

## CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT OFFICE  
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February 24, 2000

**To:** Commissioners and Interested Persons

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

**Subject:** **City of Morro Bay Local Coastal Program Major Amendment Number 1-99.** For public hearing and Commission action at its meeting of March 16, 2000, to be held at the Carmel Mission Inn, 3665 Rio Road, Carmel, CA 93923, (831) 624-1841.

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**Synopsis**

The City of Morro Bay has submitted a Local Coastal Program amendment request to revise the existing, certified land use designation and zoning on two adjacent parcels located in the west-central part of the City from visitor serving and mixed visitor serving/residential to residential. **Staff is recommending that the LCP amendment request be denied.**

The parcels proposed for redesignation, which together total approximately 4.5 acres, are bounded on the east by Main Street, on the south by Olive Street, on the west by the Embarcadero, and on the north by South Street (see Exhibit 3). The smaller parcel, about 1.55 acres, lies between Morro Avenue and the bluff overlooking the Embarcadero. The larger parcel, about 2.95 acres, lies to the east between Morro Avenue and Main Street. The larger parcel has a house on it. The smaller parcel is vacant. Both parcels are vegetated with iceplant and non-native grass. A small grove of Eucalyptus trees grows on the north-central part of the larger parcel.

Residential development lies across Main Street to the east of the site, across South Street to the north of the site, and across Olive Street to the south of the site. To the west is the southern end of the Embarcadero, which is a waterfront visitor-serving area of the City.

In support of its amendment request, the City has provided economic information analyzing the amount of land in the City that is available for visitor serving uses, and the historical and projected needs for visitor-serving land that allows for visitor serving uses. The information supplied by the City argues that there are sufficient lands available for visitor serving uses for at least the next 25-50 years, based on economic projections, historical visitor serving developments and the types of visitor serving uses that could be sustained in Morro Bay. Environmental information supplied by



California Coastal Commission  
March 16, 2000 Meeting in Carmel

Staff: S. Guiney, Approved by:

the City indicates that the Eucalyptus trees on the site provide autumnal roosting sites for Monarch butterflies, but that the site is not suitable for over-wintering of Monarchs.

It should also be noted that the proponent of the amendment, who wishes to create residential development on the site, has agreed to the blufftop parcel being designated and zoned as open space if the interior parcel is redesignated and rezoned for residential uses only. This is reflected in concept plans supplied to both the City and Commission staff. Additionally, City staff has indicated that the City would not oppose such a redesignation and rezoning of the blufftop parcel. Having the blufftop parcel in open space would guarantee that views are protected and that the *Eucalyptus* habitat is enhanced.

Although the City has supplied an economic analysis that provides some basis for allowing the rezoning, the question of meeting future visitor-serving land use demand is not easily quantified. In other words, there are a number of qualitative assessments that must be made in order to evaluate this question. In light of this, staff is recommending that the proposed rezoning and land use redesignation are not consistent with the Coastal Act policies that protect and provide for visitor-serving development in the coastal zone. In particular, the site: (1) is large relative to other possible visitor-serving sites in the City of Morro Bay and is one of two large sites along the shoreline currently zoned for visitor-serving commercial development; (2) provides a unique location along the shoreline with excellent coastal views over the estuary to the sand spit separating the estuary from the ocean and to Morro Rock; (3) is directly adjacent to an improved accessway to the Embarcadero, Tidelands Park, and the public boat launch; and (4) is only four to six blocks from both the central Embarcadero, where the majority of waterfront attractions are located, and from the City's downtown core. In addition, although the analysis submitted by the City makes quantitative economic projections concerning future demand for new visitor-serving development in Morro Bay to support the redesignation proposal, these projections do not meet the level of analytic certainty required to justify a redesignation of these parcels from the high priority use of visitor-serving commercial to a residential use. **Staff recommends, therefore, that existing designations for the Caratan/Colmer parcels remain, and that the LCP amendment be denied.**

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**I. STAFF RECOMMENDATION**

Staff recommends that the Commission, after public hearing, deny the proposed re-designation and rezoning.

**A. Land Use Plan Motion and Resolution**

**I. Denial as Submitted**

MOTION: I move that the Commission certify Land Use Plan Amendment 1-99 as submitted by the City of Morro Bay.

**STAFF RECOMMENDATION TO DENY:**

Staff recommends a **NO** vote. Failure of this motion will result in denial of the amendment as submitted and adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the appointed Commissioners.

**RESOLUTION TO DENY:**

The Commission hereby denies certification of the Land Use Plan Amendment 1-99 as submitted by the City of Morro Bay and adopts the findings set forth below on the grounds that the amendment does not conform with the policies of Chapter 3 of the Coastal Act. Certification of the Land Use Plan amendment would not comply with the California Environmental Quality Act because there are feasible alternatives or mitigation measures which could substantially lessen any significant adverse impact which the Land Use Plan Amendment may have on the environment.

**B. Implementation Plan Motion and Resolution**

**1. Denial as Submitted**

MOTION I: I move that the Commission reject the Implementation Program for City of Morro Bay certified LCP as submitted.

STAFF RECOMMENDATION OF REJECTION:

Staff recommends a **YES** vote. Passage of this motion will result in rejection of Implementation Program and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

RESOLUTION TO DENY CERTIFICATION OF THE IMPLEMENTATION PROGRAM AS SUBMITTED:

The Commission hereby denies certification of the Implementation Program submitted for the City of Morro Bay certified LCP and adopts the findings set forth below on grounds that the Implementation Program as submitted does not meet the requirements of and is not in conformity with the policies of Chapter 3 of the Coastal Act Certification of the Implementation Program would not meet the requirements of the California Environmental Quality Act as there are feasible alternatives and mitigation measures that would substantially lessen the significant adverse impacts on the environment that will result from certification of the Implementation Program as submitted.

## **II. FINDINGS**

### **A. Description**

The City of Morro Bay has submitted a Local Coastal Program amendment request to revise the existing, certified land use designation and zoning on two adjacent parcels ("Caratan/Colmer site") located in the west-central part of the City from visitor serving and mixed visitor serving/residential to residential. The parcels, which together total approximately 4.5 acres, are bounded on the east by Main Street, on the south by Olive Street, on the west by the Embarcadero, and on the north by South Street (see Exhibit 3). The smaller parcel, about 1.55 acres, lies between Morro Avenue and the bluff overlooking the Embarcadero. The larger parcel, about 2.95 acres, lies to the east between Morro Avenue and Main Street. The larger parcel has a house on it. The smaller parcel is vacant. Both parcels are vegetated with iceplant and non-native grass. A small grove of Eucalyptus trees grows on the north-central part of the larger parcel.

Residential development lies across Main Street to the east of the site, across South Street to the north of the site, and across Olive Street to the south of the site. To the west is the southern end of the Embarcadero, which is a waterfront visitor-serving area of the City.

### **B. Background**

Prior to incorporation of the City of Morro Bay on July 17, 1964, the Caratan/Colmer site was residentially zoned, R-3, according to the County Zoning Ordinance. In 1966 the site was rezoned to R-3-D, and in 1967 to R-4. Upon certification of the City's LCP in 1982, the zoning of the site was changed to Visitor Serving Commercial (C-VS) on the easterly half of the interior parcel along Main Street, and Visitor Serving Commercial/ Medium Density Residential (C-VS/R-2) on the westerly half of the interior parcel and on almost all of the bluff parcel, except for the toe of the bluff parcel, which is zoned Open Area 2 (OA-2) (see Exhibit 5). That is the current zoning on the property. The land use designation is C-VS, Mixed Use Area "A" on the easterly half of the interior

parcel, Residential Medium Density on the westerly half of the interior parcel and most of the blufftop parcel, and Open Space Recreation on the toe of the bluff (see Exhibit A).

Subsequent to certification of the LCP, a proposal for a hotel/conference center on the site was denied by the City Council on November 12, 1985. The Council found that the scale and type of the project would have been out of character with the neighborhood, would have created unacceptable levels of traffic and noise, would have necessitated abandoning a portion of Morro Avenue, and that there was no identified need for the new hotel/motel rooms. That project would have consisted of a 4350 square foot community conference center, a 184 room hotel, four cottages, a 2700 square foot restaurant, a 1300 square foot lounge and bar, an 800 square foot coffee shop, and 1200 square feet of retail space.

No other proposals for site development have been formally considered by the City since the 1985 denial of the hotel/conference center. A post office and a commercial development on the site were discussed subsequent to 1985, but apparently community sentiment was not favorable. Neither of these potential projects was ever subject to a public hearing.

### **C. Visitor Serving Lands**

The Coastal Act places a high priority on providing for visitor-serving and recreational land uses in the coastal zone. This is particularly true for oceanfront land.

*Coastal Act Section 30213. Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.*

*Section 30221. Oceanfront land suitable for recreational use shall be protected for recreational use and development unless present and foreseeable future demand for public or commercial recreational activities that could be accommodated on the property is already adequately provided for in the area.*

*Section 30222. The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.*

*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.*

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The City has a fairly large amount of visitor serving lands. Land designated and zoned Visitor-Serving Commercial (C-VS) in the City of Morro Bay is concentrated in the area known generally as the Embarcadero. There are five other areas in the City that are zoned C-VS, but none has as great an intensity or as great a diversity of visitor-serving uses as does the Embarcadero area. The existing visitor serving uses in the Embarcadero area include restaurants, motels, fishing gear sales and rentals, sportfishing charters, kayak rentals, a small aquarium, a recreational vehicle park, and miscellaneous retail shops. The other visitor-serving areas (and the existing uses there) include South Bay Boulevard/Quintana Road (recreational vehicle/travel trailer park), The Inn at Morro Bay (hotel), Highways 1 and 41 (restaurant, travel trailer parks, gas station, liquor store), West Atascadero Road (motel, arcade, roller skating rink), and Bonita Street (apartments, recreational vehicle/trailer park) (see Exhibit 6).

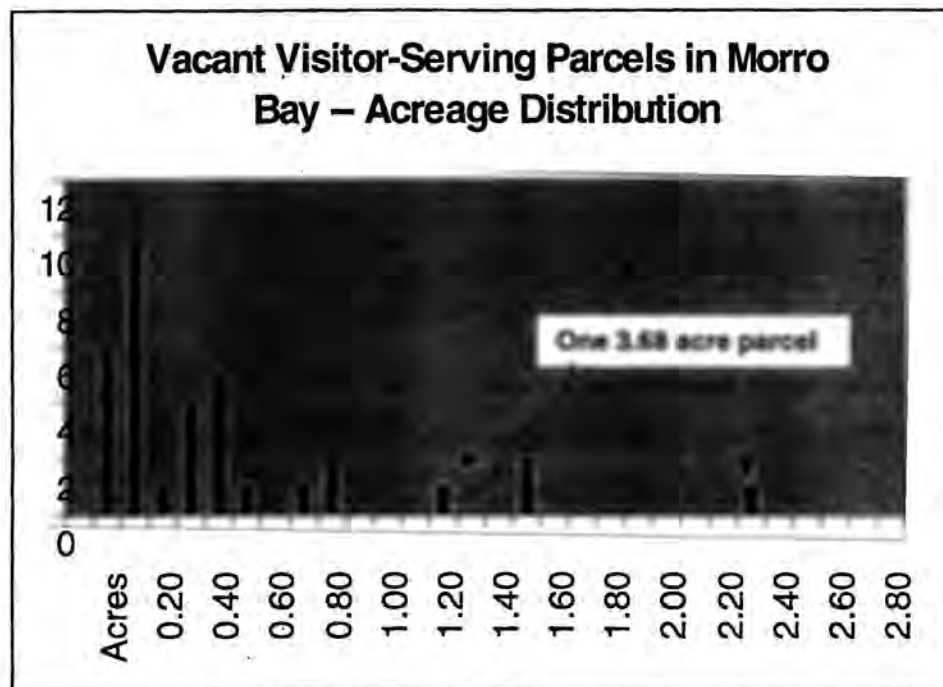
In addition to the C-VS zone district, most visitor-serving uses are also allowed in the Central Business (C-1) Zone District. Also, the base zoning district notwithstanding, visitor-serving commercial and recreation uses may be permitted in the area labeled "the Embarcadero" in the Coastal Land Use Plan/Coastal Element. That area is defined as the area between Beach Street on the north, Olive Street on the south, Main Street on the east and the waterfront on the west. This includes the Caratan/Colmer property and all of the land for eight blocks to the north and ranging from two to four blocks in width (please see Exhibit 7). LUP Policies 2.03 and 7.06A also refer to this area as one that "shall be considered a mixed commercial fishing and visitor-serving recreational" area. This area is currently developed with a variety of land uses including residential, office, general commercial, and visitor-serving commercial (hotel, motel, restaurant).

According to information submitted by the City in the *Visitor Serving Commercial (C-VS) Land Use Study*, there are almost 71 acres of land zoned Visitor-Serving Commercial (C-VS), with almost 16 acres currently vacant. The subject property constitutes about 6 percent of the C-VS zoned land in the City and about 27 percent of the vacant C-VS land in the City (please see Exhibit 8). The study, though, indicates that there is only one other C-VS site of similar size to the Caratan/Colmer site. That is a 3.68 acre site composed of two parcels near the high school on West Atascadero Road/Hwy 41 (please see Exhibits 6 & 9). That site is right at the inland edge of the sand dunes. Although any visitor-serving development there could provide excellent access to the beach and could have attractive views of the dunes and Morro Rock, the site is also directly across Atascadero Road from the wastewater treatment plant and the City's corporation yard. In addition, the site is farther from the central Embarcadero (about one mile) than is the Caratan/Colmer site.

As shown in the figure below, the remaining 32 vacant C-VS parcels in the City of Morro Bay are quite small, with 21 of the 32 being less than 0.5 acres. These 32 parcels total 10.67 acres; the average size is 0.33 acres.

There is one much larger site in the City on which there has been speculation about visitor-serving development. That is the Tri-W site near the southeast end of Morro Bay Boulevard (see Exhibit 6). The 13 acre Tri-W site is located about one mile from the Embarcadero at one of the farthest points in the City from the waterfront and beaches. Litigation in 1993 resulted in a court order requiring the City to withdraw a request to rezone the Tri-W property to include areas zoned C-VS. Instead the Tri-W site was zoned C-1, which normally does allow most visitor serving uses. However, it is

not clear if the court order meant only that none of the property could be zoned C-VS or that no visitor serving uses were allowed on the site, even under the C-1 zoning. Regardless, the Tri-W site would not provide a high quality visitor-serving location compared to the Caratan/Colmer site.



In addition to these areas, the City has noted that there are a number of other visitor-serving areas in the vicinity of Morro Bay that provide for adequate visitor-serving land uses. These include Montaña de Oro State Park south of the City, Morro Bay State Park in the southern part of the City, and Morro Strand State Beach in the northern park of the City.

A report evaluating the development potential for visitor-serving uses on the Caratan/Colmer site was prepared at the request of Commission staff (please see Exhibit 10 for the Executive Summary). The report investigated the visitor-serving retail market and the lodging market in Morro Bay as well as the suitability of the site for various kinds of visitor-serving developments, including hotel and conference center, moderately priced motel with retail, boutique hotel, recreational vehicle park, visitor attraction with support retail, and a parking lot for visitors to the Embarcadero. The report concluded that market demand for visitor serving retail space during the next 15 years would be 0.45 acres and that the market demand for lodging during the next 15 years would range from 0.4 to 3.37 acres (with a 30 year demand for 4.1 acres). The report also concluded that the Caratan/Colmer site is not suitable for any of the potential visitor-serving uses investigated.

While the report analyzes various economic data, it does not meet the level of analytic certainty required to justify a redesignation of the Caratan/Colmer site from the high priority use of visitor-serving commercial to a residential use. First, the economic projections used to support the finding that the site is not necessary for future visitor-serving development are not convincing. For

example, the study acknowledges that there is insufficient hotel/motel occupancy rate data to project long-term future demand greater than fifteen years, even while the same data is sufficient, apparently, to project the 15 year demand:

As shown on Table 11, occupied room-nights have grown from 156,000 in 1993 to 177,000 in 1998, an increase of 2.6 percent per year for the period. Currently, Morro Bay has sufficient supply to host 328,135 potential room-nights (899 rooms occupied 365 days a year).

As indicated previously, 60 to 65 percent or more annual average occupancy is considered a breakeven point for an individual lodging establishment, and a lodging market is considered ready for new development when overall occupancy rates reach 65 to 70 percent. Using these assumptions, when the overall market reaches approximately 213,000 to 230,000 room-nights per year, additional hotel rooms could be supported. In the next 15 years, assuming a growth rate of 2.6 percent per year (based on historical room-night occupancy trends), the Morro Bay hotel/motel market will demand a total of 260,000 room-nights. This will create market support for approximately 30,000 to 46,000 more room-nights translating into additional market support for development of 117 to 195 potential rooms. Given that occupancy data is available for only six years and includes an economic downturn and recovery (and therefore may not be representative of long term growth), there is not sufficient quality data to use this method of estimates of 30 year demand (p.30).

The study goes on to use the 15 year projection, as well as a 30 year projection based on 10 years of motel revenue trends, to calculate the necessary acreage to provide for 23-195 rooms. This ranges from 0.4 to 3.37 acres (assuming 750 sq. feet per hotel room).

In addition to the fundamental uncertainty of the projection analysis, the study also provides somewhat contrary evidence that the visitor-serving economy in the City of Morro Bay is strong, which supports a finding to preserve a site such as Caratan/Colmer for future visitor-serving development. For example, the study cites the 1998 Economic Outlook for San Luis Obispo County, prepared by UCSB, which shows a 2.6 percent increase in visitors to SLO County from 1996 to 1997. Visitor expenditures in 1997 were up 7.2 percent from 1996. According the City's report, the UCSB report concludes that "the outlook for the tourism industry in the County is considered favorable . . . (p. 7)."

Specific to Morro Bay, the study documents that occupancy rates for retail space on the central Embarcadero is high – approximately 90-95 percent. The report concludes that "[b]ased on estimates of total retail square footage for [the Waterfront District], the District appears to be relatively healthy, grossing approximately \$175 to \$200 per square foot of retail space (p. 15)." The report also documents strong growth in overall visitor-serving spending in SLO County of approximately 0.7 percent annually. More significantly, the study documents an *annual* increase in hotel receipts in the City of 3.4% from 1993/94 to 1998/99; and a 14.2% increase in vacation rental receipts for the same period. Not surprisingly, the report cites interviews with two rental agencies



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in Morro Bay that indicated that vacation rental demand has been strong in the past several years, and that "an expanded supply of these units would be marketable" (p. 26).

According to information supplied by the City, most visitor-serving development is taking place or is proposed to take place in the central Embarcadero area where there are several vacant parcels and developed parcels that are proposed to be redeveloped.

A number of new visitor-serving developments have been built or are being planned recently as well, which also suggests that demand for visitor-serving development is strong. For example, the Ascot Inn and Suites, which has 31 rooms, opened in 1998. The City also recently received a development application for 10 new rooms at the site of the Harbor View Motel. The report also cites a proposed development of 80 hotel rooms along the Embarcadero, which is in the early conceptual stages of planning (Anthony's Restaurant site). In short, recent and pending development proposals would suggest a strong market for new visitor-serving development.

In terms of planning and providing for visitor-serving development on a County-wide basis, section 30250 of the Coastal Act directs new visitor-serving development towards existing urbanized areas. Thus, in contrast to the rural areas of the San Luis Obispo County coastal zone, it is important to acknowledge that the Caratan/Colmer site is a logical urban location and important option for new visitor-serving development within the context of future *regional* demand for visitor-serving development sites.

Another difficulty with the quantitative analysis of the report analyzing future visitor-serving demand is that it diminishes the qualitative significance of the particular site through the aggregation of economic and acreage data. Thus, the comparison of the projection of a certain total acreage demand into the future with the total acreage available does not address the specific features of the Caratan/Colmer site that may make it an important visitor-serving parcel in the future.

First, the report notes that the site is approximately one-half mile from the central Embarcadero, and concludes that this is "beyond the walking distance most lodging uses require from a central attraction." However, the site is within 3 or 4 blocks of the edge of the central business district and immediately adjacent to the southern end of the Embarcadero, which is not too far removed from this activity. An example of a lodging use being at a similar distance from a central attraction can be found on Cannery Row in Monterey. The Monterey Bay Aquarium is located at one end of Cannery Row. At the other end of the street is the Monterey Plaza Hotel, just under a half mile away. Although the two situations are not exactly analogous, there are similarities. Between both the aquarium and the Monterey Plaza Hotel and the Caratan/Colmer site and the central Embarcadero/downtown Morro Bay there are numerous visitor-serving uses including restaurants and gift shops. Ocean and/or bay views are afforded to those walking between the hotel and the aquarium and between the Caratan/Colmer site and the Embarcadero. Were the site more remote from the Embarcadero, it might be appropriate to change the zoning and land use designation from visitor-serving to residential or some other land use category. However, in this case, the Commission finds that the location and size of the site require that it remain available for visitor-serving uses.

The subject property is also located in the central part of Morro Bay overlooking the Embarcadero and harbor area with excellent views of the sandspit, Morro Rock, and the ocean. It is also immediately adjacent to an improved accessway that connects the blufftop to the Embarcadero and the public boat launch below. In addition, although the study provided by the City argues that the site is unsuitable for a variety of visitor-serving development, much of this argument is based on the distance of the site from the central visitor activity area; the lack of freeway access; and the development costs of the site, such as addressing water and blufftop development constraints. None of these issues are compelling reasons for not preserving the visitor-serving opportunity of this unique site. The study also partially acknowledges this by concluding that "[a] moderately priced motel facility could be a suitable use on a portion of the site..." (p.41).

Therefore, for the reasons discussed above, the Commission finds that the requested amendment to the certified Local Coastal Program is inconsistent with Coastal Act Sections 30213, 30221, and 30222, and 30250(a) and cannot be approved.

**D. Environmentally Sensitive Habitat**

*Coastal Act 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. (b) Development in areas adjacent to environmentally sensitive habitat areas and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.*

The two lots involved in this proposed LCP amendment are mostly covered with non-native grasses and iceplant. Both lots have *Eucalyptus* growing on them which, according to a biological survey prepared for the City by V.L. Holland, Dennis Frey, and Galene Tupen, provide autumnal roosting sites for Monarch butterflies. The same survey concludes that the site is not suitable as overwintering habitat for Monarchs because it is too windy, the tree stands are too open, there is too much sunlight due to the open canopy, there is almost no mid-level understory, the vegetation is not dense enough, and the site consists of relative uniform roosting level canopy. Several groves of *Eucalyptus* in the coastal zone in the Morro Bay, Los Osos, Pismo Beach, and Grover Beach areas of San Luis Obispo County are important sites for Monarch butterfly autumnal roosting and/or overwintering. These groves include Morro Bay State Park, Sweet Springs Marsh, Pecho Road, and Pismo State Beach (see Exhibits 1 & 2).

This LCP amendment request does not directly affect the *Eucalyptus* habitat. Any development on the site, though, whether visitor-serving or residential, could adversely impact the habitat. The concept plan for proposed residential development on the site indicates removal of most of the *Eucalyptus* habitat on the interior parcel and enhancement of *Eucalyptus* habitat on the bluff parcel. It should be noted that the proponent of the amendment, who wishes to create residential development on the site, has agreed to the blufftop parcel being designated and zoned as open space if the interior parcel is redesignated and rezoned for residential uses only. This is reflected in concept plans supplied to both the City and Commission staff. Additionally, City staff has indicated that the City would not oppose such a redesignation and rezoning of the blufftop parcel. Having the

blufftop parcel in open space would guarantee that views are protected and that the *Eucalyptus* habitat is enhanced.

The biological survey states that the development of the interior parcel as proposed in the concept plan "will cause loss of an autumn monarch roosting site. . . ." The survey further suggests habitat enhancement and preservation on the bluff parcel if the interior parcel is to be developed. Although the trees are not mapped as environmentally sensitive habitat, it appears that they may be an environmentally sensitive area as defined in Coastal Act Section 30107.5:

Any area in which plant or animal life or their habitats are either rare or especially valuable because of their special nature or role in an ecosystem and which could be easily disturbed or degraded by human activities and developments.

According to the biological survey,

The project's Bluff Parcel habitat enhancement plan may be regarded as speculative, but all restoration projects are speculative to a certain extent. The Xerces society in its Monarch Project's - Conservation and Management Guidelines cautions about overly optimistic predictions regarding enhancement success (Bell et al. 1993).

The biological report then briefly discusses apparently successful habitat enhancements at the Monarch Lane wintering site nearby in Los Osos and concludes that the

facts suggest that the return of monarchs to the Monarch Lane site simply mirrored the abundance and distribution patterns throughout the region rather than being a direct response to habitat modification.

Any future development of the Caratan/Colmer site will need to address the protection of environmentally sensitive habitat under the certified LCP. The Commission finds that although the requested amendment is consistent with Coastal Act Section 30240, avoidance of impacts to sensitive habitats, as required by 30240 and the LCP, will be preferred in future development proposals.

#### **E. 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. Here, the City did not perform or require an environmental review under CEQA. CEQA requires that alternatives to the proposed action be reviewed and considered for their potential effect on the environment and that the least damaging feasible alternative be chosen as the alternative to undertake. The proposed amendment would remove the visitor-serving land use designation and zoning by modifying the maps and the

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text of the LUP and IP. This would facilitate residential development on the site. Although the City has supplied important economic information regarding visitor-serving uses in the City and potential visitor-serving development on the subject site, there is not sufficient data available to provide the level of analytic certainty needed to justify the proposed land use designation and zoning changes. Therefore, the Commission finds that less environmentally damaging alternatives are available.

RESOLUTION NO. 18-99

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, ANNOUNCING  
FINDINGS AND APPROVING AMENDMENTS TO THE GENERAL PLAN, LOCAL COASTAL  
PROGRAM, AND LAND USE PLAN MAP  
AS THEY APPLY TO THE CARATAN PROPERTY

THE CITY COUNCIL

City of Morro Bay

CASE NO. GP/LCP AMENDMENT 01-97

**WHEREAS**, the Planning Commission of the City of Morro Bay, on January 19, 1999, by adoption of Resolution 03-98, after duly noticed **PUBLIC HEARINGS**, did make recommendations to the City Council for approval of the request of the applicant Wayne Colmer of Colmer Development Company, on behalf of M. Caratan, Inc., property owner, for amendments to the texts and maps of the General Plan, Local Coastal Program, Land Use Plan Map, and Zoning Ordinance texts and Zoning Map. The Caratan property is located in the C-VS (S.3, S.4), C-VS/R-2 (PD, S.4), and OA-2 Zoning Districts, and on the blocks bordered by Main Street on the east, Embarcadero on the west, Olive Street on the south and South Street on the north, known as the Caratan Property, more particularly described as:

APN: 066-174-001 and 066-172-002; and as Block A, including Lots 7-10 and 17-20,  
Cerrito Addition and a portion of the J.C. Stocking Lot, Town of Morro Bay  
City of Morro Bay  
County of San Luis Obispo  
State of California, and

**WHEREAS**, on the 8th day of March, 1999, the City Council did hold a duly noticed **PUBLIC HEARING**, received public testimony, both written and oral, and after closing the public hearing, fully considered the amendments to the texts and maps of the General Plan, Local Coastal Program, Land Use Plan Map, and Zoning Ordinance texts and Zoning Map, including the final recommendations by the Planning Commission; and

**WHEREAS**, the City Council continued the meeting to the 22nd day of March, 1999, to review the revised amendments to the texts and maps of the General Plan, Local Coastal Program, Land Use Plan Map, and Zoning Ordinance texts and Zoning Map, as directed by the Council at the March 8th, 1999 meeting; and

**WHEREAS**, for the purposes of the California Environmental Quality Act (CEQA), said amendments to the Local Coastal Plan comply with the City of Morro Bay procedures for implementation of CEQA; and

**EXHIBIT A**

**MRB LCP 1-99**

**WHEREAS**, CEQA does not apply to local agency adoption and amendment of an action requiring Certification by the California Coastal Commission pursuant to Sections 15250 and 15251 of the CEQA Guidelines and Public Resources Code Section 21080.5; and

**WHEREAS**, at said **PUBLIC HEARING**, after considering the staff report and the testimony of all persons, wishing to testify, the City Council approved the amendments based upon the following findings:

1. **State Coastal Act.** The proposed amendments are consistent with the State Coastal Act; and
2. **General Plan/Local Coastal Program.** The proposed amendments are consistent with the General Plan Land Use and Circulation Elements, and the Local Coastal Program Land Use Plan; and
3. **Clarify Intent.** The proposed amendments clarify the intent of the Zoning Ordinance, General Plan, and Local Coastal Program Land Use Plan; and
4. **Land Use Map Amendments.** The proposed map and text amendments provide a broad range of appropriate land uses for certain properties; remove commercial visitor serving uses including Mixed Use Area "A," establish Residential Medium Density uses as the primary use on the property east of Morro Avenue, establish Residential Low-Medium Density uses as the primary use on the property west of Morro Avenue, maintain the Open Space and Recreation uses in the area of the bluff, and provide consistency with the Zoning Ordinance text and Zone Map, and General Plan and Local Coastal Program Land Use Plan text and Maps as indicated on attached Exhibits "A" and "B";
5. **General Plan and Local Coastal Program Policies and Programs.** These amendments provide a consistent revision to the General Plan Land Use Element and Local Coastal Program Land Use Plan's policies and programs effecting visitor serving uses and commercial fishing uses by establishing the text boundary descriptions to coincide with the Planning Areas 6 (Bayfront) and 7 (Central Morro Bay) boundary as indicated on attached Exhibit "D"; and
6. **Visitor Serving Resources.** The data and analysis conducted in association with the amendments indicates sufficient visitor serving resources, including visitor-serving commercial, commercial fishing, and visitor serving recreation uses, on designated lands in the community to meet future Tourist industry needs as indicated in the City of Morro Bay, Visitor Serving Commercial (C-VS) Land Use Study (dated: November 30, 1998); and
7. **Open Space/Recreational Conservation.** That the amendments are intended to protect and conserve the open space, natural resources, and recreational opportunities of the Bayfront and bluff by maintaining the Open Space/Recreation land use (OA-2 zone district) in the bluff area; and
8. **Neighborhood Compatibility.** That the amendments are intended to protect and strengthen the surrounding upland residential neighborhood by establishing a generally more compatible land use that potentially better manages effects to community scale, preservation of the environment, and use of limited public services; and
9. **Circulation Amendment - Harbor Area Pedestrian Access.** That the amendments to the City policy for a Handicap Ramp on the Caratan property are appropriate as analyzed and discussed and will provide preservation of the bluff natural features while still allowing for pedestrian coastal access as indicated on attached Exhibits "C" and "D"; and
10. **Circulation Amendment - Access to the South End of the Embarcadero.** That the amendments to the City policy for Access to the South End of the Embarcadero are appropriate as analyzed and discussed indicating that there are many existing alternative methods of providing emergency access in

**EXHIBIT A**

lieu of a new bluff road extension and that Appendix 'A' is not needed as indicated on attached Exhibit "D"; and

11. **Reasonable Use.** These amendments provide the property owner with reasonable use of the property while continuing to ensure coastal access, public view sheds, and open space values.

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

1. That the above recitations are true and correct and constitute the findings of the Council in this matter; and
2. That the Council does hereby approve the amendments to the texts and maps of the General Plan, Local Coastal Program, and Land Use Plan Map included in Case No. GP/LCP/ZO Amendment 01-97, as incorporated by Exhibits "A", "B", "C", and "D", attached hereto and made a part of this resolution; and
3. This Resolution adopting the General Plan/Local Coastal Program text and Map amendments shall be transmitted promptly to the California Coastal Commission with the request that the Commission certify the amendments; and
4. That the City of Morro Bay does hereby find that the requested 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 the California Coastal Act and all its provisions; and
5. These amendments shall take effect immediately and automatically upon certification.

**PASSED, APPROVED, AND ADOPTED**, on the 22nd day of March, 1999, by the following vote to wit:

AYES: Crotzer, Elliott, Peirce, Peters

NOES: None

ABSENT: Anderson

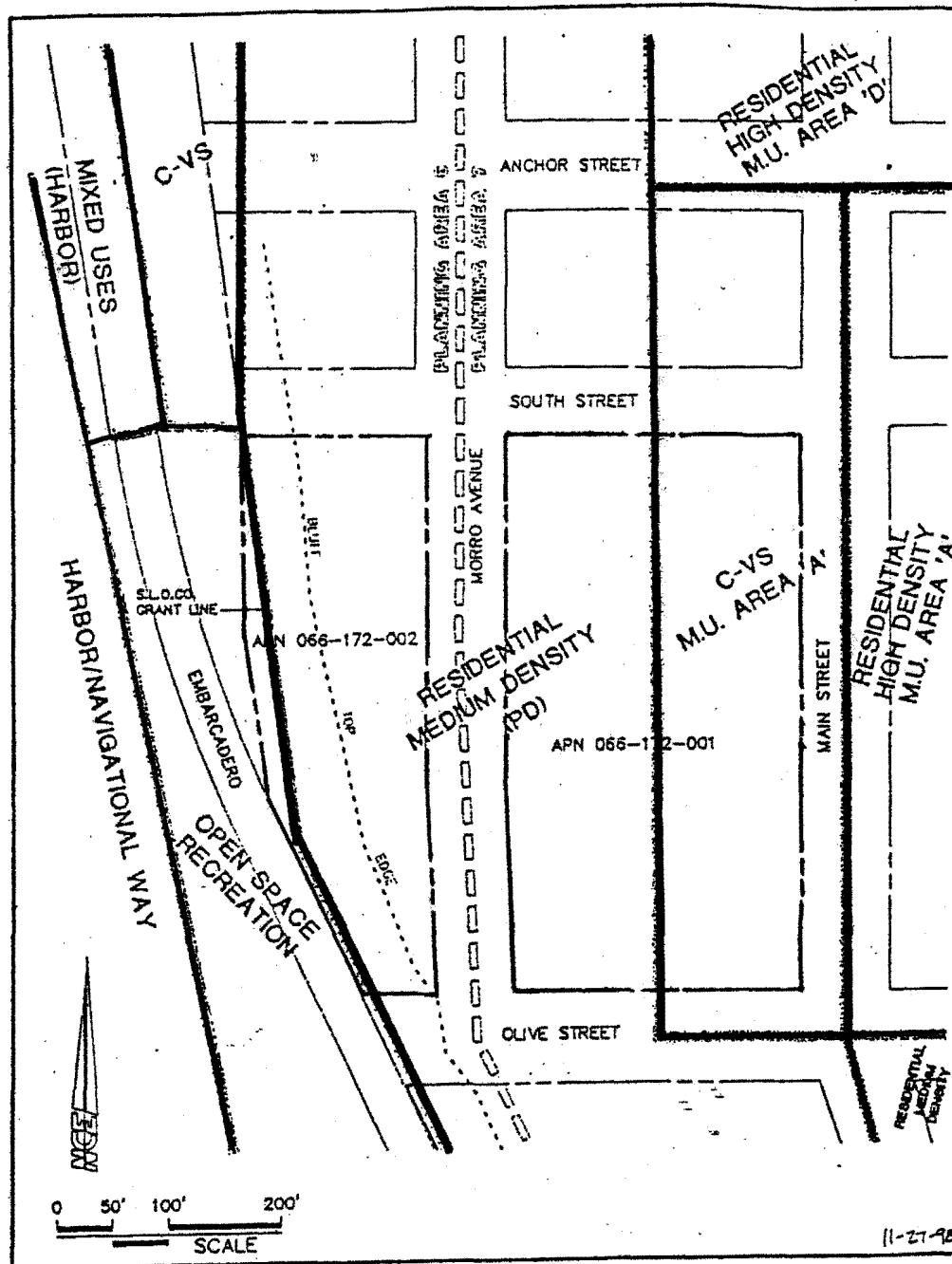
ATTEST:

  
DAVID ELLIOTT, Vice-Mayor

  
BRIDGETT BAUER, City Clerk

**EXHIBIT A**  
**MRB LCP 1-99**

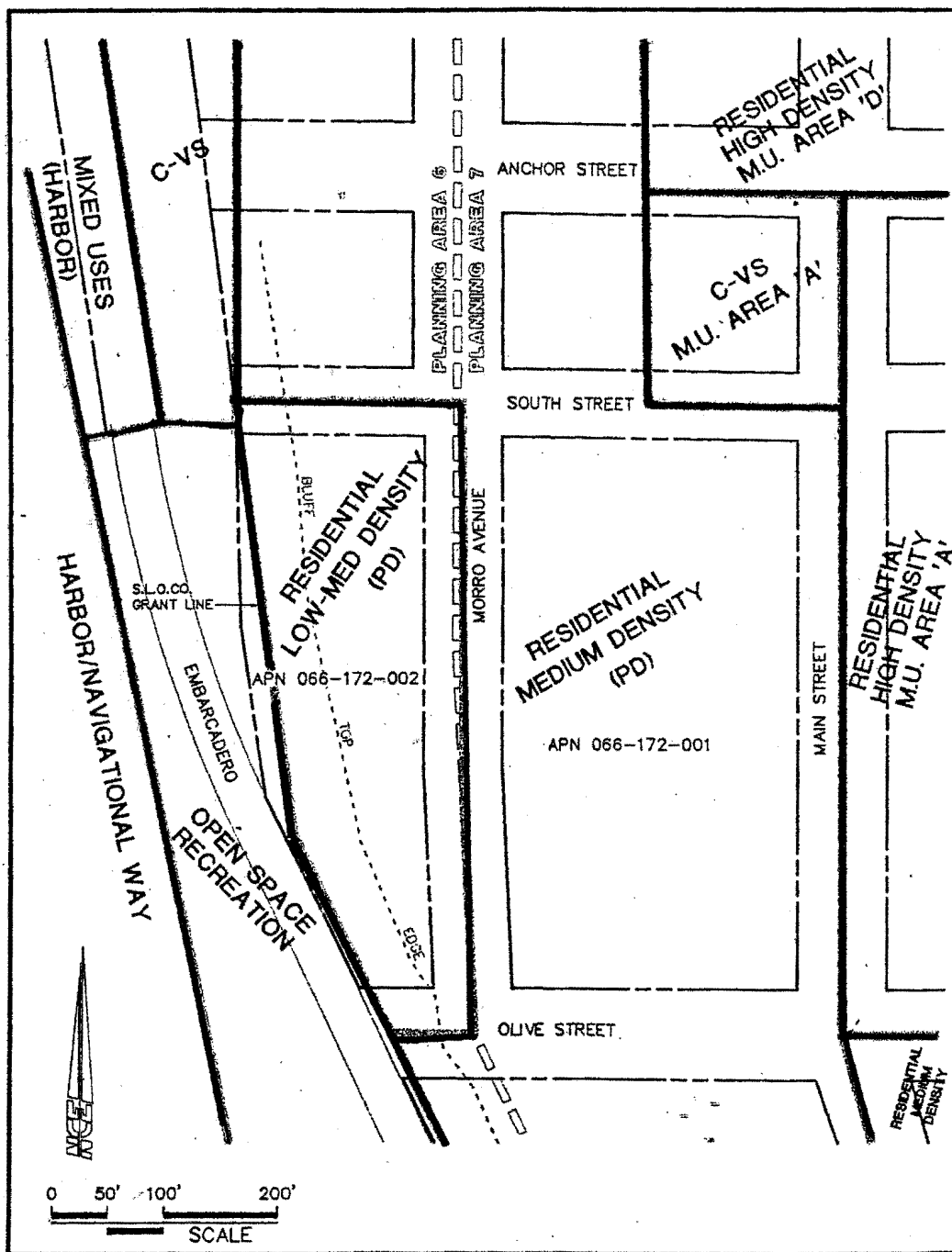
Revised Resolution 18-99



**EXHIBIT A**  
**Existing Land Use Plan Map, Mixed Use Areas,**  
**and Planning Area Boundaries**  
GPA/LCP/ZO Amendments 01-97 (Colmer/Caratan)  
North Coast Engineering, dated 11-27-98



Revised Resolution 18-99



**EXHIBIT B**

**Proposed Land Use Plan Map, Mixed Use Areas,  
and Planning Area Boundaries**

GPA/LCP/ZO Amendments 01-97 (Colmer/Caratan)  
North Coast Engineering, dated 11-27-98, 3-17-99, amended RBM 2-24-99

**EXHIBIT A**

**MRB LCP 1-99**

Revised Resolution 18-99

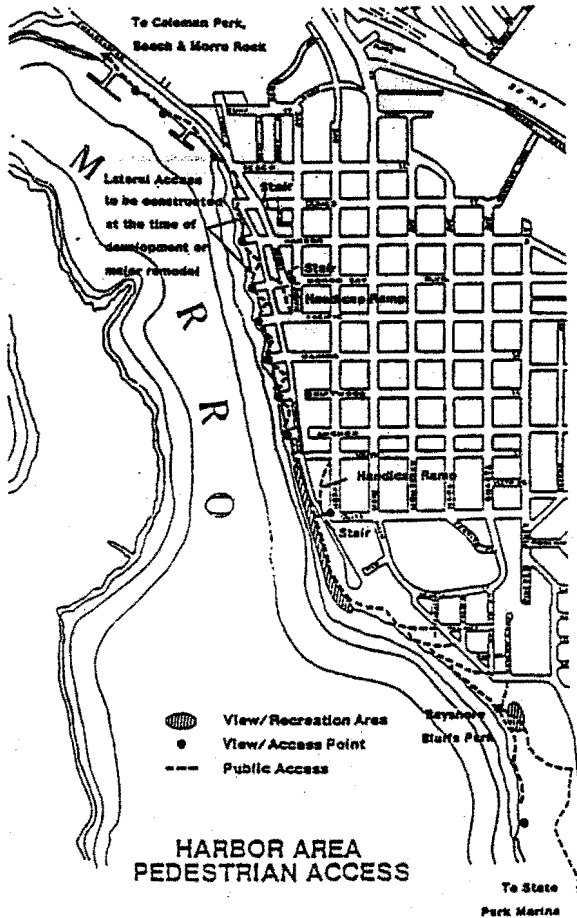


FIGURE 3

EXISTING

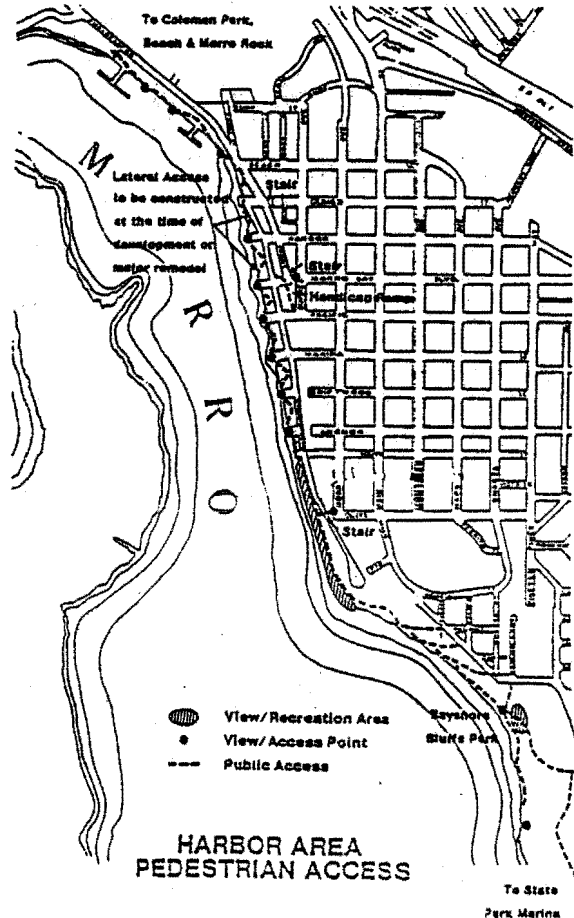


FIGURE 3

PROPOSED

EXHIBIT C

Existing and Proposed Harbor Area Pedestrian Access

General Plan Circulation Element, Fig 3  
GPA/LCP/ZO Amendments 01-97 (Colmer/Caratan)

EXHIBIT A

MRB LCP 1-99

Revised Resolution 18-99

**EXHIBIT D**  
**GP/LCP Text Amendments**  
GPA/LCP/ZO Amendments 01-97 (Colmer/Caratan)

(Note: Original new text is underlined, original deleted text is noted with strikethrough, revised new text is double underlined, and revised deleted text is noted with strikethrough and underline)

**1.0 General Plan Text Amendments**

**Chap I, g. Area 6 - Bayfront (p. I-12)**  
**General Area Description** (*Change Boundary Description*)

Area 6 – Bayfront

This area is bounded generally on the north by the PG&E Morro Bay Power Plant property, on the east by Morro Avenue and the Tidelands Park eastern boundary, on the south by Morro Bay State Park and on the west by the bay, ~~except that area east of the Bluff Top Edge and to the south of South Street as specifically indicated on the Land Use Plan Map and Official Zone Map.~~

**Chap I, h. Area 7 - Central Morro Bay (p. I-13)**  
**General Area Description** (*Change Boundary Description*)

Area 7 – Central Morro Bay

This area is bounded on the north by Scott Avenue and the PG&E Morro Bay Power Plant property, on the east by State Highway One, on the south by the Morro Bay State Park, and on the west by Morro Avenue ~~including that area east of the Bluff Top Edge and to the south of South Street as specifically indicated on the Land Use Plan Map and Official Zone Map.~~

**Chap II, 4) Bayfront**  
**Expansion of Visitor Serving Uses**  
*Change Boundary Description.*  
(p. II-10)

(4). Bayfront: The City encourages the bluff area, bordered by Front Street and Main Street, which extends to both Olive and Surf Streets, ~~except that area east of Morro Avenue and south of South Street known as the Caratan Property the Bluff Top Edge between South Street and Olive Street as specifically indicated on the Official Zone Map.~~ for potential development and expansion of visitor-serving facilities. This area, currently providing zones for motel/hotel uses, visitor-serving commercial uses, eating and drinking establishments as well as recreational vehicle parks, encompasses an area of approximately 80 acres, with approximately nine six acres currently undeveloped. These nine six acres are composed of ~~thirteen~~ parcels ranging in size from ~~3.4~~ 1.5 acres to 1/5 acre. Development of visitor-

**EXHIBIT A**

**MRB LCP 1-99**

serving commercial facilities in the bluff district is encouraged because this area provides an important link between the Downtown and Embarcadero. (LCP 63-64)

**Chap II, Program LU - 37.3 (p. II-72) (x/ref. see LCP Pol. 2.03)**  
**Commercial Fishing & Visitor Serving Recreation (*Change Boundary Description*)**

Program LU-37.3: Consistent with LCP Policy 7.06A, the Embarcadero between Beach Street on the north, Main Street on the east, Olive Street on the south and the waterfront area on the west, except that area east of Morro Avenue and south of South Street known as the Caratan Property the Bluff Top Edge between South Street and Olive Street as specifically indicated on the Official Zone Map, shall be considered a mixed commercial fishing and visitor-serving recreational use area. With regard to the siting of new developments, priority shall be given to coastal-dependent uses located on the west side of the Embarcadero. (LCP 64)

**Chap II, Area 6 - Bayfront LU - 65 (p. II-98) (x/ref. see LCP Pol. 7.06.A)**  
**Commercial Fishing & Visitor Serving Recreation (*Change Boundary Description*)**

Area 6 - Bayfront

POLICY LU-65: The Embarcadero between Beach Street on the north, Main Street on the east, Olive Street on the south and the waterfront area on the west except that area east of Morro Avenue and south of South Street known as the Caratan Property the Bluff Top Edge between South Street and Olive Street as specifically indicated on the Official Zone Map, shall be considered mixed commercial fishing and visitor-serving recreational area. Public access and recreational opportunities shall be maximized along the waterfront consistent with public safety needs and the need to protect public rights, rights of private property owners, and natural resources areas from overuse. Public access from the nearest public roadway to the shoreline and along the bayfront shall be provided in new development projects, subject to the limitations set forth in Coastal Act Sections 30210, 30212, 30212.5 and 30214.

**Chap III, B.1.b.5 Handicap Access (p. III-9)**  
**Caratan Property Handicap Ramp (*Unfeasibility of Handicap Ramp*)**

The hilly nature of parts of Morro Bay makes negotiation for persons on wheelchairs quite difficult in some places. In many cases, it would be ~~infeasible~~ unfeasible to provide ramps on steep hills due to lack of space, ~~and the cost of constructing such ramps, grading and stability impacts to the bluff, and tree removals.~~ Similarly, it would be difficult to provide a ramp between the Downtown and the Embarcadero. However, it may be possible to construct switch-back ramps as part of one or more of the future developments along the east side of the Embarcadero. ~~These ramps could be provided in conjunction with the bicycle paths discussed in the next section.~~

**EXHIBIT A**  
**MRB LCP 1-99**

**Chap III, Appendix A (p. III-A-3)**  
**Circulation - Bluff Rd Extension (*Potential for Abandonment, etc.*)**

**ACCESS TO SOUTH END OF THE EMBARCADERO**

Present Conditions and Problems:

The south end of The Embarcadero is a dead-end street section extending about 2,000 feet south of the last through side street, Marina Street. That results in adverse travel distance for some trips (those to and from the south, primarily), possible delays for emergency vehicles, and conflict between emergency vehicles entering the area and other vehicles leaving. The potential for a serious emergency is quite high because of the large number of boats sometimes in the marina at the end of the street, and the motor vehicles in the nearby parking area. Vehicle trips within this area are also expected to increase as the vacant commercial and visitor serving area adjacent to the Embarcadero develops.

Possible Solution:

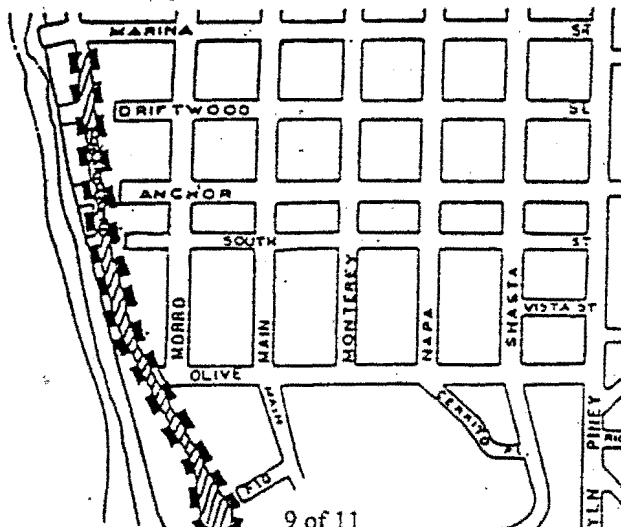
An additional east-west street connection should be constructed near the south end of the street Embarcadero. Appropriate locations would be an extension of South Street or Olive Street at or south of South Street. The City should explore purchasing the property at the southern corner of Morro Avenue and Olive Street or at South Street, whichever is most feasible if necessary, to implement the extension.

**THIS PAGE OMITTED**  
**FROM CIRCULATION ELEMENT**

Priority:

A detailed needs assessment, feasibility study and environmental assessment should be made to identify the most desirable location for a new street connection prior to determining the final location and design. The preliminary bluff road extension designs prepared by the City indicate that there are a number of potential options for a new street connection to the southern end of the Embarcadero. The project should be programmed for early construction (two to five years) by the City as determined by the needs assessment. Desirably, construction should be included with expansion of the marina and development of the City park, if those projects proceed at an earlier date.

Location Map:



**EXHIBIT A**

**MRB LCP 1-99**

## 2.0 Coastal Land Use Plan Text Amendments

### Chap I.B.6 Area 6 - Bayfront (p. 15)

#### General Area Description (*Change Boundary Description*)

#### 6. Area 6 – Bayfront

This area is bounded generally on the north by the PG&E Morro Bay power plant property, on the east by Morro Avenue and the Tidelands Park eastern boundary, on the south by Morro Bay State Park and on the west by the bay, ~~except that area east of the Bluff Top Edge and to the south of South Street as specifically indicated on the Land Use Plan Map and Official Zone Map.~~

### Chap I.B.7 Area 7 - Central Morro Bay (p. 15)

#### General Area Description (*Change Boundary Description*)

#### 7. Area 7 – Central Morro Bay

This area is bounded on the north by Scott Avenue and the PG&E Morro Bay power plant property, on the east by State Highway one, on the south by the Morro Bay State Park, and on the west by Morro Avenue ~~including that area east of the Bluff Top Edge between South Street and Olive Street as specifically indicated on the Land Use Plan Map and Official Zone Map.~~

### Chap 4, Sec. F. 3. Area 6 - Bayfront (p. 62)

#### Planning Area Resources (*Change Boundary Description*)

#### 3. Planning Area 6 – Bayfront

In terms of potential development and expansion of visitor-serving facilities, the City encourages the bluff area, bordered by Front Street and Main Street, which extends to both Olive and Surf Streets, ~~except that area east of Morro Avenue and south of South Street known as the Caratan Property the Bluff Top Edge between South Street and Olive Street as specifically indicated on the Official Zone Map.~~ This area, currently providing zones for motel/hotel uses, visitor-serving commercial uses, eating and drinking establishments as well as recreational vehicle parks, encompasses an area of approximately 80 acres, with approximately ~~nine~~ six acres currently undeveloped. These ~~nine~~ six acres are composed of ~~thirteen~~ parcels ranging in size from ~~3.4~~ 1.5 acres to 1/5 acre. Development of visitor-serving commercial facilities in the bluff district is encouraged because this area provides an important link between the downtown and Embarcadero.

### Chap 4, Policy 2.03 (p. 62)

(x/ref. see LCP 7.06.a)

#### Commercial Fishing & Visitor Serving Recreation (*Change Boundary Description*)

Policy 2.03. Consistent with LUP Policy 7.06A, the Embarcadero between Beach Street on the north, Main Street on the east, Olive Street on the south and the waterfront area on the west, ~~except that area east of Morro Avenue and south of South Street known as the Caratan Property the Bluff Top Edge between South Street and Olive Street as specifically indicated on the Official Zone Map.~~ shall be considered a mixed commercial fishing and

EXHIBIT A

MRB LCP 1-99

visitor-serving recreational use area. With regard to the siting of new developments, priority shall be given for coastal-dependent uses located on the west side of the Embarcadero.

Chap 9, Policy 7.06A (p. 151) (x/ref. see GP LU - 65)  
**Commercial Fishing & Visitor Serving Recreation** (*Change Boundary Description*)

Area 6 – Bayfront

Policy 7.06A The Embarcadero between Beach Street on the north, Main Street on the east, Olive Street on the south and the waterfront area on the west except that area east of Morro Avenue and south of South Street known as the Caratan Property the Bluff Top Edge between South Street and Olive Street as specifically indicated on the Official Zone Map. shall be considered mixed commercial fishing and visitor-serving recreational area. Public access and recreational opportunities shall be maximized along the waterfront consistent with public safety needs and the need to protect public rights, rights of private property owners, and natural resources area from overuse. Public access from the nearest public roadway to the shoreline and along the bayfront shall be provided in new development projects subject to the limitations set forth in Coastal Act Sections 30210, 30212, 30212.5 and 30214.

EXHIBIT A  
MRB LCP 1-99

ORDINANCE NO. 478

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, ANNOUNCING FINDINGS AND ADOPTING AMENDMENTS TO TITLE 17 OF THE MORRO BAY MUNICIPAL CODE INCLUDING THE ZONING ORDINANCE TEXT AND ZONING MAP AS THEY APPLY TO THE CARATAN PROPERTY

THE CITY COUNCIL

City of Morro Bay, California

CASE NO. ZO AMENDMENT 01-97

SECTION 1

**WHEREAS**, the Planning Commission of the City of Morro Bay, on January 19, 1999, by adoption of Resolution 03-98, after duly noticed **PUBLIC HEARINGS**, did make recommendations to the City Council for approval of the request of the applicant Wayne Colmer of Colmer Development Company, on behalf of M. Caratan, Inc., property owner, for amendments to the texts and maps of the General Plan, Local Coastal Program, Land Use Plan Map, and Zoning Ordinance texts and Zoning Map. The Caratan property is located in the C-VS (S.3, S.4), C-VS/R-2 (PD, S.4), and OA-2 Zoning Districts, and on the blocks bordered by Main Street on the east, Embarcadero on the west, Olive Street on the south and South Street on the north, known as the Caratan Property, more particularly described as:

APN: 066-174-001 and 066-172-002; and as Block A, including Lots 7-10 and 17-20,  
Cerrito Addition and a portion of the J.C. Stocking Lot, Town of Morro Bay  
City of Morro Bay  
County of San Luis Obispo  
State of California: and

**WHEREAS**, on the 8th day of March, 1999, the City Council did hold a duly noticed **PUBLIC HEARING**, received public testimony, both written and oral, and after closing the public hearing, fully considered the amendments to the texts and maps of the General Plan, Local Coastal Program, Land Use Plan Map, and Zoning Ordinance texts and Zoning Map, including the final recommendations by the Planning Commission; and

**WHEREAS**, the City Council continued the meeting to the 22nd day of March, 1999, to review the revised amendments to the texts and maps of the General Plan, Local Coastal Program, Land Use Plan Map, and Zoning Ordinance texts and Zoning Map, as directed by the Council at the March 8th, 1999 meeting; and

**WHEREAS**, for the purposes of the California Environmental Quality Act (CEQA), said amendments to the Local Coastal Plan comply with the City of Morro Bay procedures for implementation of CEQA; and

**WHEREAS**, CEQA does not apply to local agency adoption and amendment of an action requiring Certification by the California Coastal Commission pursuant to Sections 15250 and 15251 of the CEQA Guidelines and Public Resources Code Section 21080.5; and

**EXHIBIT B**

**MRB LCP 1-99**



**WHEREAS**, at said second **PUBLIC HEARING**, after considering the staff report and the testimony of all persons, wishing to testify, the City Council approved the amendments based upon the following findings:

1. **State Coastal Act.** The proposed amendments are consistent with the State Coastal Act; and
2. **General Plan/Local Coastal Program.** The proposed amendments are consistent with the General Plan Land Use and Circulation Elements, and the Local Coastal Program Land Use Plan; and
3. **Clarify Intent.** The proposed amendments clarify the intent of the Zoning Ordinance, General Plan, and Local Coastal Program Land Use Plan; and
4. **Land Use Map Amendments.** The proposed map and text amendments provide a broad range of appropriate land uses for certain properties; remove C-VS uses, establish R-2 uses as the primary use on the property east of Morro Avenue, establish R-1 uses as the primary use on the property west of Morro Avenue, maintain the existing OA-2 uses west of the bluff, and provide consistency with the Zoning Ordinance text and Zone Map; and
5. **Visitor Serving Commercial and Recreational Uses.** The text and map amendments limiting the extent of Visitor Serving Commercial and Recreational Uses on the Caratan property are appropriate due to the surrounding residential neighborhood character and scale, increase opportunities for environmental preservation, distance from existing Embarcadero upland C-VS support areas, are consistent with the Planning Area 6 and 7 boundary and related policies, and visitor serving policies of the General Plan Land Use Element, certified Coastal Land Use Plan, and the Coastal Act; and
6. **Visitor Serving Resources.** The data and analysis conducted in association with the amendments ensures sufficient visitor serving resources, including visitor-serving commercial, commercial fishing, and visitor serving recreation, designated lands in the community to meet future Tourist Industry needs; and
7. **Open Space/Recreational Conservation.** That the amendments are intended to protect and conserve the open space, natural resources, and recreational opportunities of the Bayfront and bluff by maintaining the Open Area 2 (OA-2) zone district in the bluff area; and
8. **Neighborhood Compatibility.** That the amendments are intended to protect and strengthen the surrounding upland residential neighborhood by establishing a generally more compatible land use that potentially better manages effects to community scale, preservation of the environment, and use of limited public services; and
9. **Reasonable Use.** These amendments provide the property owner with reasonable use of the property while continuing to ensure coastal access, public view sheds, and open space values.

**NOW, THEREFORE**, the City Council of the City of Morro Bay, California, **DOES ORDAIN** as follows:

**SECTION 2:** That the Council does hereby amend the Zone Map of the Zoning Ordinance included in Case No. GP/LCP/ZO Amendment 01-97, as incorporated by Exhibits "A" and "B", attached hereto and made a part of this ordinance.

**SECTION 3:** That the Council does hereby amend the text of the Zoning Ordinance included in Case No. GP/LCP/ZO Amendment 01-97, as incorporated by Exhibits "C", attached hereto and made a part of this ordinance.

**EXHIBIT B**

**MRB LCP 1-99**

**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 Zone Map and text amendments shall be transmitted promptly to the California Coastal Commission with the request that the Commission certify the amendments; and
2. That the City of Morro Bay does hereby find that the Local Coastal Program Implementation Program (Zoning) 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 consistent with the California Coastal Act and all its provisions; and
3. These amendments shall take effect immediately and automatically upon certification.

Introduced at a regular meeting of the City Council of Morro Bay, held on the 22nd day of March, 1999, by motion of Councilmember CROTZER, and seconded by Councilmember PETERS.

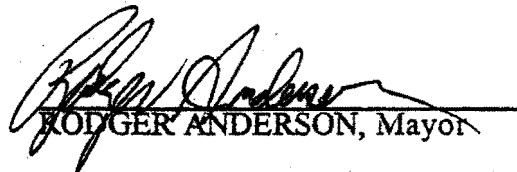
**PASSED, APPROVED, AND ADOPTED**, on the 12th day of April, 1999, by the following vote to wit:

AYES: Anderson, Crotzer, Elliott, Peirce, Peters

NOES: None

ABSENT: None

ATTEST:

  
RODGER ANDERSON, Mayor

  
BRIDGETT BAUER, City Clerk

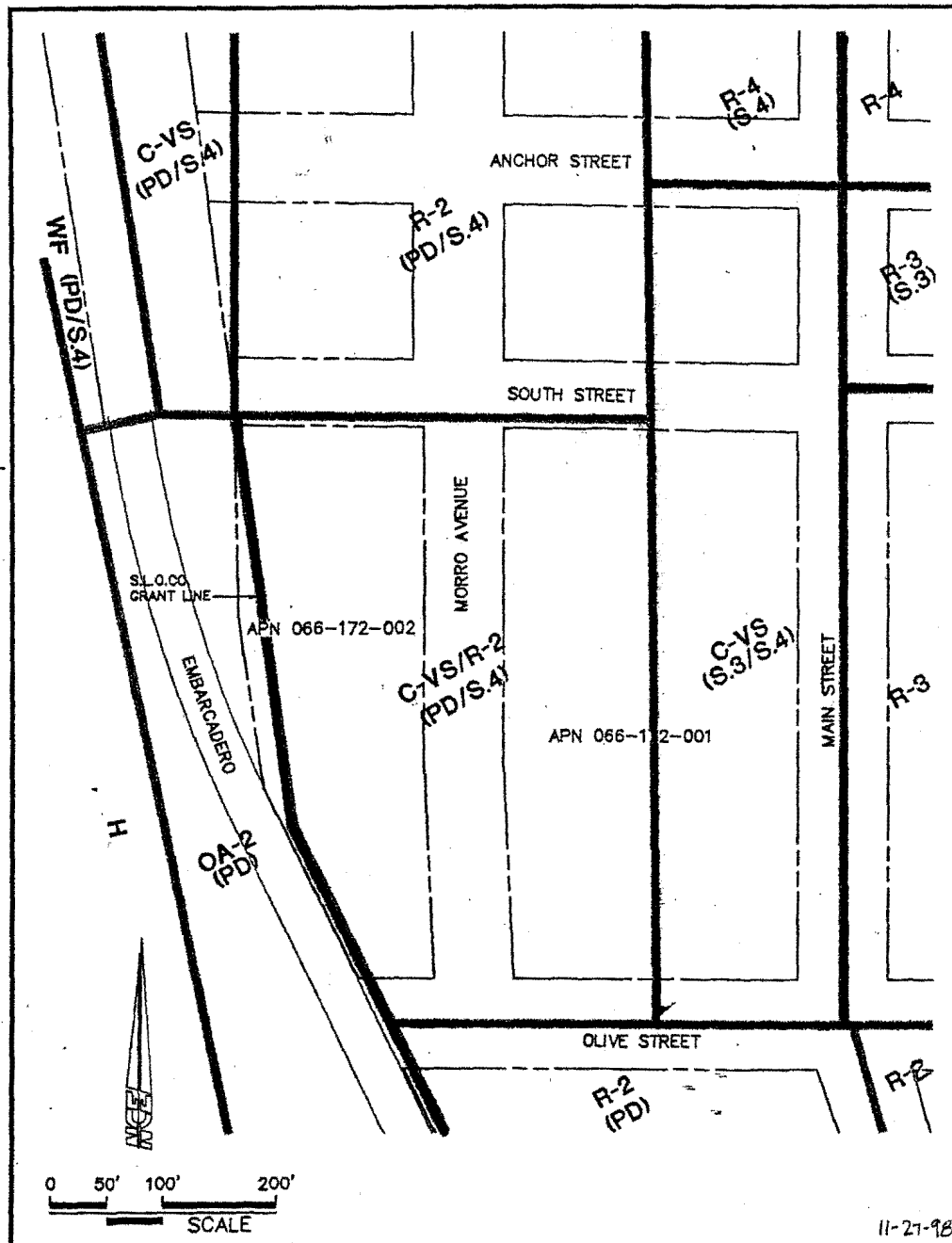
APPROVED AS TO FORM:

  
ROBERT W. SCHULTZ, City Attorney

EXHIBIT B

MRB LCP 1-99

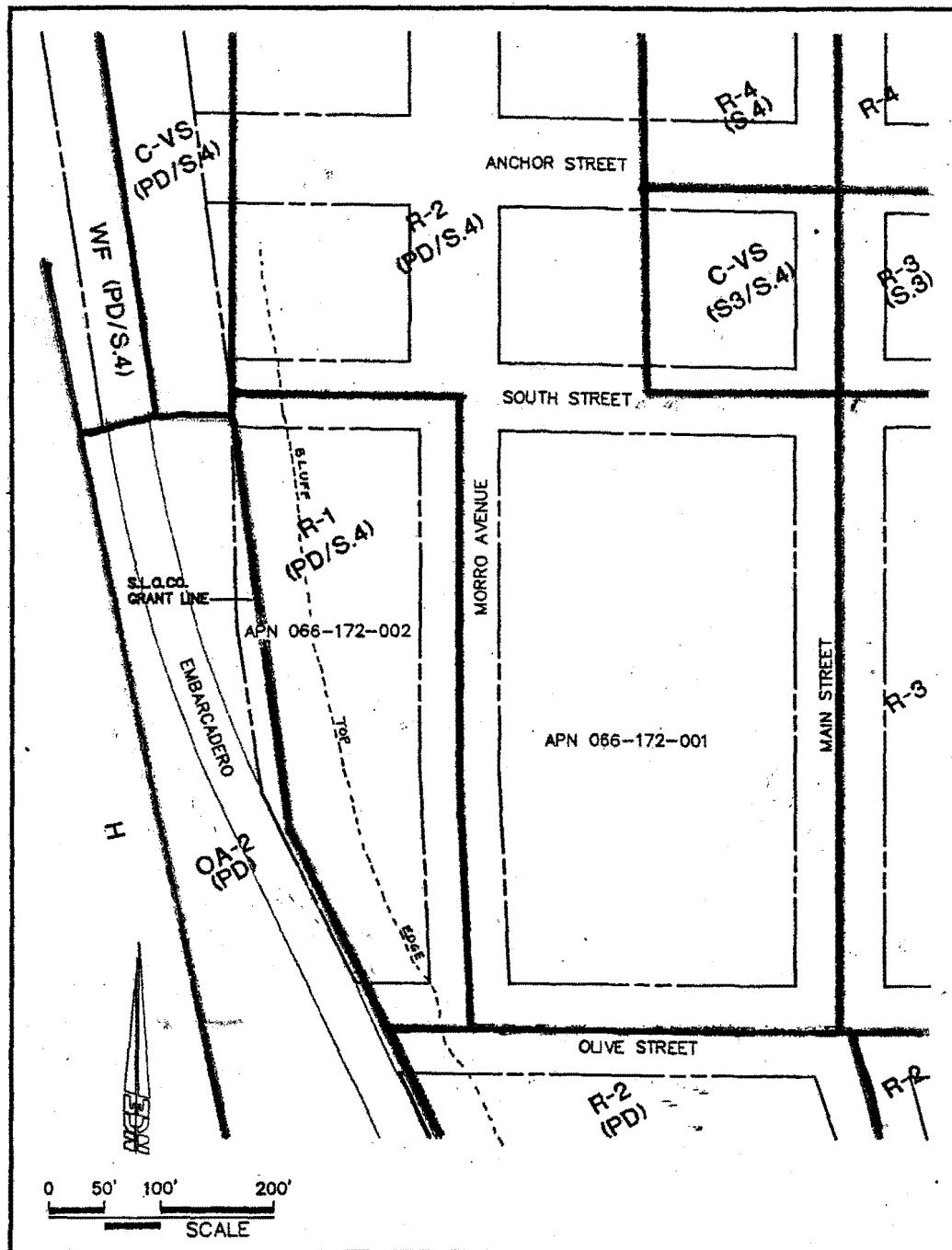
Revised Ordinance 478



**EXHIBIT A**  
**Existing Zone Districts**  
GPA/LCP/ZO Amendments 01-97 (Colmer/Caratan)  
North Coast Engineering, dated 11-27-98 and amended 3-17-99

**EXHIBIT B**  
**MRB LCP 1-99**

Revised Draft Ordinance 478



**EXHIBIT B**

**Proposed Zone Districts**

GPA/LCP/ZO Amendments 01-97 (Colmer/Caratan)

North Coast Engineering, dated 11-27-98 and 3-17-99, amended RBM 2-24-99

**EXHIBIT B**

**MRB LCP 1-99**

Revised Ordinance 478

## EXHIBIT C

### ZONING ORDINANCE Text Amendments

GPA/LCP/ZO Amendments 01-97 (Colmer/Caratan)

(Note: Original new text is underlined, original deleted text is noted with strikethrough,  
revised new text is double underlined,  
and revised deleted text is noted with strikethrough and underline)

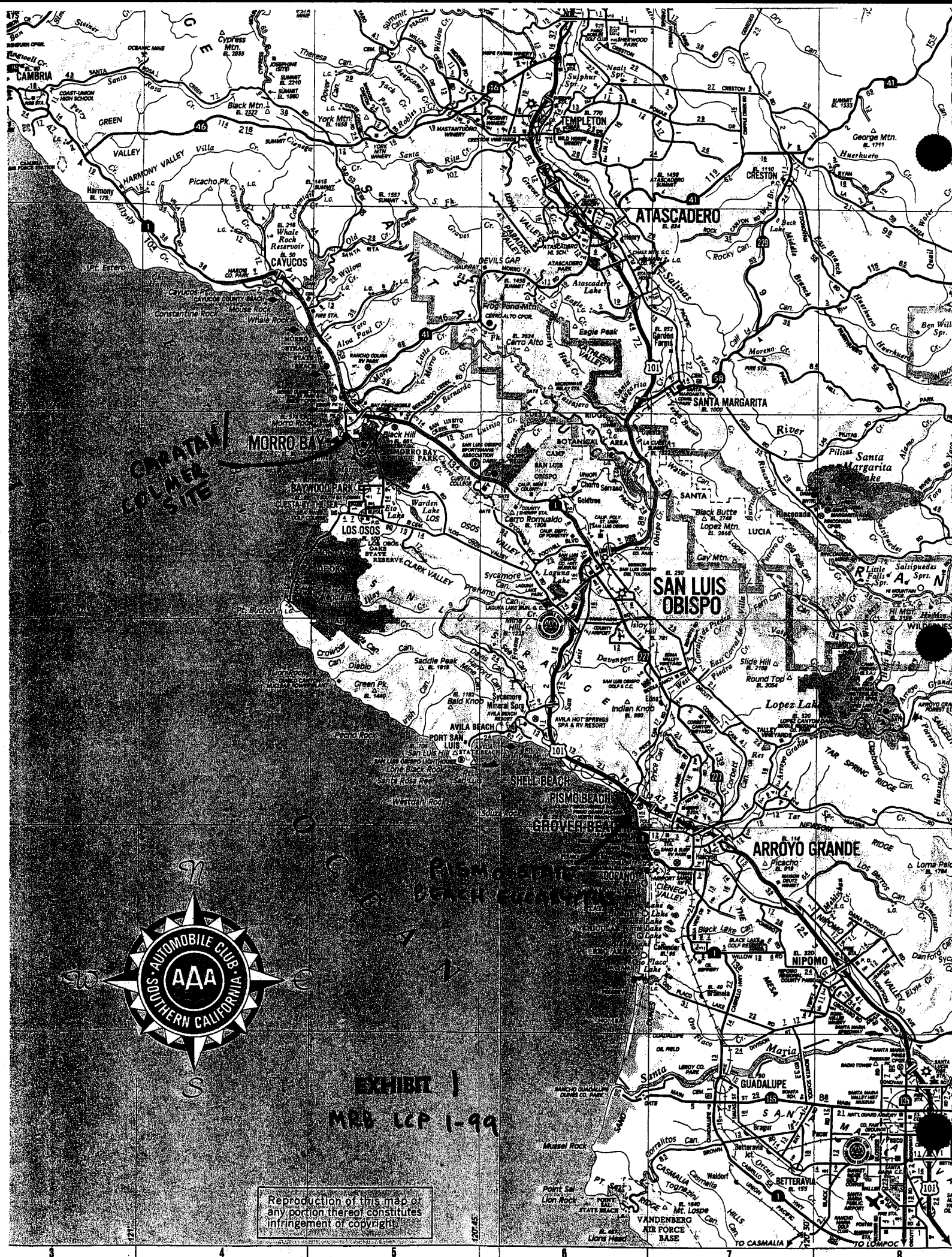
Special Use Permits (MBMC Sec. 17.30.030.Q, p. 6)  
C-VS Area Description (*Change Boundary Description*)

Visitor-Serving Commercial and Recreation Uses in Certain Areas.

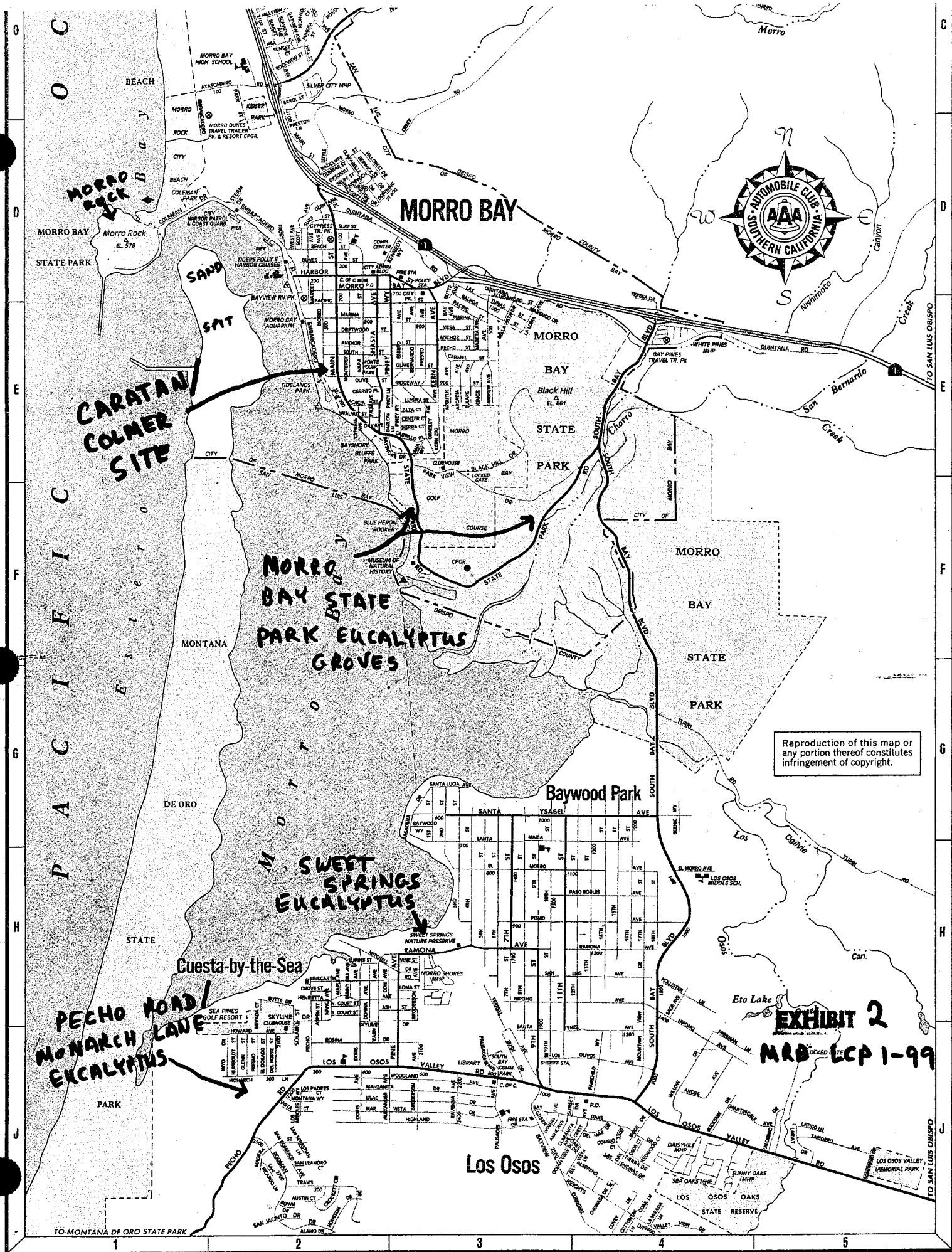
The base zoning district notwithstanding, visitor-serving commercial and recreation uses, which shall include all uses permitted or conditionally permitted in the C-VS district, may be permitted subject to obtaining a Special Use Permit, in the area labeled "the Embarcadero" in the Coastal Land Use Plan/Coastal Element and defined as the area between Beach Street on the north, Olive Street on the south, Main Street on the east and the waterfront on the west except that area east of Morro Avenue and south of South Street known as the Caratan Property the Bluff Top Edge between South Street and Olive Street as specifically indicated on the Official Zone Map;

EXHIBIT B

MAR 22 1999







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**EXHIBIT 2**

**MRB LCP 1-99**

TRW-REDI  
1-800-345-7334



SCALE IN 1/10 OF AN INCH

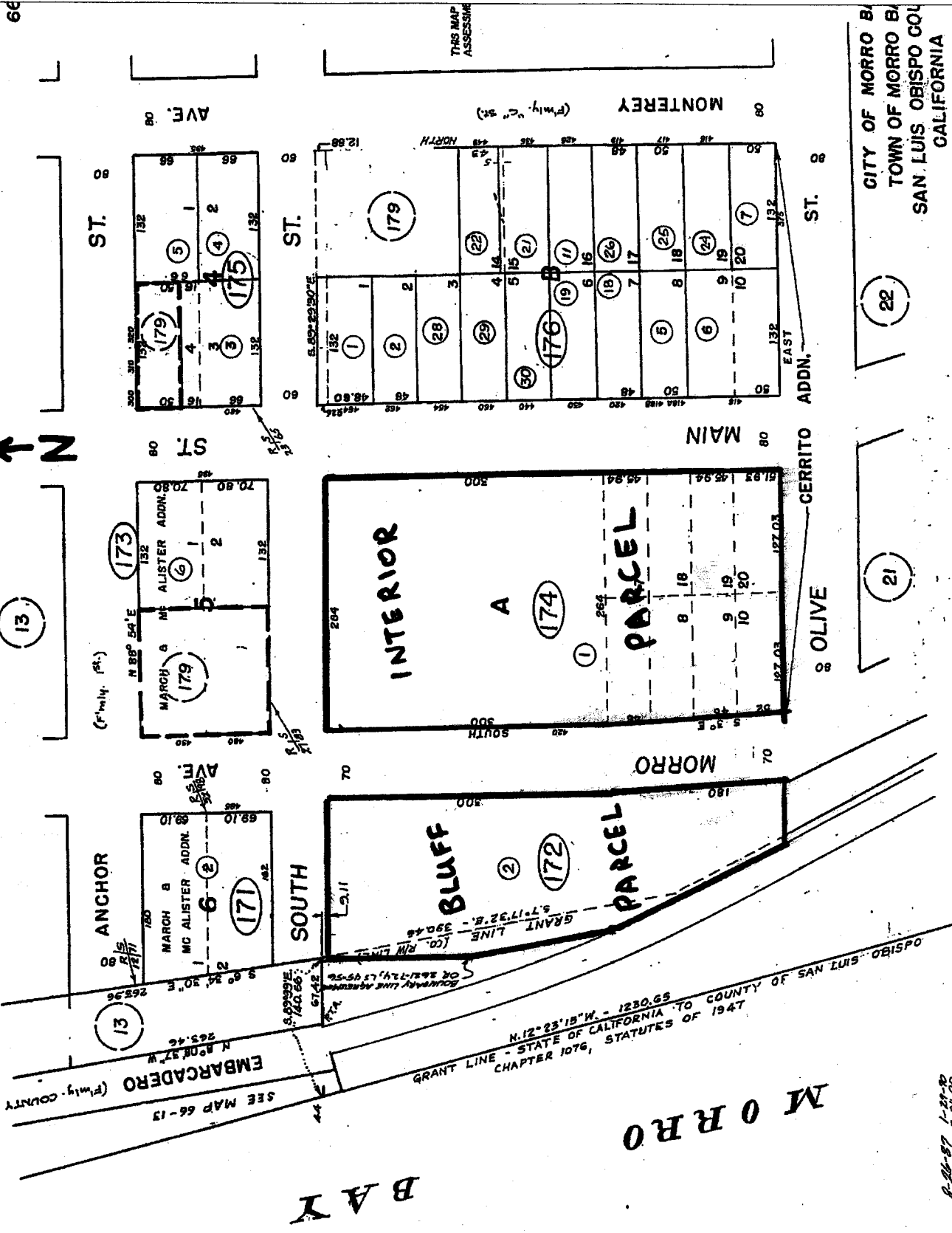
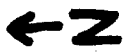
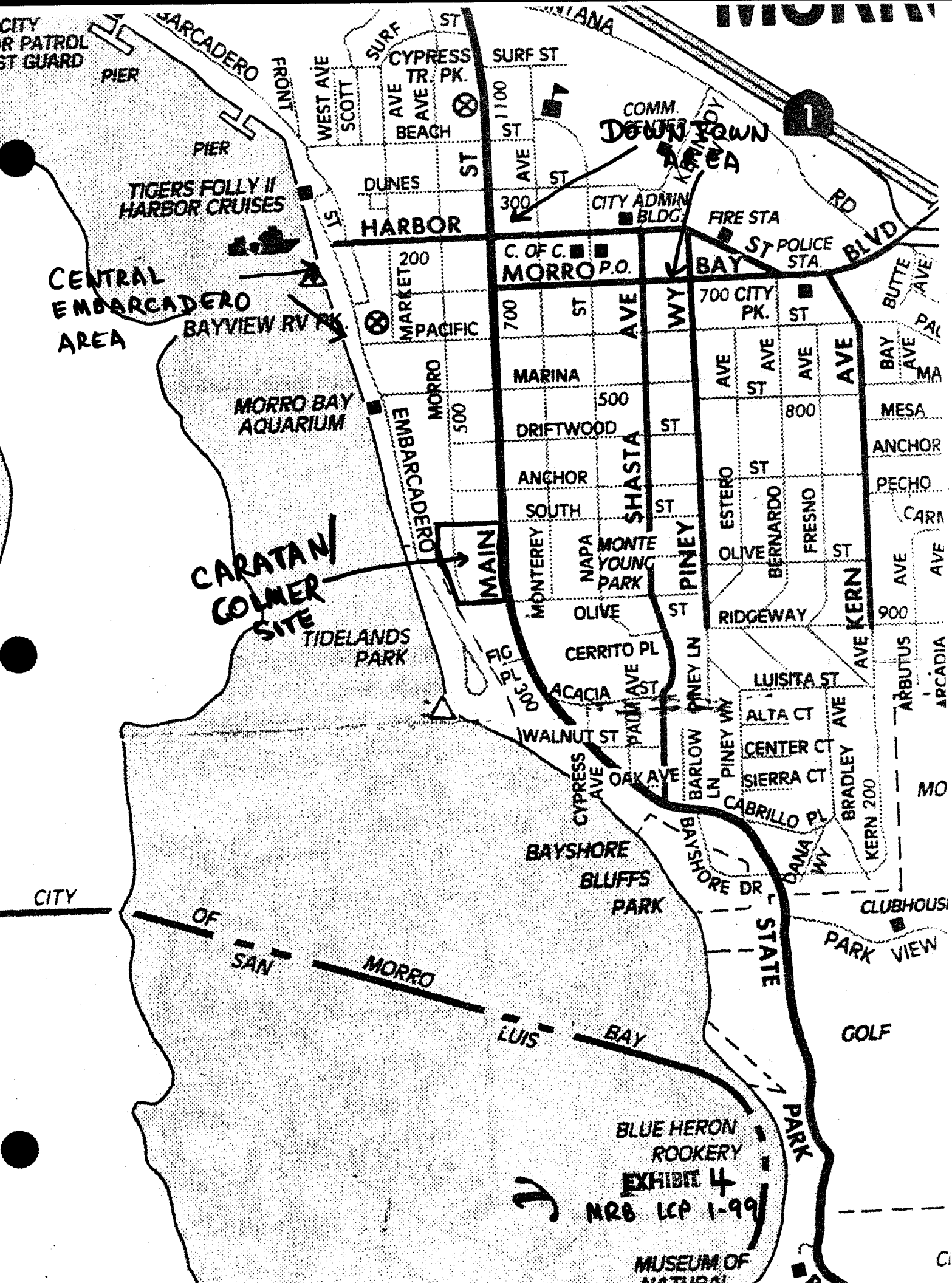


EXHIBIT 3  
MRB LCP 1-99

9-26-87 1-28-90  
9-13-84 5-24-90  
6-23-87  
6-23-87  
1-1-87  
Rm





TIGERS FOLLY II  
HARBOR CRUISES

CENTRAL  
EMBARCADERO  
AREA

BAYVIEW RV PK.

MORRO BAY  
AQUARIUM

CARATAN/  
COLMER  
SITE

TIDELANDS  
PARK

CITY

OF

SAN

MORRO

LUIS

BLUE HERON  
ROOKERY

EXHIBIT 4

MRB LCP 1-99

MUSEUM OF  
NATURAL

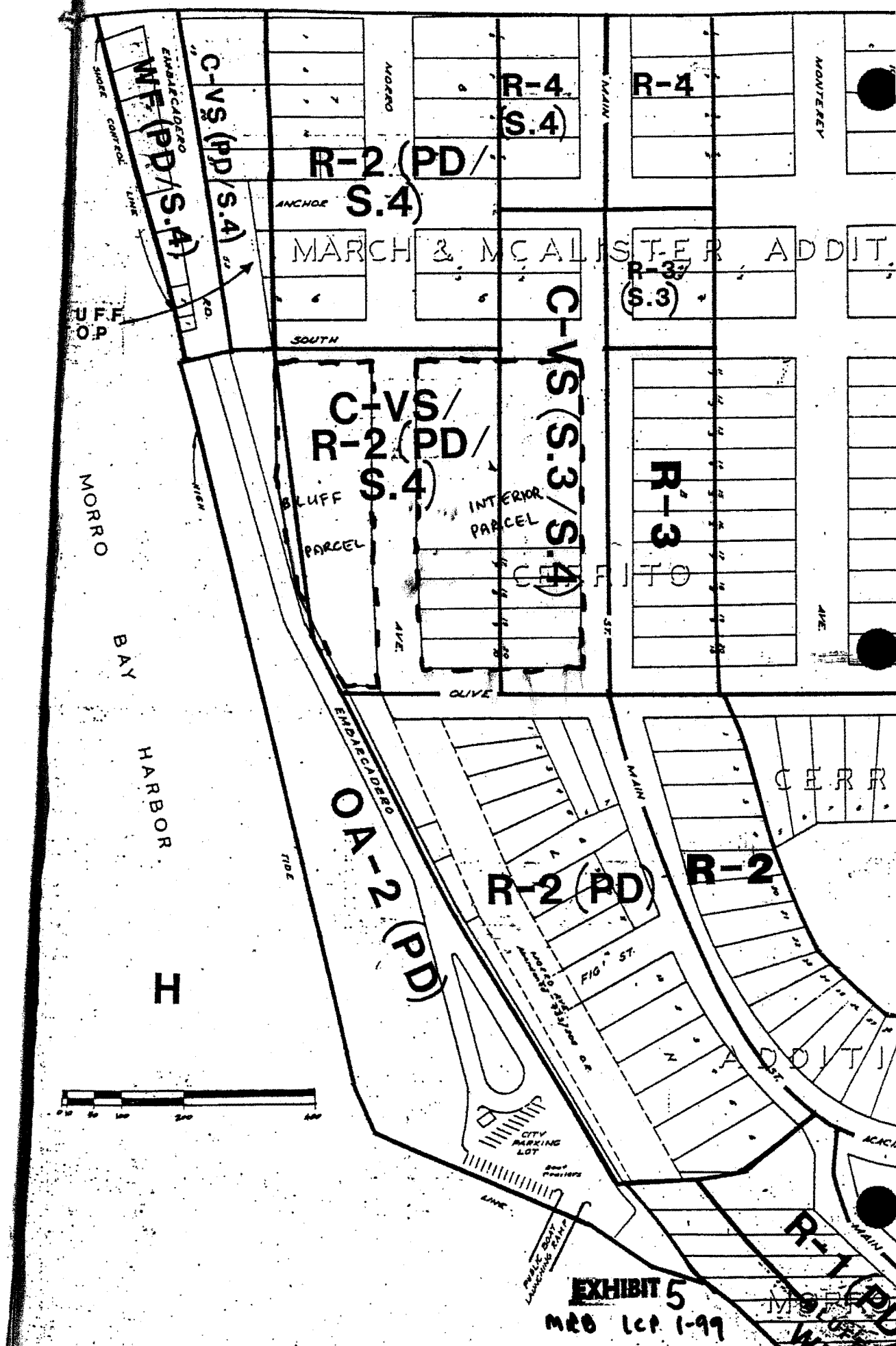


EXHIBIT 5  
M&B LCP 1-99



**M-2/PD/I**

G-O/R-2/PD  
CF/PD

~~VS/S.4~~  
~~IS/PD/SP~~

**C-VS/PD/(SP)**

**C-VS/PD/S.6/**

C-VS/R-3/PD/  
S.4/S.6

C-VS/P  
WF/F

C-VS/ PD/ S.3/  
S.4

~~BLUFF~~ TOP

C-VS/R-2/PD/S.4

C-V S/S.3/  
S. 4

OA-2/PD/S.5

CARATAN  
COLMER  
SITE

**CVS SPECIAL PERMIT AREA**

**EXHIBIT 7**  
MRB LCP 1-99

**Zone District (With notion of which district, such as "All are in C-VS"):** Each table indicates the zone district surveyed.

**Vacant.** This indicates those surveyed lots with no existing structures or significant unused portion of lots.

**Developed Conforming:** This note on the Tables indicates that the uses are allowed under the requirements of the Zoning Ordinance.

**Developed Non-Conforming in Good Condition:** This note on the Tables indicates that the uses on the site do not conform with the allowed uses specified in the Zoning Ordinance.

**Developed Non-Conforming in Poor Condition:** This note on the Tables indicates that the uses on the site do not conform with the allowed uses specified in the Zoning Ordinance and that the physical condition of the structure is in general poor condition and may have a usable life of less than 5-15 years remaining. Minor structures on sites projected for redevelopment are also included in this category.

**General Notes:** These notes supplement the site information and indicate the name of the business or other relevant information.

Based on the survey results the following two table summarize the total land and total vacant land within the City as indicated:

Table A - Summary of Land Use Inventory

Zone Districts Allowing C-VS Uses	Total Land	Vacant Land
C-VS (vacant, tear-down, pending redevelopment) <sup>3</sup>	<del>74.37</del> 70.80 acres	<del>19.49</del> 15.90 acres <sup>2</sup> ( <del>22.93</del> 19.34 acres)
WF	5.71 acres	0.00 acres
CI	(not surveyed)	<del>3.97</del> 16.97 acres
MCR	(not surveyed)	4.84 acres
Special Use Permit Area - C-VS <sup>4</sup> (includes all vacant land in Special Permit Area)	8.06 acres	1.11 acres (not calculated)
Interim Uses (Portions of M-1)	(not surveyed)	4.19 acres
TOTAL	-200-250 acres	<del>33.60</del> 46.6 acres

**EXHIBIT 8**

**MRA LCP1-99**

<sup>2</sup> The revision of October 26, 1999 consists of a reduction of 3.59 acres of land previously thought to be vacant and zoned C-VS, that is actually 13.00 acres and is zoned C-1. This property (Table A.1, #4, APN 068-401-004, ptn.) is the TRI-W site.

<sup>3</sup> Includes Non-Conforming uses with existing structures in poor condition and projected to be redeveloped.

<sup>4</sup> The Special Use Permit Area - C-VS (MBMC Sec. 17.30.030.Q) category does not include vacant properties within the Permit Area that are already listed in the C-VS and Commercial Zones indicated above.

CITY OF MORRO BAY  
VISITOR SERVING COMMERCIAL (C-VS) LAND USE STUDY

Table B - Caratan Property As a % of Vacant Land Availability

Caratan property zoned C-VS as a % of all C-VS zoned vacant land and as a % of total vacant land allowing C-VS type uses in the City. (1.47/ <del>19.49</del> 15.90 acres) / (1.47/ <del>33.60</del> 46.6 acres)	<del>7.59%/14.40%</del> 9.25%/3.15%
Caratan property zoned C-VS and C-VS/R-2 as a % of all C-VS zoned vacant land and as a % of total vacant land allowing C-VS type uses in the City. (4.34/ <del>19.49</del> 15.90 acres) / (4.34/ <del>33.60</del> 46.6 acres)	<del>22.32%/12.95%</del> 27.30%/9.31%
Caratan property as a % of all available C-VS vacant and "Developed Non-Conforming in Poor Condition" land. (4.34/ <del>22.93</del> 19.34 acres)	<del>19.6%</del> 22.44%
Caratan property as a % of all C-VS zoned land. (4.34/ <del>74.37</del> 70.80 acres)	6.1%
Caratan property as a % of all C-VS & WF zoned land. (4.34/ <del>80.08</del> 76.50 acres)	5.6%

Table C - Land Uses Allowed By District

Land Uses	Districts			
	Visitor-Serving Commercial	Waterfront	Mixed Commercial/ Res.	Central Business Dist.
Restaurant	X	X	X	X
Retail Sales	X	X	X	X
Retail Service	X	X	X	X
Museums etc.	X	X		
Hotels, Motels	X	X	X	X
Bars, Liquor Stores	X	X	X*	X*
Recreational Rental & Repair	X	X	X	
Service Station & Car Wash	X		X	X
Parking Lots	X	X	X	X
Parking Structure	X			X
Parks & Open Space	X	X		
RV Camping	X			
Seafood Market & Processing		X		
Docks, Wharves & Boardwalks		X		
Storage, Warehouse			X*	
Business & Professional Offices			X	
Apartments			X*	X*
Residential			X	X*
Theaters & Auditoriums			X	X
Daycare Facilities				X

EXHIBIT 8 2

MRB LCP 1-99

CITY OF MORRO BAY  
VISITOR SERVING COMMERCIAL (C-VS) LAND USE STUDY

\* Allowable under certain conditions

\*Includes Non-Conforming uses with existing structures in poor condition

Table D - Total Acres of C-VS By Land Use

Vacant	<del>19.49</del> 15.90
Conforming	29.98
Non-Conforming (Good Cond.)	21.46
Non-Conforming (Poor Cond. or Pending Dev.)	3.44
Total Acres of C-VS	<del>74.37</del> 70.80

Table E - Percentage Of C-VS Acres By Land Use

Vacant	<del>26.2</del> 22.5%
Conforming	<del>40.3</del> 42.3%
Non-Conforming (Good Cond.)	<del>28.9</del> 30.3%
Non-Conforming (Poor Cond.)	<del>4.6</del> 4.9%
Total	100.0%

Table F - Available C-VS Used By Proposed Development

Percentage of Available C-VS used by proposed development:	19.6%
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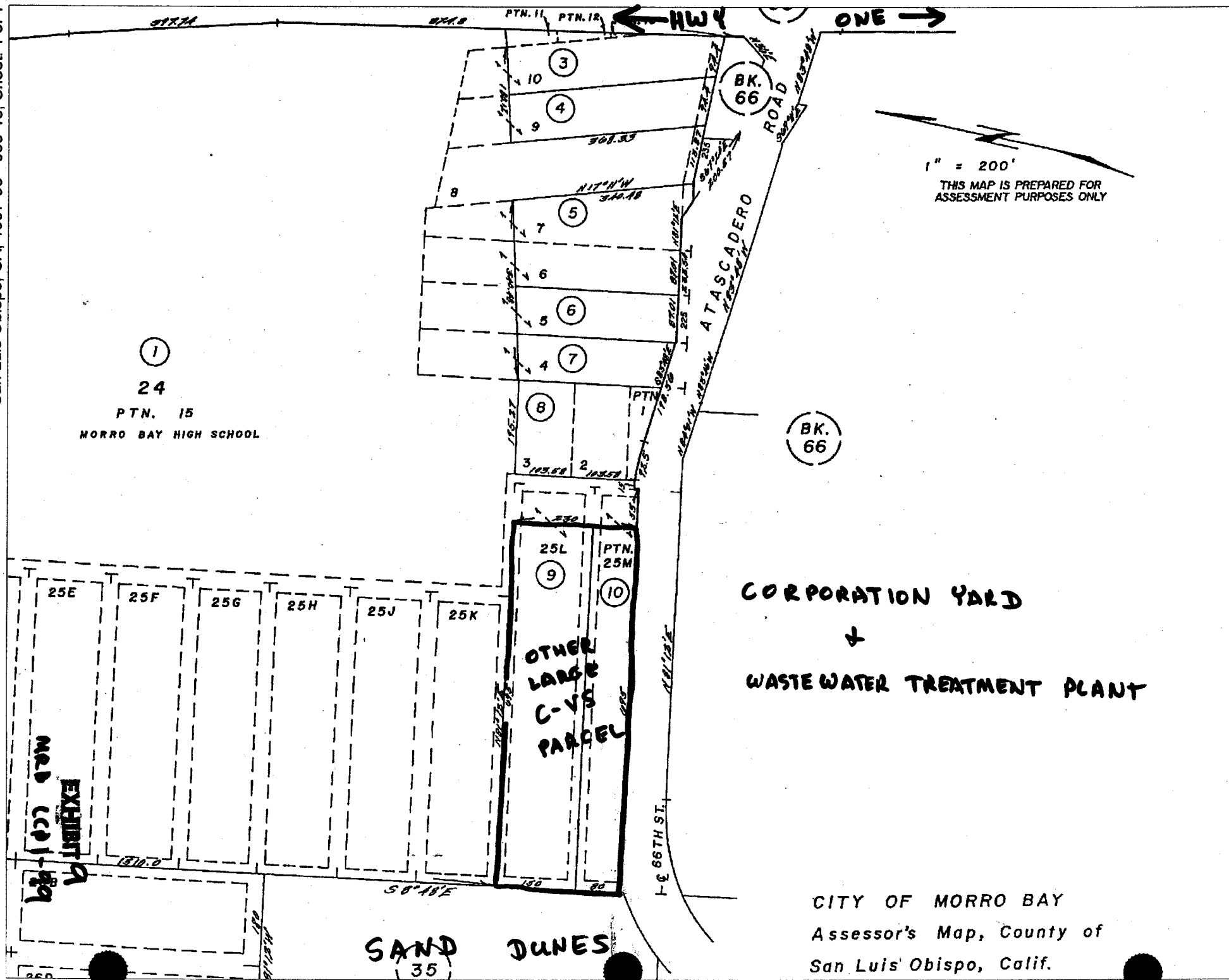
Note: This includes vacant land, non-conforming uses in poor condition, or pending development. It was derived by dividing the acreage of the project site, 4.34 acres, by the total amount of available land, ~~22.93~~ 19.34 acres.

Table G - Special Permit C-VS Area

TOTAL ACRES (Not included in other Zone Districts such as C-VS, C-1, and WF)	8.06 acres
Acres Developed	6.95 acres
Acres Undeveloped	1.11 acres
Percent Developed	86.2%
Percent Undeveloped	13.8%

EXHIBIT 8 3

NRB LCP 1-99





## EXECUTIVE SUMMARY

The City of Morro Bay commissioned this report at the suggestion of the California Coastal Commission staff in order to evaluate the economic implications of the proposed designation change from visitor-serving commercial to residential on the Interior Parcel (2.95 acres) of the Project Site. As part of the current LCP application the Bluff Parcel (1.55 acres) may be designated as open space/recreation (as suggested by Coastal Commission staff and consistent with uses proposed by the project applicant) and the site has been analyzed with the two parcels linked economically. This report addresses two primary issues regarding the economics of visitor-serving uses in Morro Bay:

- What is the existing and future long-term additional demand for visitor-serving uses in Morro Bay in terms of acreage demand for visitor-serving development and what would be the impact of the loss of 2.95 acres of C-VS and mixed C-VS/residential land?
- How suitable is the Project Site for development for visitor-serving uses, including hotel/conference center, motel/retail mixed use, boutique hotel, RV park, other visitor attractions, or visitor-serving parking lot?

### Summary of Findings

Market demand for visitor-serving retail space within the next 15 years will range from no demand to as much as 15,000 square feet. Maximum demand for vacant C-VS land for retail uses is estimated at 0.45 acres (approximately 20,000 square feet of land). Though there is not sufficient data to project 30 year visitor-serving retail demand, historic trends give little to indicate that sales growth (or retail development) would greatly exceed the 15 year estimates. Based on our survey there are numerous sites in the Waterfront District that can serve this demand, that have better synergy and compatibility with existing retail uses than the Project Site.

This report estimates a 15 year C-VS land demand for lodging ranging from 23 to 195 rooms. This demand translates into approximately 0.4 acres to 3.37 acres. This report estimates a 30 year demand for approximately 238 rooms and 4.1 acres. Given the pending development of approximately 120 to 350 hotel rooms on the Tri-W, Bay View, Harbor View, and Ascot sites, there is demand for zero to two acres C-VS land beyond these developments.

The Tri-W site is undergoing preliminary planning for a 150 to 250 room hotel/conference center. However, the court decision determining the site's allowable land uses may exclude visitor-serving uses and a change in this ruling allowing visitor-serving uses would be needed to proceed with this development. If the Tri-W proposed development proceeds, there would be no additional demand for C-VS land for lodging uses. If the

**EXHIBIT 10**  
**MRB LCP 1-99**

## SUMMARY FINDINGS

	Growth Trend	15 Year Estimate	15 Year Acreage	30 Year Estimate	30 Year Acreage
Retail	-0.9% to 0.7%	15,000 sf*	0.45	N/A	N/A
Lodging	1.4% to 2.6%	23 to 195 rooms	3.37	238 rooms	4.1
Total			3.82		5**

\*demand projected as 0 to 15,000 building square feet.

\*\* Given the range of retail demand, overall demand is unlikely to exceed 5 acres.

N/A: 30 year retail demand estimate not available due to insufficient data.

Tri-W development does not proceed, there would be demand for two additional acres of C-VS land.

Maximum 15 year land demand is projected at 3.82 acres. It is unlikely that 30 year demand will exceed 5 acres. Numerous sites better suited for retail and lodging development are identified in the Visitor-Serving Retail and Lodging Market Overview sections and in Table 7. In total, as indicated in the *Visitor-Serving Commercial (C-VS) Land Use Study*, there are 43.65 acres of vacant or re-developable land in the City that allow visitor-serving retail and lodging uses. The re-designation of the 2.95 acre Interior Parcel of the Project Site will not impact the City's ability to supply land needed to serve projected visitor-serving development demand in the next 30 years.

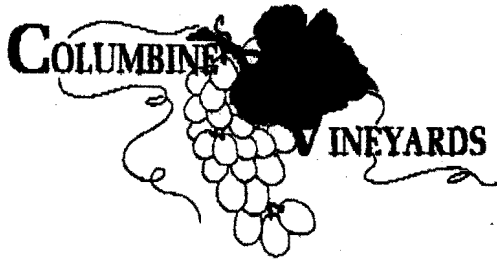
Based on this report's analysis, the Interior Parcel is not suitable for development as a hotel/conference center, motel/retail mixed use, boutique hotel, RV park, or parking lot. The site is not suitable for any visitor attraction considered in this report (which includes rock climbing, paintball, miniature golf, virtual reality arcades, swimming pools, and waterslide facilities) including the proposed maritime museum because of site economic, environmental, and land use compatibility issues.

Analysis of hotel/conference center usage on the Project Site is particularly important because there are few sites within Morro Bay appropriate for this use. The Tri-W site is one of the few sites in Morro Bay that is large and in an appropriate location for a conference center. Additionally, there is a 3.68 acre oceanfront site at the western terminus of Atascadero Road that could be appropriate for a hotel/conference center. Therefore, regardless of the Tri-W site's availability, there will be competitive sites available for development of a hotel/conference center. It should be noted that regardless of site availability, overall market demand of 238 rooms over 30 years with a current pipeline of 120 to 350 rooms indicates that market demand is too low for a hotel/conference center in the 30 year horizon of this study.

**EXHIBIT 10 2**  
**MRB LCP 1-99**

In conclusion, the re-designation of the 2.95 acre Interior Parcel of the Project Site will not impact the City's ability to supply land needed to serve projected visitor-serving development demand in the next 30 years. And because of numerous suitability issues, the Interior Parcel faces a very low probability of achieving an economically viable visitor-serving development in the next 30 years. Therefore, the change of Local Coastal Plan (LCP) designation of the 2.95 acre Interior Parcel of the Project Site will not impact the City of Morro Bay's ability to meet projected visitor-serving growth.

EXHIBIT 10 3  
MRB LCP 1-99



# M. CARATAN, INC.

GRAPE GROWER AND SHIPPER

33787 Cecil Ave • Delano, California 93215-9597  
Telephone (661) 725-2566 • FAX (661) 725-7233

February 24, 2000

Mr. Steven Guiney  
Coastal Program Analyst  
California Coastal Commission  
Central Coast Area Office  
725 Front Street, Suite 300  
Santa Cruz, California 95060

**SENT VIA FACSIMILE**  
**(831) 427-4877**

Re: Morro Bay LCP 1-99

Dear Mr. Guiney:

I am the owner of the 4.5 acres consisting of two parcels in Morro Bay for which the LCP Amendment, redesignating a 1.4 acre strip along Main Street from C-VS (Commercial-Visitor Serving) to Residential, is being requested. My family has owned this property for over 50 years. During the past 20 years, there have been four serious development proposals. Three of these proposals have met with strong community opposition. The Colmer proposal to develop residential housing and give the bluff-top property as an open space area is a proposal that the community will support.

In 1985, a hotel-conference center was proposed on the site. It was denied by the City Council along with almost universal community opposition to the project. In 1989, another developer approached the City suggesting that a motel be built on the site. The developer was discouraged from pursuing the proposal because he was told that a motel development proposal would likely be rejected. In the 1990's, the United States Post Office made inquiries about building a post office on the site. Due to traffic concerns and noise, they were told by the City their proposal would likely be rejected. The City Council and the community have made it clear that any commercial-visitor serving use proposed on the property will be rejected. The community is unified in its rejection of any CVS use for this property.

**EXHIBIT 11**

**MRB LCP 1-99**

The community supports the Colmer proposal. Colmer's proposal offers permanent benefits. It insures that views over the estuary to the sandpit will be preserved by the dedication of the bluff-top parcel as open space. It provides additional visitor serving parking. It also importantly preserves the residential character of the neighborhood. CVS development of the bluff-top property will block views and could destroy the Monarch roosting area. Why is this a preferred use?

The community has made it clear that they will not approve any type of visitor serving development on the property. I have been denied the ability to develop the property as commercial and now residential. I believe that by rejecting the request for the LCP Amendment you are denying any economic use of the property and it should be considered a taking.

In addition, throughout the 20-year history of processing development applications on the project, the property has never been designated as an environmentally sensitive habitat. Multiple environmental studies have been made on the site over the years. There is no scientific basis for this designation. This designation appears to be designed solely to support your rejection of the LCP Amendment request.

The Colmer Development proposal should provide the City of Morro Bay and Coastal Commission with a development that best benefits the citizens of Morro Bay and California. Views will be preserved; the residential character of the neighborhood will be preserved; property will be dedicated to provide a habitat for the Monarch Butterflies; and permanent open space and visitor serving parking will be provided.

This is a good development and I urge you to recommend its approval.

Sincerely,



Luis Caratan

EXHIBIT 11  
NRB LCP 1-99

290 Cypress Ave.  
Morro Bay, Calif. 93442  
February 18, 2000

**RECEIVED**

FEB 22 2000

CALIFORNIA  
COASTAL COMMISSION  
CENTRAL COAST AREA

California Coastal Commission  
725 Front St. Suite 300  
Santa Cruz, Calif. 95060

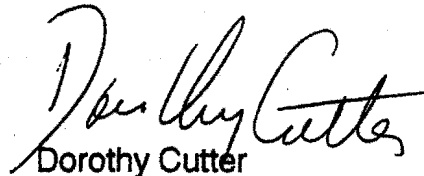
Att: Mr. Charles Lester  
Ref # MRBLCP 1-99, Caratan-Colmer

Dear Mr. Lester,

I am writing you about the proposed rezoning of this property from visitor serving commercial to R2. This property was zoned residential under the county. When Morro Bay became a city in 1964, it was also zoned residential. It is surrounded by a prime residential neighborhood.

There is an overabundance of commercial zoning in the city of Morro Bay. Therefore I urge you to rezone this property to R2 and restore it to its historical zoning so that commercial development does not upset a balance in the residential area.

Very truly yours,

  
Dorothy Cutter

**EXHIBIT 11**

**MRB LCP 1-99**

**RECEIVED**

FEB 18 2000

CALIFORNIA  
COASTAL COMMISSION  
CENTRAL COAST AREA

Mr. Charles Lester  
(Colmer/Caratan)  
California Coastal Commission  
725 Front St. Suite 300  
Santa Cruz, Ca. 95060

Re: case # MRB LCPl-99

There is ample commercial zoning in Morro Bay. The property in question should be re-zoned from visitor serving commercial use to R2.

The use of this property has been reviewed at length within the review process in Morro Bay. It has been determined that R2 is the best use for this parcel. Please concur with the majority of residents in Morro Bay.

Thank you.

  
Doral McKee

710 Luisita St.  
Morro Bay, Ca. 93442

**EXHIBIT II**

**MRB LCP 1-99**

ADVOCATES FOR A BETTER COMMUNITY  
P.O.Box 921 Morro Bay, Ca. 93442

**RECEIVED**

FEB 18 2000

CALIFORNIA  
COASTAL COMMISSION  
CENTRAL COAST AREA

Mr. Charles Lester  
California Costal Commission  
725 Front St. Suite 300  
Santa Cruz, Ca. 95060

Feb. 16, 2000

Case #MRBLCP-99 Caratan/Colmer

Dear Mr. Lester:

We were very disappointed to learn that the Costal Commission Staff is considering recommending denial of the above case.

We feel the change in zoning is the best thing for this property. Please recommend approval of this change, so the project can proceed.

This property is in the middle of a residential area. On the East and South there are single family houses, on the North are Apartments and on the West is the bluff overlooking the bay.

In the past this property was zoned residential, and a house still sits on it. There is no way the Citizens of Morro Bay will ever allow any kind of visitor serving to be put on this property.

Mr. Colmer met with the City Staff and the Citizens of Morro Bay. He worked with us to get the best possible project. We will save the bluff from development forever with this project. Morro Ave is one of the best views for the Citizens and tourists alike to enjoy.

Sincerely:



Raymond F. McKelligott President

**EXHIBIT 11**

**MRB LCP 1-99**