coastal Commission certified Land Use Plan and the Morro Bay city council-adopted Water Management Plan allow for a city residential population to grow from present 9600 to 12,200 by the year 2000 IF ADDITIONAL WATER RESOURCES OF ADEQUATE QUALITY AND QUANTITY ARE MADE AVAILABLE THROUGH IMPLEMENTATION OF THE WATER MANAGEMENT PLAN. In order to insure even and balanced growth during the 16 year period from January 1, 1985 through December 31, 2000, building permits will be limited to a number permitting an annual increase in population which 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.

SECTION 2. If water and wastewater treatment capacities become available allowing for a population increase beyond 12,200, the growth management procedures of this ordinance may be altered ONLY BY A MAJORITY VOTE OF THE PEOPLE AT A REGULAR OR SPECIAL ELECTION.

SECTION 3. Residential building permits in 1985 will be limited to 70 residential units. The city council, with advice of the planning commission, will determine by January 15 of each calendar year thereafter the mix of multi-unit and single family residential units for that calendar year. The 70 unit ceiling may be increased or decreased by a factor not exceeding 10 percent if necessary to achieve the allotted annual population growth target. The determination of the mix will be based on a study of the historical building permit pattern for the decade prior to 1977 and the years since 1982, plus an estimate of population increase of the previous year. Final adjustment of the building permit limit in each year will be made by the city council after a public hearing.

SECTION 4. In any calendar year the commercial and industrial building permits issued shall not require more than 130% of the water allocated to residential units that year.

SECTION 5. Residential building permit approval will follow Coastal Act priorities for water allocation required by Coastal Development Permit 4-81-309A or as revised after the Coastal Commission review scheduled for December 1984. These priorities shall be reviewed again when the pipe replacement program is completed and necessary amendments submitted to the Coastal Commission.

SECTION 6. For purposes of awarding building permits, only those development proposals which meet the definition of infill now in use for water allocations may be approved. This definition was approved by city council resolution No. 26-84 on March 12, 1984.

Ex 3 MRA UCRA 1-97

Ordinance No. 266

Page Two

SECTION 7. Land Use Plan policies 6.01 through 6.08 have been designed to preserve open space and agricultural land within the city limits. These policies and the zoning ordinances which now implement them may be amended or repealed ONLY BY A MAJORITY VOTE OF THE PEOPLE AT A REGULAR OR SPECIAL ELECTION held after final approval of an amendment or repeal by the city council and prior to submission to the Coastal Commission.

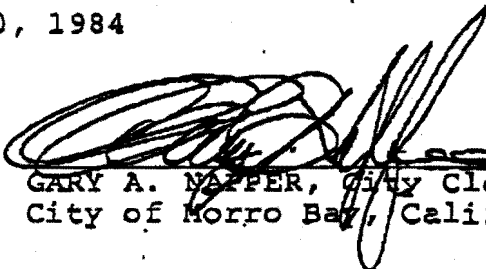
SECTION 8. Nonprofit public facilities (e.g. public buildings, libraries, senior centers, etc.) supported in whole or in part by public funds are exempted from the permit limitations in sections 3 and 4.

SECTION 9. Severance. If any portion of this ordinance is held invalid for any reason by a decision of a court of competent jurisdiction, such portion shall be deemed a separate, distinct and severable portion thereof and such decision shall not affect the validity of the remaining portions.

SECTION 10. This ordinance shall supersede all other ordinances in conflict herewith.

I, GARY A. NAPPER, City Clerk of the City of Morro Bay, do hereby certify that the foregoing is a true and correct copy of an ordinance adopted by a majority vote of the electors voting in the general municipal election held in the City of Morro Bay on the 6th day of November, 1984.

Dated: November 30, 1984



GARY A. NAPPER, City Clerk  
City of Morro Bay, California

MRO LCPI-97

INITIATIVE PETITION TO ENACT CITY ORDINANCE  
TO REFORM WATER ALLOCATION POLICIES

THE PEOPLE OF THE CITY OF MORRO BAY DO ORDAIN AS FOLLOWS:

Section 1. The City shall not allocate water to new use on the basis of:

- (a) any project performed by the City or on City managed property.
- (b) any water savings that was not derived from, or accomplished by, a specific, City approved and contracted project.
- (c) any project, or part thereof, that has previously earned water savings credit for allocation. Thus, a toilet facility, whose retrofit had earned allotment credit, shall not become a factor in a subsequent retrofit credit by another fixture replacement.
- (d) past, present or future replacement of the City water pipes.
- (e) an excess of fifty percent (50%) of that water saved from any project. No more than one half of the savings from a project shall be so allocated.
- (f) an increase in the amount originally contracted for allocation from a project.
- (g) mandated projects, measures or procedures, including compulsory retrofitting of private property and forced rationing of water use.

The word 'project', as used in this Section 1, shall denote any measure, act, process or procedure by which the consumption of potable City water may be assumed or expected to decrease and thereby legally permit the allocation of City water to new use.

Any water allotment to non profit public facilities which are supported by public funds shall be exempt from Section 1a, b and c.

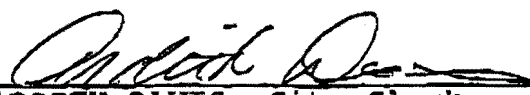
Section 2. If any provision of this ordinance is adjudged invalid by a court of competent jurisdiction, such provision shall be deemed separate, distinct and severable and such adjudication shall not affect the remaining provisions of the ordinance.

Section 3. This ordinance shall supersede all other ordinances, land use policies, guidelines and operating procedures in conflict therewith.

CERTIFICATION

I Ardith Davis, City Clerk of the City of Morro Bay, do hereby certify that the foregoing is a true and correct copy of an ordinance adopted by a majority vote of the electors voting in a general municipal election held in the City of Morro Bay on the 6th day of November, 1990.

Dated: January 14, 1991

  
ARDITH DAVIS, City Clerk  
City of Morro Bay, California

Ex 4 MRB CPA 1-97

