



# CITY OF MORRO BAY HARBOR ADVISORY BOARD A G E N D A

---

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

**Regular Meeting - Thursday, September 6, 2012  
Veteran's Memorial Building - 6:00 P.M.  
209 Surf Street, Morro Bay, CA**

Jim Phillips, Chair

Jeff Eckles, Vice Chair  
Gene Doughty  
Dana McClish

Brett Cunningham  
Bill Luffee  
Lynn Meissen

ESTABLISH QUORUM AND CALL TO ORDER  
MOMENT OF SILENCE  
PLEDGE OF ALLEGIANCE  
CHAIR AND ADVISORY BOARD MEMBER ANNOUNCEMENTS & PRESENTATIONS

#### PUBLIC COMMENT PERIOD

Members of the audience wishing to address the Commission on City business matters other than scheduled items may do so at this time. To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

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

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Recreation and Parks' Administrative Technician at (805) 772-6280. Notification 24 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

#### A. CONSENT CALENDAR

A-1 Approval of Minutes from Harbor Advisory Board meeting held on August 2, 2012

**Staff Recommendation: Approve minutes.**

A-2 Harbor Department Status Report

**Staff Recommendation: Receive and file.**

B. PUBLIC HEARINGS, REPORTS, AND APPEARANCES

B-1

C. UNFINISHED BUSINESS

- C-1 PG&E Seismic Study Update  
**Recommendation: Vote to support City Council's pending "strong resolution in opposition"**

D. NEW BUSINESS

- D-1 Discussion on Formation of a "Friends of the Harbor Department" Non-Profit as a Support and Fundraising Mechanism for the Department  
**Staff Recommendation: Discuss options**
- D-2 Discussion on Future Planning Process for the Power Plant Property  
**Staff Recommendation: Discuss and make recommendations, if any, to City Council**

E. DECLARATION OF FUTURE AGENDA ITEMS

F. ADJOURNMENT

This agenda is subject to amendment up to 72 hours prior to the date and time set for the meeting. Please refer to the agenda posted at the Morro Bay Harbor Department, 1275 Embarcadero, for any revisions or call the department at 772-6254 for further information.

Materials related to an item on this Agenda are available for public inspection during normal business hours at the Harbor Department and at Mill's/ASAP, 495 Morro Bay Boulevard, or online at [www.morro-bay.ca.us/rpc](http://www.morro-bay.ca.us/rpc). Materials related to an item on this Agenda submitted to the Board after publication of the Agenda packet are available for inspection at the Harbor Department during normal business hours or at the scheduled meeting.

**CITY OF MORRO BAY**

**HARBOR ADVISORY BOARD**

**SYNOPSIS MINUTES**

The regular meeting of the City of Morro Bay Harbor Advisory Board was held Thursday, August 2, 2012 at 6:00 PM in the Veteran's Hall, 209 Surf ST, Morro Bay, California.

**ESTABLISH QUORUM AND CALL TO ORDER**

Present:           Members:     Gene Doughty  
  Jeff Eckles  
  Bill Luffee  
  Lynn Meissen  
  Jim Phillips  
                          Absent:       Brett Cunningham  
                          Staff:         Eric Endersby, Harbor Director  
  Polly Curtis, Office Assistant

**MOMENT OF SILENCE**

**PLEDGE OF ALLEGIANCE**

**CHAIR AND ADVISORY BOARD MEMBER ANNOUNCEMENTS & PRESENTATIONS**

Mr. Luffee said he saw ten semi-trucks parked along the Embarcadero this week, and thought it was a good sign for commercial fishing businesses. Mr. Doughty said the trucks were here to load all the squid from the squid boats, and there are a lot of squid out there.

**PUBLIC COMMENT**

None.

**A.     CONSENT CALENDAR**

**A-1   MINUTES**

Mr. Doughty moved the June 7, 2012 Harbor Advisory Board minutes be approved as submitted. The Motion was seconded by Mr. Luffee and carried unanimously.

**A-2   HARBOR DEPARTMENT STATUS REPORT**

Mr. Endersby briefed the Board on the following topics:

**State Park Marina Dredging**

**Live Bait Operation**

**Vacant Harbor Advisory Board Seat**

**Harbor Budget/Staffing**

**Recent Harbor Patrol Activities**

**Derelict Vessels**

**B.     PUBLIC HEARINGS**

**B-1   Report on Launch Ramp Annual Parking Permit Program**

Mr. Endersby reviewed the annual parking permit program from 2010 to present, saying that it appears the bugs have mostly been worked out, and that financially it is essentially at break-even. He said there has recently been some problems with trailer storage, but these have mostly been resolved. Mr. Eckles thought designated parking spaces for pass holders might be a consideration. Mr. Endersby said the number of spaces are limited, and not guaranteed for pass holders right now.

**B-2 Status Report on PG&E Seismic Testing Project**

Mr. Endersby reviewed the components of the seismic imaging surveys saying the 2-D onshore began in 2011 and have been completed, and PG&E is currently processing the data. He said the California State Lands Commission is the primary agency having jurisdiction over the offshore 3-D component and the Ocean Bottom Seismometers (OBS). He said the Final Environmental Impact Report (EIR) and the Responses to Comments were delivered in two volumes to the Harbor office yesterday. There are CDs available to the public, and the volumes can be read in the office.

Discussion by the Board. Mr. Endersby said the Morro Bay Commercial Fishermen's Organization hired an attorney to voice their concerns, while Port San Luis has chosen to negotiate directly with PG&E. The negotiating process for impact mitigation is ongoing.

Mr. Endersby said the State Lands Commission meeting in Sacramento on August 14, 2012 will include review of the EIR. There will be a satellite meeting room set up in Morro Bay where the live broadcast will be, along with the ability to make live comments to the Commission. He said he will let the Board and public know the location as soon as he knows.

**B-3 Report on Walter B. Jones Award for Excellence in Coastal and Ocean Management**

Mr. Endersby said Morro Bay was honored with the 2012 Walter B. Jones Award for Excellence in Coastal and Ocean Management, under the Local Government category. He said Ms. Harris, Executive Director of the Morro Bay National Estuary Program nominated Morro Bay, and she is quoted as saying, "The City of Morro Bay and local fishing groups like the Morro Bay Commercial Fishermen's Organization deserve this national-level praise. They are working closely together – along with conservation groups – to address the social, economic and environmental concerns surrounding fisheries management in the U.S."

Chairman Phillips commended all the individuals involved for their work over the past several years, which generated this award.

**C. UNFINISHED BUSINESS**

None.

**D. NEW BUSINESS**

None.

**E. DECLARATION OF FUTURE AGENDA ITEMS**

**Sept: PG&E Seismic Testing Permitting Process Update  
Development of Friends of the Harbor Dept. Non-profit Organization  
Planning for Power Plant Property**

**Future: Boat Yard/Haul Out  
Lifeguard Season Review**

**F. ADJOURNMENT**

This meeting was adjourned at 7:29 PM.

Submitted by,



Polly Curtis  
Harbor Department



AGENDA NO: A-2

MEETING DATE: September 6, 2012

## Staff Report

**TO:** Harbor Advisory Board  
**FROM:** Eric Endersby, Harbor Director  
**SUBJECT:** Harbor Department Status Report

**DATE:** August 29, 2012

### RECOMMENDATION

Receive and file.

### DISCUSSION

#### **Coast Guard Change of Command**

On August 20 Coast Guard Station Morro Bay Chief Warrant Officer Kevin Morgan was reassigned to his next post in the Response Department Enforcement Branch of the Coast Guard's Seventh District in Miami, Florida. Mr. Morgan's relief is Chief Boatswain's Mate Cory Wadley, transferring in from his last assignment at Cape Disappointment. Mr. Morgan only filled two years of his normal four year billet here and was transferred out early due to his new rank and the Coast Guard's needs elsewhere. We bid him a fond adieu and welcome Chief Wadley and his family to Morro Bay.

#### **State Park Marina Dredging**

Associated Pacific Constructors (APC) began dredging on August 15th, beginning at the marina entrance and working in. Although they are still going through the learning curve with some initial teething pains, generally things are going as expected. APC is averaging two scow-loads a day to the disposal area, with an average of 180-200 cubic yards per scow. So far all testing requirements have shown negative results for anything of concern. Next week we will be working with State Parks on our mitigation efforts required for the "wetlands" impacts that will occur as the dredge works into the marina. The mitigation will consist of salvage of wetlands plants in the dredging area and replanting on the other side of the marina "sandspit" in areas that Parks is in need of re-vegetating.

#### **DBW Equipment Grant**

We received confirmation and paperwork for an \$80,000 vessel grant from DBW for funds toward purchase of a new Harbor Patrol vessel. This funding will augment our \$200,000 of budgeted Harbor Fund monies for purchase of a new twin-engine vessel for eventual replacement of our current and only twin-engine vessel 68. With an estimated cost of approximately

Prepared By: EE

Dept. Review: EE

\$300,000, this grant brings us very close to the amount needed to complete the project. We are still pursuing some other options for additional funding. Over the fall and winter we will be building the boat specifications and bid package, and hope to have the project out to bid by the spring of 2013.

**Vessel Accident**

On August 21 the commercial fishing vessel SOUTHEAST had a mechanical failure while leaving the Morro Bay Fish Co. docks and plowed into the docks and vessels at the ex-Virg's site and did considerable damage. Almost all of the docks were entirely destroyed, and several vessels suffered major damage while others had light damage. The 66-foot steel SOUTHEAST got away with only scratching and scarring to her paint job. Fortunately no one was hurt, no vessels were sunk, and nothing was spilled. It is now in the hands of the insurance companies.



AGENDA NO: C-1

MEETING DATE: September 6, 2012

## Staff Report

**TO:** Harbor Advisory Board  
**FROM:** Eric Endersby, Harbor Director  
**SUBJECT:** PG&E Seismic Study Update

**DATE:** August 27, 2012

### RECOMMENDATION

That the Harbor Advisory Board vote to support the Morro Bay City Council's pending "strong resolution in opposition" to PG&E's proposed offshore seismic testing for Diablo Canyon nuclear power plant.

### FISCAL IMPACT

Unknown direct and indirect losses to the Harbor budget due to impacts on commercial and recreational fishing.

### BACKGROUND

Please see City Council agenda item D-4 for the August 28, 2012 Council meeting (attached) for the most recent summary on the issue. At the August 28, 2012 City Council meeting, the Council unanimously voted to approve a "strong resolution of opposition" to PG&E's proposed offshore seismic testing. Said resolution will be brought back to the September 11, 2012 meeting for approval. Council also directed staff to: continue to track the issue and keep the Council informed of any pertinent upcoming meetings; keep in contact with other stakeholders; and identify and evaluate additional ways to address and comment on topics of concern including the mitigation and claims process, impacts on other groups such as fish processing facilities, fish landing docks, fuel docks, tourism communities, restaurants, etc., and the monitoring plans during and after the testing.

### DISCUSSION

The Coastal Commission is the next regulatory body to consider the project for permitting purposes. The Commission's next meeting is September 12-14 in Caspar, which is in Mendocino County on the coast below Fort Bragg. However, as of the writing of this staff report the draft agenda for the September Coastal Commission meeting does not have the PG&E item listed and therefore may not be considered at that meeting.

Prepared By: EE

Dept. Review: EE

The California Fish and Game Commission is set to consider scientific collecting permits, monitoring, and mitigation for the seismic testing at a special hearing to be held on September 24, 2012 in Sacramento.



AGENDA NO: D-4

MEETING DATE: 8/28/12

## Staff Report

**TO:** Honorable Mayor and City Council

**DATE:** August 21, 2012

**FROM:** Andrea K. Lueker, City Manager

**SUBJECT:** Update from the California State Lands Commission Hearings held on August 14 & 20, 2012 and Direction to Staff for Further Monitoring of the Seismic Testing for Diablo Canyon

### RECOMMENDATION

Staff recommends the City Council review the update from the August 14 and 20, 2012 hearings regarding the Seismic Testing for Diablo Canyon and provide direction to staff on further monitoring.

### BACKGROUND

The City of Morro Bay City Council authorized a letter be sent to the California State Lands Commission (attached) regarding the Draft Environmental Impact report for the Central Coastal California Seismic Imaging Project (CCCSIP) which outlined a number of areas of concern which include:

- The need for vessels to enter and leave the Morro Bay Harbor
- The extension of recreational rockfish season to December 31<sup>st</sup>
- A portion of the project boundary is within a highly rich Marine Protected Area
- The testing period will occur during slower fishing production times
- Fishing in the area is in a "precipitous" decline
- The impact of lower fishing volumes on the Individual Fish Quota (IFQ) program

Based on these impacts, the City requested that both short-term and long-term mitigation to the City and Morro Bay Fishermen, as well as a full account of the effects on the local ecosystem and meaningful and effective mitigation measures to offset those effects, be provided.

At their hearings held on August 14 and 20, 2012, the California State Lands Commission certified the Environmental Impact Report for this project, with future hearings necessary and approvals needed from the California Coastal Commission, APCD, Fish and Game and others. The State Lands Commission issued a permit with some modifications which include reducing the size of the area to be tested, restricting the dates of testing to November 1<sup>st</sup> through December 31<sup>st</sup> and, should the work not be concluded during the first year cycle, automatic renewal for a second year would occur.

<b>Prepared By:</b> _____	<b>Dept Review:</b> _____
<b>City Manager Review:</b> _____	
<b>City Attorney Review:</b> _____	

## **DISCUSSION**

Councilmember Smukler requested this as a future agenda item at the August 14, 2012 City Council meeting and garnered support for the item to appear at this meeting. As the item is still tracking through, City Council may wish to provide further direction to staff in order to remain informed on these issues, including the following:

1. Direct staff to continue to track this item and keep the City Council informed of any scheduled meeting(s) in front of the California Coastal Commission, Fish and Game and/or others.
2. Direct staff to keep in contact with other stakeholders, including the Native American Organizations, Fishing Associations, and others.
3. Direct staff to identify and evaluate additional ways to address and comment on topics of concern including:
  - a. The mitigation and claims process
  - b. Impact on others groups such as the tourism communities, restaurants, (landside impacts), etc.
  - c. Monitoring plan during and after the testing



# City of Morro Bay

City Attorney Department  
Morro Bay, CA 93442  
805-772-6568

AGENDA NO: A-4

MEETING DATE: 04/24/2012

April 23, 2012

Jennifer DeLeon, Project Manager  
California State Lands Commission  
100 Howe Avenue, Suite 100-South  
Sacramento, CA 95825

**RE: Draft Environmental Impact Report for the Central Coastal California Seismic Imaging Project (State Clearinghouse No. 2011061085)**

Dear Ms. DeLeon:

The following comments on the Draft Environmental Impact Report for the Central Coastal California Seismic Imaging Project are submitted by the City of Morro Bay.

The City of Morro Bay shares the concerns in the Draft Environmental Impact Report (DEIR) for Pacific Gas & Electric Company's (PG&E) proposed Central Coastal California Seismic Imaging Project related to the severe impacts resulting from seismic blasting from arrays of towed massive airguns during an 82-day, 24/7 period from September to December 2012. Therefore, the City of Morro Bay agrees with the findings in the Draft Environmental Impact Report that states:

**The Project would generate potentially significant environmental impacts on air quality, terrestrial and marine biological resources, greenhouse gases (GHGs), land use and recreation, and noise. Impacts to air quality, marine biological resources, and land use and recreation, remain Significant and Unavoidable even after all appropriate and feasible mitigation measures are applied. The EIR found Significant and Unavoidable impacts to fin, humpback and blue whales resulting from noise. Substantial impact on the Morro Bay stock of the harbor porpoise is also considered to be significant; based on this threshold, is Significant and Unavoidable. Project impacts on sea otters are also considered to be Significant and Unavoidable because of the proximity of the survey to sea otter habitat. The Project is also expected to have Significant and Unavoidable impacts on air quality and greenhouse gases. Significance thresholds for air pollutants are developed by taking into consideration the levels at which individual project emissions would result in cumulatively considerable impacts.**

ADMINISTRATION 595 Harbor Street	CITY ATTORNEY 595 Harbor Street	FINANCE DEPARTMENT 595 Harbor Street	FIRE DEPARTMENT 715 Harbor Street
HARBOR DEPARTMENT 1275 Embarcadero Road	POLICE DEPARTMENT 850 Morro Bay Boulevard	PUBLIC SERVICES 955 Shasta Avenue	RECREATION & PARKS 1001 Kennedy Way

Clearly, the impacts from the Central Coastal California Seismic Imaging Project would be tremendous and would have significant known and unknown effects on our local ecosystem, in addition to effects to our City's and the local fishing community's economy, both recreational and commercial, from revenue lost from the study's effects on commercial fishing, sport fishing, and whale and marine mammal watching.

Although the City of Morro Bay agrees with the above findings, that the Seismic surveying proposed by the Pacific Gas & Electric threatens "significant and unavoidable impacts" to fish, mammals, persons in the water and to fishing seasons, many of the Applicant Proposed Measures fall far short of realistic and meaningful mitigations for those impacts. In addition, the DEIR fails to adequately address many other concerns for the City of Morro Bay.

The DEIR fails to take into account the need for vessels to enter and leave the Morro Bay Harbor. The project proposes to keep all vessels out of the entire Project Boundary for the entire 82 days (Pages 4.10-13 to 4.10-16). The Project Boundary goes completely across the mouth of the Morro Bay Harbor and would preclude any vessels from leaving or entering the harbor for 82 days. This is an extremely important issue since the Morro Bay Harbor is designated as a "Harbor of Safe Refuge" and is the only protected harbor between Monterey and Santa Barbara, as well as home to United States Coast Guard and Morro Bay Harbor Patrol. Both of these entities cannot have any restrictions on access to the harbor mouth or elsewhere due to patrol responsibilities and in case of emergency.

The DEIR fails to take into account that the recreational rockfish season has been extended from the more recent November 15 close date to December 31. This impact will extend over into our local community, which will suffer due to their inability to sell coffee, fuel, breakfasts, bait, etc., because of the closure of fishing areas.

The DEIR fails to take into account that a portion of the project boundary is within a highly rich Marine Protection Area (MPA). The MPAs are intended to protect the State's marine life and habitats, marine ecosystems, and marine natural heritage, as well as to improve recreational, educational and study opportunities provided by marine ecosystems subject to minimal human disturbance. The Marine Protection Areas have been designed to create areas of no fishing in order to enhance areas outside MPAs. This project will result in the "take" of fish, larvae and eggs in violation of and destroying the whole purpose of the MPA. In addition, "take" will also occur in the Federally protected Rock Cod Conservation Area (RCA). The fishermen are not exempt from a "take" of fish in protected areas, and the same should be the case under the law for PG&E.

The DEIR incorrectly states that operations of the project will be occurring during a slower fishing production time period as the City experiences its best fishing during the fall and early winter months. The DEIR at page 4.12-13 / 4.13-14 establishes that the three primary fisheries in the City's ports have high production levels during the project time frame, only really dropping off somewhat during the holidays in December. Obviously this is the best weather time of year, and is the reason why PG&E has designated this time of year to commence the project.

The DEIR, on page 4.13-3, incorrectly states that the commercial fishing activity of the area is in "precipitous" decline by quoting an outdated study, the *2008 Morro Bay and Port San Luis Commercial Fisheries Business Plan*, when in fact, according to the *2011 Morro Bay Commercial Fisheries Economic Impact Report*, "Earnings for fishermen at the dock (EVV) in

Morro Bay have jumped to \$4.3 million in 2010 from a 20 year low of \$1.7 million in 2007, an increase of over 250%. Earnings are translated into wages for crew, purchases of fuel, ice, supplies, offloading fees, bait and baiting services as well as vessel and gear repair, gear purchases, association dues and slip fees" (Lisa Wise Consulting, May 2011, page 3). And on page 9 of this report it is stated, "Fishing activity has been on the rise in San Luis Obispo County and the number of trips has increased from 3,102 in 2007 to 4,211 in 2010, an approximate 36% increase." The City has serious issue with the DEIR in that regard as it downplays the commercial fishing industry and activity and its importance to the local and regional economies, and therefore the Commercial Catch and Landing Data Trends section of the DEIR starting on page 4.13-3 is highly suspect. And finally, the applicable mitigation measures summarized for commercial fishing impacts on Table 4.10-11 consist entirely of developing and implementing a "Communication Plan" with local fishing and boating interests. This is completely unacceptable and does not address the real impacts that will be experienced by the fishing fleet now and well into the future.

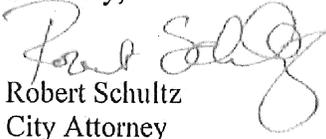
In addition, effects to the recreational fishing fleet, both passenger-for-hire sportfishers as well as private boaters, will be similarly significant and the mitigations proposed under Table 4.10-4 consist of the same "Communication Plan" approach. This too is unacceptable.

The DEIR fails to take into account that the National Marine Fisheries/NOAA has placed the Individual Fish Quota (IFQ) program into affect and is working on implementing this program in Morro Bay. IFQs are allocated according to the recent catch history of the fishery. Those with bigger catches generally get bigger quotas. This project would be very costly as fisherman would lose one fourth of the year's overall production lowering the local IFQ'S to the fishermen of this area and cause a loss of the annual income to local fishermen over the long term,

Lastly, while the State Lands Commission and PG&E may have met the minimum noticing requirements for this project and its documentation, given the nature and scope of this project, and its potential known and unknown impacts, the timeline for comment on this DEIR is woefully inadequate for meaningful analysis and comment by the public and seems on a fast track suited only to PG&E and their project calendar and commitments.

Based upon the foregoing, it is the City of Morro Bay's position that if this study goes on as planned, there will be serious damage to our local economy from revenue lost from the study's effects on commercial fishing, sport fishing and whale and marine mammal watching, as well as the countless other businesses that depend on them for their livelihood. Therefore, if this project were to proceed as proposed, there must be fair mitigation, both short term and long term, to the City and fishermen of Morro Bay, as well as full account of the effects on the local ecosystem and meaningful and effective mitigation measures to offset those effects.

Sincerely,

  
Robert Schultz  
City Attorney

cc: Mayor & Council  
City Manager  
Harbor Director



AGENDA NO: D-1

MEETING DATE: September 6, 2012

## Staff Report

**TO:** Harbor Advisory Board

**DATE:** August 28, 2012

**FROM:** Eric Endersby, Harbor Director

**SUBJECT:** Discussion on Formation of a “Friends of the Harbor Department”  
Non-Profit as a Support and Fundraising Mechanism for the Department

### RECOMMENDATION

Discuss options for formation of a “Friends of the Harbor Department” group.

### FISCAL IMPACT

No direct fiscal impacts other than staff time required if concept moved forward. Direct fiscal support anticipated should the group form and become active and successful.

### BACKGROUND

Morro Bay Fire and Police Departments both have “Friends” groups that were formed by citizens as non-profit community support and fundraising groups to help improve fire and police services in Morro Bay. Although various persons have in the past brought up the idea of a “Friends of the Harbor Department” group for the same purposes, to date no effort has coalesced into realization of a group. Harbor Advisory Board member Bill Luffee raised the concept at the August HAB meeting for future discussion and possible assistance in formation of such a group for the Harbor Department.

### DISCUSSION

The Morro Bay Fire and Police “Friends” groups are both non-profit organizations that assist those departments with communicating department issues to the community and raising funds to purchase new equipment and provide training opportunities to personnel. Although not part of the City structure, both groups have become accepted and effective participants in both departments’ activities.

Since two models exist in the City as templates, looking to one or both for direction in terms of non-profit set-up and administration seems a logical course of action. The HAB could choose to form a sub-committee or ad-hoc committee to officially assist in formation and implementation, or individual HAB members could participate on their own.

Prepared By: EE

Dept. Review: EE



**AGENDA NO: D-2**

**MEETING DATE: September 6, 2012**

## Staff Report

**TO: Harbor Advisory Board** **DATE: August 28, 2012**

**FROM: Eric Endersby, Harbor Director**

**SUBJECT: Discussion on Future Planning Process for the Power Plant Property**

### **RECOMMENDATION**

Discuss future planning process of the Morro Bay Power Plant property and make recommendations, if any, to the City Council.

### **BACKGROUND**

Starting with community discussions roughly ten years ago when then-plant owner Duke Energy was pursuing a major modernization project of the Morro Bay Power Plant, multiple alternate options for the plant property were brought forth by members of the community and other groups, which eventually culminated in the formation of the "Morro Bay North Embarcadero Waterfront Futures Group," or "NEW Futures Group" ad-hoc committee and their Phase I report (Community Outreach, Future Options & Recommendations) to the City Council in July, 2007.

In time the plant ownership changed hands several times, and eventually the modernization project was dropped and permits lapsed. With the California Water Quality Control Board ruling that once-through seawater cooling for coastal power plants be phased-out by 2015, it is anticipated that, absent of a waiver or other viable alternative to once-through cooling, the plant will close down by 2015.

At the August HAB meeting, member Jeff Eckles wished to agendize a HAB discussion on possible recommendations to the City Council regarding the looming closure of the plant and how to move forward with a community input process for the future planning of the property.

### **DISCUSSION**

Should the Morro Bay Power Plant cease operations on or before 2015, the plant owner could simply close their doors and leave the site as-is, remediate the property to some degree or another, up to and including demolition, put the property up for sale, or any combination thereof. Leading up to or when plant closure occurs, assuming it does, the NEW Futures Group and 2007 report may become relevant or at least a starting-off point for future community involvement and input for recommendations for the property.

Prepared By: EE

Dept. Review: EE

## **CONCLUSION**

The Morro Bay Power Plant will likely close in 2015. In 2006-2007 a City Council-directed and support community ad-hoc committee undertook and completed Phase I of the NEW Futures report to the Council on the future of the power plant property. As the plant continued to operate as-is, no action was taken on the NEW Futures report and it was essentially shelved.

While staff believes that this site holds one of the keys to this city's economic future, development of the site by any entity after plant closure would be a very involved and potentially costly planning, zoning, and Council/community input process, in addition to costs involved with purchase/acquisition of the property.