

Exhibit A

San Luis Obispo Local Agency Formation Commission

LAFCO No. 1-S-21

Sphere of Influence Amendment to the City of Morro Bay (Panorama Lots)

CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS

Prepared by San Luis Obispo LAFCO

1. Consideration of the Environmental Impact Report

The Commission, as a Responsible Agency, has reviewed and considered the information in the Final Environmental Impact Report (EIR) for the Morro Bay General Plan and LCP Update; State Clearinghouse Number 2017111026, among other documents and has concluded that the EIR is adequate for the purposes of the Commissions' compliance with CEQA (pursuant to Public Resources Code Section 21000 et seq., and CA Code of Regulations Section 15000 et seq.) for the proposed action. The Commission has reached its own conclusion whether and how to approve the proposed Sphere of Influence (SOI) Amendment for the City of Morro Bay and the associated Panorama Lots area.

As a Responsible Agency, the Commission must rely upon the EIR prepared for the project and concur with its conclusions relative to the action before the Commission. The action of the Commission would allow the City to amend the area known as the Panorama Lots area into its SOI boundaries. As such, the EIR was reviewed in this context to ensure the annexation would adequately address any potential environmental impacts. The Commission concluded that no substantial changes are proposed in the project which will require major revision of the previously certified EIR, no substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require major revision of the previously certified EIR, and no new information of substantial importance has been identified which was not known at the time that the previous EIR was certified.

Mitigation measures are proposed to reduce potentially significant impacts to a less than significant level as related to construction air quality emission, special status species, wildlife movement, cumulative impacts to biological resources, archaeological resources, cumulative cultural resources impacts, ground borne vibration, cumulative noise impacts, pedestrian and bicycle travel, tribal cultural resources, and cumulative tribal cultural resources impacts. The City adopted overriding considerations based on significant and unavoidable impacts associated with clean air consistency, cumulative air quality impacts, vehicle miles travelled, and cumulative transportation impacts for all elements of the City's General Plan Update. Overriding findings are proposed for impacts that were determined to be significant and unavoidable.

These findings and determinations constitute the independent findings and determinations by the Commission in all respects and are fully and completely supported by substantial evidence, both oral and written, in the entire record relating to the proposal before the Commission.

2. Record of Proceedings

Supporting documentation and other materials (including documents maintained in electronic format) that constitute the record of proceedings upon which this determination is based can be found online and in the custody of the Commission's Executive Officer at office address:

San Luis Obispo Local Agency Formation Commission
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401

The record of proceedings for Commission decisions on the proposal includes, but is not limited to, the following documents:

- a) August 2017 the preparation of Municipal Service Review Determinations and Sphere of Influence update statements of its determinations:
 - LAFCO prepared a Municipal Service Review pursuant to Government Code section 56430 in 2017.
 - Written determination have been prepared pursuant to Government Code section 56430 (a) and section 56425 (e).

- b) March 2021 the City of Morro Bay City Council adopted the following:
 - Resolution 14-21** Initiating Proceedings to amend the Sphere of Influence
 - Exhibit A – Legal Description
 - Exhibit B – Proposed SOI Map
 - Exhibit C – SOI Land Use
 - Exhibit D – Plan for Services

- c) May 2021 the EIR for the Morro Bay General Plan and LCP Update (SCH # 2017111026) was Certified.

- d) On May 25, 2021 the City Council adopted Plan Morro Bay which is a comprehensive update of the City's 1988 General Plan and 1984 LCP (Coastal Land Use Plan).

- e) On August 12, 2021, the California Coastal Commission voted unanimously to certify the Coastal Land Use Plan (LUP) via LCP Amendment #LCP-3-MRB-21-0047-1.

- f) June 28, 2021, the City submitted their Resolution of Application to LAFCO.

- g) Public notices issued by the Commission associated with the proposal.
 - LAFCO prepared and distributed a notice to the affected agencies and land owners on October 28, 2021, consistent with Government Code section 56427, and provided notice in a newspaper of general circulation per Government Code section 56153.

Although the findings below identify specific pages within the record in support of various conclusions, the Commission incorporates by reference and adopts as its own, the reasoning set forth in the EIR and related documents, and thus relies on that reasoning, even where not specifically mentioned or cited below, in reaching the conclusions herein.

3. Significant Impacts Identified in the EIR

The City certified the EIR for the Morro Bay General Plan and LCP Update in May 2021, which evaluated environmental impacts on the expansion of the City's service area. Other than approving the SOI expansion analyzed in the EIR, changes and alterations to avoid or substantially lessen the significant

environmental effects as identified in the EIR are within the responsibility and jurisdiction of the City and not the Commission.

The Commission's jurisdiction to impose conditions on the Project is limited under Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) and CEQA Guidelines sections 15050 (Lead Agency Concept) and 15096 (Process for a Responsible Agency). As a responsible agency, the Commission has responsibility for mitigating or avoiding only the direct or indirect environmental effects of those parts of the Project that it decides to carry out, finance, or approve. (CEQA Guidelines, section 15096(g)(1)).

The Commission hereby makes the following findings regarding the significant effects of the project, pursuant to Public Resources Code section 21081, and section 15091 of the CEQA Guidelines. The discussion below does not attempt to describe the full analysis of each environmental impact contained in the EIR. Instead, the discussion provides a summary of each potentially significant impact, describes the applicable mitigation measures identified in the Draft EIR or Final EIR as adopted by the City of Morro Bay, and states the Commission's findings on the significance of each impact after imposition of the adopted mitigation measures. A full explanation of these environmental findings and conclusions can be found in the DEIR and FEIR, and these findings hereby incorporate by reference the discussion and analysis in those documents supporting the FEIR's determinations regarding mitigation measures and the Project's impacts and mitigation measures designed to address those impacts.

In order for LAFCO to consider the proposed SOI expansion, a Statement of Findings is provided for the following impacts identified in the EIR as significant and unavoidable. LAFCO, as a Responsible Agency, has prepared the following Findings as required per CEQA Guidelines section 15096 (h).

The EIR identified several beneficial (Class IV) and less than significant impacts (Class III), which the Commission has reviewed and considered and concurs with the conclusions of those respective impact analyses. The findings below, as required by CEQA Guidelines Section 15091, are associated with significant impacts, which includes significant impacts that are mitigable and significant impacts that are not mitigable.

CLASS I. Significant Unavoidable Impacts that cannot be fully Mitigated

Impact AQ-1: The General Plan and LCP Update would result in an increase in VMT that would exceed the projected rate of population growth in Morro Bay, which would be inconsistent with the SLOAPCD Clean Air Plan. This would be a significant and unavoidable impact.

- a. Mitigation Measures: The General Plan and LCP Update would comply with applicable General Plan and LCP Update goals and policies that would reduce VMT to the extent feasible. In addition, individual development projects in the planning area would require project-level environmental review, including evaluation of future projects for consistency with the applicable air quality plan in accordance with the SLOAPCD CEQA Air Quality Handbook, which could result in the implementation of project-specific mitigation measures to reduce VMT. However, no additional

policy-oriented mitigation is available that would reduce projected VMT, therefore this impact remains significant and unavoidable. (FEIR p. 4.2-10 – 4.2-19.)

- b. Finding: The Commission finds specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR. No mitigation is available that would reduce the project rate of VMT growth below the projected rate of population growth in Morro Bay. Therefore, the General Plan and LCP Update would be inconsistent with the SLOAPCD Clean Air Plan, and impacts related to consistency with the 2001 CAP would remain significant and unavoidable. A statement of overriding considerations for this impact is made in Section 5.

Impact T-2: The General Plan and LCP Update anticipates land use growth that would result in a long-term increase in vehicle miles traveled (VMT) within the City’s Sphere of Influence (SOI). The General Plan and LCP Update Circulation Element includes goals and policies that reduce reliance on passenger vehicles, facilitate pedestrian and bicycle transportation, and establish local targets for VMT reduction. However, future development in Morro Bay would result in increased per service population VMT, and no feasible mitigation is available that would fully address the anticipated increase in VMT. This impact would be significant and unavoidable.

- a. Mitigation Measures: Future development in Morro Bay would result in increased long-term VMT, even with implementation of identified goals and policies that would reduce VMT to an extent. No additional feasible mitigation is available that would fully address the anticipated increase in VMT resulting from the General Plan and LCP Update.
- a. Finding: The Commission finds specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or project alternatives identified in the FEIR. Mitigation is not available that would fully address the anticipated increase in VMT resulting from the General Plan and LCP Update. A statement of overriding considerations for this impact is made in Section 5.

CLASS II. Significant but Mitigable Impacts

Impact AQ-2: Buildout of the General Plan and LCP Update would result in short-term emissions of criteria pollutants. Construction emissions from future project in the planning area would be quantified once project details are known and evaluated for potential impacts in accordance with SLOAPCD guidance. This impact would be less than significant with mitigation.

- a. Mitigation Measures: Proponents of individual land use projects, or other projects requiring grading or building permits, shall require construction contractors to incorporate the following standard mitigation measures, as applicable, to reduce ROG, NOX, and DPM emissions from construction equipment. Mitigation measures shall be listed on project construction plans and the project proponent shall perform periodic site inspections during construction to ensure that mitigation measures are being implemented.
- Maintain all construction equipment in proper condition according to manufacturer's specifications
 - Fuel all off-road and portable diesel powered equipment with ARB-certified motor vehicle diesel fuel (non-taxed version suitable for use off-road)
 - Use diesel construction equipment meeting ARB's Tier 2 certified engines or cleaner off-road heavy-duty diesel engines, and comply with the State Off-Road Regulation
 - Use on-road heavy-duty trucks that meet ARB's 2007 or cleaner certification standard for on-road heavy-duty diesel engines, and comply with the State On-Road Regulation
 - Construction or trucking companies with fleets that do not have engines in their fleet that meet the engine standards identified in the above two measures (e.g. captive or NO_x exempt area fleets) may be eligible by proving alternative compliance
 - All on and off-road diesel equipment shall not idle for more than 5 minutes. Signs shall be posted in the designated queuing areas and or job sites to remind drivers and operators of the 5 minute idling limit
 - Diesel idling within 1,000 feet of sensitive receptors is not permitted
 - Staging and queuing areas shall not be located within 1,000 feet of sensitive receptors
 - Electrify equipment when feasible
 - Substitute gasoline-powered in place of diesel-powered equipment, where feasible
- Use alternatively fueled construction equipment on-site where feasible, such as compressed natural gas (CNG), liquefied natural gas (LNG), propane or biodiesel.
- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure AQ-2 would reduce the significant impact to a less than significant level.

Impact BIO-1: **New development facilitated by the General Plan and LCP Update could impact listed and other individual special status species and foraging and breeding habitat for special status wildlife and habitat for special status plants. This impact would be less than significant with incorporation of mitigation.**

- a. Mitigation Measures: BIO-1(a) Avoidance and Minimization during Development. Policy C-1.3 shall be updated to read:

Policy C-1.3. Biological Site Assessments. A biological assessment shall be required for any development proposed on sites that include or are within 100 feet of mapped ESHA in Figure C-2, and all other sites with natural vegetation regardless of whether ESHA has been mapped in Figure C-2, and for all other projects for which evidence indicates that ESHA may be present either on or adjacent to the site. The best available information about the location of ESHA in the City shall be used. Such assessment shall be prepared at the owner's expense by a qualified biologist approved by the City and shall, at minimum:

- a. Identify and confirm the extent of the ESHA,
- b. Document any site constraints and the presence of sensitive plant or animal species,
- c. Recommend buffers and development setbacks and standards to protect the ESHA,
- d. ~~Recommend mitigation measures to address any allowable impacts~~ If listed species, other special status species, or nesting birds are present or have potential to occur, specify avoidance and minimization measures, including compensatory mitigation, to be implemented to avoid or minimize take of individuals and loss of occupied habitat, and specify the necessary consultation pathway(s) with USFWS, NMFS, and/or CDFW to obtain incidental take coverage, where necessary, and
- e. Include any other information and analyses necessary to understand potential ESHA impacts as well as measures necessary to protect the resource as required by the Local Coastal Program.

If the site contains the potential for monarch overwintering or rookeries due to the presence of appropriately sized trees and groves, a seasonally timed survey appropriate for detecting the target species must also be included in the study.

BIO-1(b): External Impacts. Policy OS-7.1 shall be updated to read:

Policy OS-7.1 Account for External Impacts. If any portion of the area outside the city limits is included in the City's sphere of influence in the future, prepare and adopt a plan for the affected parcels that includes infrastructure and services provided by the City of Morro Bay. The plan shall also identify policies for the protection of natural resources in the affected areas.

- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measures BIO-1(a) and BIO-1(b) would reduce the significant impact to a less than significant level.

Impact BIO-3: New development facilitated by the General Plan and LCP Update may remove trees, encroach on rookeries and breeding sites, impede movement of terrestrial and aquatic wildlife, and otherwise interfere with the movement of wildlife. Impacts to wildlife corridors, rookeries, and nest sites would be less than significant with incorporation of mitigation.

- a. Mitigation Measures: Wildlife Movement Corridors Protection. The following policy shall be added to the Conservation Element.

Policy C-1.17. Project Design for Wildlife Connectivity. Design new stream crossing structures and extensions or modifications of existing structures to accommodate wildlife movement. At a minimum, structures within steelhead streams must be designed in consultation with a fisheries biologist and shall not impede movement. New project with long segments of fencing and lighting shall be designed to minimize impacts to wildlife. Fencing or other project components shall not block wildlife movement through riparian or other natural habitat. Where fencing or other project components that may disrupt wildlife movement is required for public safety concerns, they shall be designed to permit wildlife movement.

- a. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure BIO-3 would reduce the significant impact to a less than significant level.

Impact CR-1: Development facilitated by the General Plan and LCP Update has the potential to impact historical and unique archaeological resources. Implementation of applicable General Plan and LCP Update goals and policies would minimize or avoid potential adverse impacts to historical and archaeological resources. This impact would be less than significant with incorporation of mitigation.

- a. Mitigation Measures: CR-1(a). Avoidance or Minimization of Historic, Cultural, and Archaeological Resources Impacts. Policy C-2.3 of the General Plan and LCP Update shall be revised to read:

Policy C-2.3. Protection of Cultural Resources. Ensure the protection of historic, cultural, and archeological resources during development, construction, and other similar activities. Development shall avoid, to the maximum extent feasible, adversely impacting historic, cultural, and/or archaeological resources, and shall include adequate BMPs to address any such resources that may be identified during construction, including avoidance, minimization, and mitigation measures sufficient to allow documentation, preservation, and other forms of mitigation. If the resource(s) in question are of Native American origin, develop avoidance or minimization measures in consultation with appropriate Native American tribe(s).

CR-1(b). Cultural Resources Study Implementation Action. The following implementation action for Goal C-2 shall be added to the General Plan and LCP Update:

Require all discretionary proposals within the cultural resources overlay to consider the potential to disturb cultural resources. If preliminary reconnaissance suggests that cultural resources may exist, a Phase I cultural resources study shall be performed by a qualified professional meeting the Secretary of the Interior's (SOI) Professional Qualification Standard (PQS) for archaeology and/or architectural history, as appropriate (NPS 1983).

A Phase I cultural resources study shall include a pedestrian survey of the project site and sufficient background research and field sampling to determine whether subsurface prehistoric

or historic remains may be present. Archival research should include a records formation Center (CCIC) and a Sacred Lands File (SLF) search with the Native American Heritage Commission (NAHC). Where identified or potential resources are of Native American origin, the appropriate Native American tribe(s) will participate with the qualified professional. The technical report documenting the study shall include recommendations to avoid or, if avoidance is not feasible, reduce impacts to cultural resources.

- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the Final EIR. Mitigation Measures CR-1(a) and CR-1(b) would reduce the significant impact to a less than significant level.

Impact N-2: Construction of individual projects facilitated by the General Plan and LCP Update could temporarily generate ground borne vibration, potentially affecting adjacent sensitive land uses. Although the Morro Bay Municipal Code’s timing restrictions on construction activity would limit vibration disturbance, high vibration levels during working construction hours could potentially disturb people or damage fragile buildings. This impact would be less than significant with mitigation. The impact of land sliding and slope instability is a significant impact that can be mitigated with appropriate mitigation measures.

- a. Mitigation Measures: Construction Vibration Control Measures and Notification. The following new policies shall be added to the Noise Element under Goal NOI-3:

Policy NOI-3.5. Vibration Control. Control construction vibration by avoiding the use of vibratory rollers near vibration-sensitive receptors and scheduling construction activities with the highest potential to produce vibration to hours with the least potential to affect sensitive land uses.

Policy NOI-3.6. Construction Vibration Notification. Developers shall notify neighbors of scheduled construction activities that would generate vibration. Mitigation Measure N-2 would be required.

- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure N-2 would reduce the significant impact to a less than significant level.

Impact T-1: Implementation of the General Plan and LCP Update would increase vehicle traffic volumes, which have the potential to interfere with pedestrian and bicycle travel on or along roadways. The General Plan and LCP Update includes goals and policies to improve safety, access, and performance of public transit, bicycle, and pedestrian transportation modes. Implementing specific pedestrian circulation improvement measures at affected facilities would further improve the performance of pedestrian transportation modes. Therefore, impacts to pedestrian operations would be reduced to a less than significant level with mitigation. The impact of soil erosion and loss of

topsoil due to construction and operation of Project components is a significant impact that can be mitigated with appropriate mitigation measures.

- a. Mitigation Measures: Pedestrian Facility Improvements. The following pedestrian facility improvements shall be added to the list of “Planned Circulation Improvements” in the General Plan and LCP Update Circulation Element.
- Embarcadero North of Beach Street: Provide sidewalks and a vehicular connection shifting traffic away from Beach Street for the redeveloped Morro Bay Power Plant site.
 - Morro Bay Boulevard: Provide a landscaped buffer at least two feet wide between the sidewalk and travel lanes.
 - Main Street south of Radcliffe Drive: Provide continuous sidewalks to provide acceptable pedestrian operations.
 - SR 41 east of Main Street: Provide sidewalks with a landscaped buffer when adjacent properties are redeveloped.

In addition, Policy CIR-1.8 shall be revised as follows:

Policy CIR-1.8. Capital Improvement Program. Use the City's Capital Improvement Program (CIP) process to prioritize, fund, and build roadway, and bikeway, and pedestrian improvements, and to address phasing and construction of traffic infrastructure throughout the city.

- b. Finding: The Commission finds changes or alterations have been required in, or incorporated into, the project that avoid or substantially lessen the significant environmental effect as identified in the FEIR. Mitigation Measure T-1 would reduce the significant impact to a less than significant level.

4. Findings regarding Alternatives Analyzed in the EIR

CEQA requires that the discussion focus on alternatives to the project or its location that are capable of avoiding or substantially lessening any significant effects of the Project. Only locations that would avoid or substantially lessen any of the significant effects of the Project need be considered for inclusion in the EIR (CEQA Guidelines Section 15126.6[f][2][A]).

An evaluation of an alternative to the Project location is appropriate for a site-specific development project. In the case of the SOI Amendment, the City of Morro Bay City Council considered the required no project alternative. The rest of the alternatives considered do not specifically pertain to the SOI amendment since the sphere itself would not be considered a site-specific development.

Nonetheless, since LAFCO will be relying on this EIR for the purpose of the SOI amendment, LAFCO will address the alternatives that were required to be examined for the proposed General Plan and LCP Update per CEQA guidelines. Of these, the FEIR identified that Alternative 2 would be the environmentally superior alternative when considering overall environmental impacts relative to the performance metrics.

Although Alternative 2 is infeasible because it fails to meet some of the project objectives identified in the General Plan and LCP Update vision and values.

Pursuant to CEQA, the City Council Members considered the following alternatives to the Proposed Project as described in the FEIR, which would reduce or avoid project-specific and cumulative impacts, and rejected them as infeasible as follows:

- Alternative 1: No Project/Continue using 1988 General Plan and 1984 LCP
- Alternative 2: Proposed General Plan and LCP Update without Morro Bay Power Plant/WWTP Redevelopment
- Alternative 3: Reduced Commercial Floor Area Ratio

Alternative 1: No Project – No Development

Subdivision 15126.6(e) of the CEQA Guidelines requires a “no project” alternative be evaluated in an EIR to allow decision makers to compare the impacts of approving a proposed project with the impacts of not approving that project. CEQA Guidelines subdivision 15126.6(e)(3) describes the two general types of no project alternative: (1) when the project is the revision of an existing land use or regulatory plan, policy, or ongoing operation, the no project alternative would be the continuation of that plan; and (2) when the project is not a land use/regulatory plan, such as a specific development on an identifiable property, the no project alternative is the circumstance under which that project is not processed (i.e., no development occurs). Alternative 1 represents the former type of no project alternative and assumes the continued implementation of the 1988 General Plan and 1984 LCP.

This alternative is comprised of a land use pattern that reflects the land use identified in the existing 1988 General Plan. Under this alternative, the proposed General Plan and LCP Update would not be adopted and the existing General Plan and LCP, including the land use map and all of the General Plan and LCP goals and policies, would remain in place through the horizon year of 2040. Thus, any new development in Morro Bay would occur consistent with the existing land use designations and the allowed uses within each designation. Similarly, any new infrastructure would occur as envisioned in the existing 1988 General Plan. Development under this alternative is anticipated to be generally similar in much of the planning area but would not include mixed-use development in the downtown area, or the identified redevelopment of the former Morro Bay Power Plant and City wastewater treatment plant (WWTP) sites, resulting in more non-residential development than under the General Plan and LCP Update. As a result, overall development and anticipated growth would be reduced under the No Project Alternative compared to the General Plan and LCP Update.

This alternative assumes that the City’s Sphere of Influence (SOI) would not be extended to include 1,077 acres of the planning area beyond the city limits that is identified as a future extension of Morro Bay’s SOI. Therefore, the planning area for this alternative encompasses the existing city limits and SOI. (FEIR p. 7-2 – 7-10.)

Alternative 2: Alternative Site

One of the primary long-term strategies of the proposed General Plan and LCP Update land use plan is redevelopment of the former Morro Bay Power Plant and City WWTP sites with uses that respond to their unique site attributes to provide future growth areas for the city within the existing city limit. Under the General Plan and LCP Update land use plan, the former Morro Bay Power Plant and City WWTP sites are planned to accommodate Mixed Use, Public/Institutional, Visitor Serving Commercial, and Open Space/Recreation uses with much of the development being new. Approximately 50 percent of the planned non-residential land use growth (from existing to buildout) and approximately 80 percent of the visitor-serving commercial growth would occur at the former Morro Bay Power Plant and City WWTP sites. The General Plan and LCP Update Land Use Element includes Policy LU-5.4 and Policy LU-5.5, which require the city to develop master plans for these sites and the surrounding areas.

Alternative 2 would remove Policy LU-5.4 and Policy LU-5.5 from the General Plan and LCP Update, and would revise the land use plan to include the former Morro Bay Power Plant and City WWTP sites in Open Space/Recreation, preserving natural areas and resources, and providing future recreational opportunities, consistent with other goals of the General Plan and LCP Update. This alternative would build on the preservation of natural areas within the planning area by reducing the amount of new development compared to the proposed General Plan and LCP Update.

Under Alternative 2, approximately 3.1 million square feet of new commercial development could be constructed in the planning area. This would be 5.7 million fewer square feet of new commercial square footage than could be constructed compared to the General Plan and LCP Update. Additionally, approximately 300 fewer residential units could be constructed within the planning area, as a result of the elimination of the mixed-use overlay in the Morro Bay Power Plant redevelopment area. A comparison of the development that could occur under Alternative 2 and the General Plan and LCP Update is provided in Table 7-1.

Because 300 fewer dwelling units would be constructed under Alternative 2, population density of the city would be slightly reduced compared to the General Plan and LCP Update. Assuming 1.65 people per household, full buildout of Alternative 2 would result in a population of 11,541 in 2040. This would be approximately 521 fewer residents compared to the year 2040 population under full implementation of the General Plan and LCP Update (12,062 people). Overall, Alternative 2 would reduce the growth in population in Morro Bay through the year 2040 by approximately 4 percent and would reduce the net growth in non-residential development through the year 2040 by approximately 52 percent compared to the General Plan and LCP Update. (FEIR p. 7-10 – 7.16.)

Alternative 3: Alternative Ocean Outfall Pipe

Under the Reduced Commercial Floor Area Ratio (FAR) Alternative, the maximum allowable FAR for the Community Commercial and Visitor-Serving Commercial land use designations would be reduced from 1.25 to 1.0 to reduce commercial density and overall vehicle miles traveled associated with new non-residential development. Approximately 75 percent of the potential new commercial development identified in Table 2-5 of the Final EIR is comprised of Community Commercial and Visitor-Serving Commercial land use (approximately 1.1 million square feet of Community Commercial and approximately 5.5 million square feet of Visitor Serving Commercial). Due to the reduction in overall growth, this

alternative would incrementally reduce new vehicle traffic. Development under Alternative 3 assumes that all goals and policies put in place by the General Plan and LCP Update will be in force.

Under Alternative 3, approximately 7.5 million square feet of new commercial development could be constructed in the planning area. This would be 1.3 million fewer square feet of new commercial square footage than could be constructed under the General Plan and LCP Update. Additionally, approximately 103 fewer residential units could be constructed within the planning area, as a result of the FAR reduction within the planned mixed-use overlay areas. A comparison of the development that could occur under Alternative 3 and the General Plan and LCP Update is provided in Table 7-1.

Because 103 fewer dwelling units would be constructed under Alternative 3, population density of the city would be slightly reduced compared to the General Plan and LCP Update. Assuming 1.65 people per household, full buildout of Alternative 3 would result in a population of 11,867 in 2040. This would be approximately 195 fewer residents compared to the 2040 population under full implementation of the General Plan and LCP Update (12,062 people). Overall, Alternative 3 would reduce the growth in population in Morro Bay through the year 2040 by approximately 2 percent and would reduce the net growth in non-residential development through the year 2040 by approximately 12 percent compared to the General Plan and LCP Update. (FEIR p. 7.17-23.)

ENVIRONMENTALLY SUPERIOR ALTERNATIVE AND FEASIBILITY OF PROJECT ALTERNATIVES

1. **Finding:** The No Project Alternative (Alternative 1) would be environmentally superior in comparison to the General Plan and LCP Update because it would continue implementation of the existing 1988 General Plan, which would accommodate less development and growth than the General Plan and LCP Update, Alternatives 2, or Alternative 3. Although Alternative 1 would entail continued growth as dictated by the existing 1988 General Plan, this alternative would not implement new policy language included in the General Plan and LCP Update, such as policies intended to provide guidance for future development and reduce long-term community impacts associated with growth. Alternative 1 would eliminate significant and unavoidable impacts to air quality because it would result in substantially less new growth and associated new vehicle traffic and would therefore be consistent with the assumptions in the 2001 Clean Air Plan. However, Alternative 1 would not eliminate the significant and unavoidable project-level or cumulative impacts associated with increased VMT. (FEIR p. 7.25-26.)
 - The Commission finds the No Project Alternative is infeasible because it fails to meet any of the project objectives, including the Project's objective to guide land use decisions within the City planning area through the year 2040.
2. **Finding:** Alternative 2, Proposed General Plan and LCP Update without Morro Bay Power Plant/WWTP Redevelopment, would perform similar or better to the General Plan and LCP Update for all environmental resource areas. This alternative would result in no new development on the former Morro Bay Power Plant and City WWTP redevelopment sites, instead designating these sites as Open Space/Recreation. As a result of this reduction in future development and growth, Alternative 2 would result in reduced impacts to issue areas including aesthetic resources, GHG emissions, biological and cultural resources, geology, hazards, hydrology, noise, and

transportation. However, Alternative 2 would not eliminate the significant and unavoidable impacts associated with air quality plan consistency or project-level or cumulative impacts associated with increased VMT, because this alternative would still result in substantial new growth and the associated increase in new vehicle traffic. (FEIR p. 7.25-26.)

- While Alternative 2 is environmentally similar to the project and would partially meet the project objective to guide land use decisions within the city planning area through the year 2040, the Commission finds Alternative 2 is infeasible because it fails to meet some of the project objectives identified in the General Plan and LCP Update vision and values, including attracting new businesses and investors, providing head-of-household jobs and affordable housing options, and providing suitable urban infill and mixed-use development that accommodates modest residential and commercial growth.
- 3. Finding:** Alternative 3, the Reduced Commercial Floor Area Ratio (FAR) Alternative, would perform similar or better to the General Plan and LCP Update for all environmental resource areas. This alternative would result in less new commercial growth and development overall due to the reduction in commercial FAR. As a result of this reduction in future development and growth, Alternative 3 would result in reduced impacts to issue areas including aesthetic resources, GHG emissions, noise, recreation, and transportation. However, Alternative 3 would not eliminate any of the significant and unavoidable impacts associated with the General Plan and LCP Update, because this alternative would still result in substantial new growth and the associated increase in new vehicle traffic. Based on the information presented herein, Alternative 2 would be the environmentally superior alternative when considering overall environmental impacts relative to the performance metrics. However, designating the former Morro Bay Power Plant and City WWTP redevelopment sites as Open Space/Recreation would be inconsistent with the vision and objectives of the General Plan and LCP Update because it would eliminate urban development from areas the city has determined would contribute substantially to a pattern of compact future development, reducing long-term development pressure on agricultural lands outside the planning area. Additionally, reduced growth in these targeted redevelopment locations would be inconsistent with the goals of the General Plan and LCP Update to attract new businesses and investors and provide head-of-household jobs and affordable housing options. (FEIR p. 7.25-26.)
- While Alternative 3 is environmentally similar to the project and would partially meet the project objective to guide land use decisions within the city planning area through the year 2040, the Commission finds Alternative 3 is infeasible because it fails to meet some of the of the project objectives identified in the General Plan and LCP Update vision and values, including attracting new businesses and investors, providing head-of-household jobs and affordable housing options, and providing suitable urban infill and mixed-use development that accommodates modest residential and commercial growth.

For further discussion on the Project Alternative details and ability to achieve project objectives or feasibility please refer to the Final EIR for the General Plan and LCP Update Section 7 and the City's Findings of Fact and Statement of Overriding Considerations.

5. Process as Responsible Agency, Findings, and Statement of Overriding Considerations, (CEQA Guidelines Section 15096 (g)(1), 15091, 15093, and 15096 (h))

As a Responsible Agency under CEQA, LAFCO has discretionary authority over the City's request for the SOI amendment. Under CEQA, Responsible Agencies are required to independently review and approve the CEQA document previously prepared by the Lead Agency to comply with environmental review requirements. As such, in light of the City's request, LAFCO reviewed and considered the City's Draft EIR and Final EIR prepared and adopted by the City of Morro Bay's City Council for the 2021 Morro Bay General Plan and LCP Update Environmental Impact Report.

The City, acting as the Lead Agency, adopted a Statement of Overriding Considerations for its adopted Morro Bay General Plan and LCP Update Environmental Report (EIR SCH# 2017111026).

The Commission has made a reasonable and good faith effort to evaluate any alternatives or mitigation measures that would eliminate or substantially mitigate the environmental impacts. The Commission has reviewed the actions by the City Council to eliminate or substantially mitigate the environmental impacts, particularly the City's various mitigation measures in the Draft & Final EIR, and goals and policies identified in the General Plan.

For the reasons set forth below, the Commission determines that any significant environmental impacts caused by the proposed SOI Amendment has been minimized to the extent feasible, and where not feasible, has been outweighed and counterbalanced by the significant economic, fiscal, social, and land-use benefits to be generated to the City. This Statement of Overriding Considerations justifies finding the unavoidable adverse environmental impacts from the Proposal as acceptable.

The Commission finds that any one of the benefits set forth below is sufficient to warrant approval of the Proposal and justify the unavoidable adverse environmental impacts from the City's implementation of the proposed SOI amendment. This determination is based on the findings herein and the evidence in the record. Having balanced the unavoidable adverse environmental impacts against each of the benefits, the Commission hereby adopts this Statement of Overriding Considerations, for the following reasons in accordance with CEQA Section 21081(b) and State CEQA Guideline Section 15093.

LAFCO Policies

1. LAFCO's policies encourage and provide for well-ordered, efficient urban development patterns, balanced with preserving open space and agriculture land while discouraging urban sprawl. The SOI Update is consistent with those policies and the purposes of LAFCO.
2. LAFCO has reviewed and considered the Statement of Overriding Considerations approved by the City and the evidence that supports that Statement as set forth in the Environmental Documentation and has concluded that any adverse environmental effects of the project are outweighed by the benefits of the project that would be provided to the city, including:

- a. Natural resource preservation
 - b. Creating of jobs and housing
 - c. Economic vitality
 - d. New/needed infrastructure and amenities
 - e. Increased mobility and access
 - f. Increase resident services
3. The SOI amendment of these properties is a logical and planned expansion of the City of Morro Bay.
4. The proposed SOI action is phase I of a larger conservation easement to preserve the backdrop of the city.
5. After amending the sphere, phase II would follow in an effort to preserve the lots above panorama.
6. Overall, the approach for the SOI amendment is consistent with state law, wherein the city evaluates a growth area as a part of its general plan, then requests a SOI amendment, and finally pursues an annexation when timing necessitates.