

NORTH MAIN

WORKING WATERFRONT

EMBARCADERO

QUINTANA

DOWNTOWN

**MORRO BAY
ECONOMIC
DEVELOPMENT
ROADMAP**

Economic Centers Diagram

Docksie Restaurant

A roadmap to guide economic development initiatives and actions which could have the most direct impact on improving the City of Morro's Bay economic growth.

March 2017

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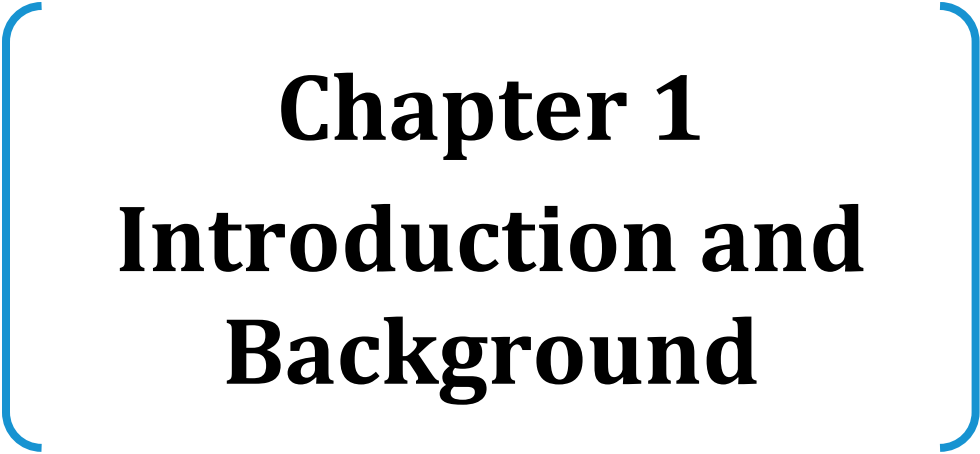
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- Keyser Marston Associates (KMA) Infrastructure Financing Guide
- Maps/Drawings

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Chapter 1

Introduction and Background

Chapter 1. Introduction & Background

During 2016/17 City of Morro Bay is updating the General Plan and the Local Coastal Plan. The city also initiated an economic development strategic planning process to create a roadmap for diversifying the economy over the next five years.

Why is an Economic Development Roadmap Important? The city experienced a significant economic impact with the closure in 2013 of the Morro Bay Power Plant. The Power Plant at its peak employed over 100 and near closure 40 high-paying jobs were lost. The economic impact of job loss alone to the region is estimated at \$18-\$20 million with an averaging annual regional household spending of \$3-\$4 million from direct and indirect job losses. The city took a direct financial loss of a reported \$750,000 in revenue to the city in licenses and fees (\$500K to General Fund and \$250K to Harbor Fund) and an estimated \$100-\$120,000 in additional property taxes.

Recovery from an economic hit like this closure is difficult enough to find something that can replace that contribution to the economy and the direct loss of revenue to the city for essential services but it is even more difficult to recover when the city itself has limited opportunities to attract new investment.

One of the purposes of the Economic Development Roadmap is to provide a guide for thoughtful and incremental economic development activities that help to replace this economic loss.

The Economic Development road mapping Project included three phases:

Phase I – Assets, Challenges and Opportunities Discovery

Phase II – Stakeholder Engagement

Phase III – Building the Framework for Action

Creating an economic development roadmap focuses on enhancing existing efforts, maximizing assets and opportunities, and mitigating or changing perceived and real constraints to business growth.

Stakeholder engagement was a key part of the Morro Bay economic development process, 40 on-on-one interviews and 139 business stakeholders participated in an online perception survey focused on Morro Bay's Economic Centers.

Throughout the project Working Papers were completed and posted to the project website, www.MorroBayStrategy.com.

Morro Bay Economic Development Working Papers

- Economic Scan, April 2016
- Perception Survey, April 2016
- Real Estate Property Search, May 2016
- Retail Market Scan, June 2016
- Business Climate, June 2016
- Phase I & II Findings, June 2016

Presentations & Work Sessions

- Task Force, May 2, 2016
- Chamber of Commerce, May 4, 2016
- Task Force, May 5, 2016

www.MorroBayStrategy.com

As Morro Bay moves forward with implementation of initiatives, the following should be kept in mind:

- The Morro Bay Economic Development Roadmap should be a living document that is continually refined through implementation and engagement of business and partners. Things will change, assets, real estate, stakeholder objectives and the economy, those should be annually considered.
- As a built-out city, with limited commercial available properties, to *significantly move the economic needle* will require larger investment-development projects, such as those that can be achieved on *catalyst sites* (such as the power plant site), or assembly of underutilized sites for new investment-development which could be long-term in nature (10-15-20 years).
- This roadmap focuses on the incremental, steady economic growth by working with the existing Economic Centers, businesses and opportunity sites for infill development – enhancing the existing while marketing and negotiating for catalytic projects.
- Successful economic development programs are based on a “shared-purpose” philosophy with collaboration of stakeholders, organizations and city.

Assets – Opportunities – Challenges

Why Important?

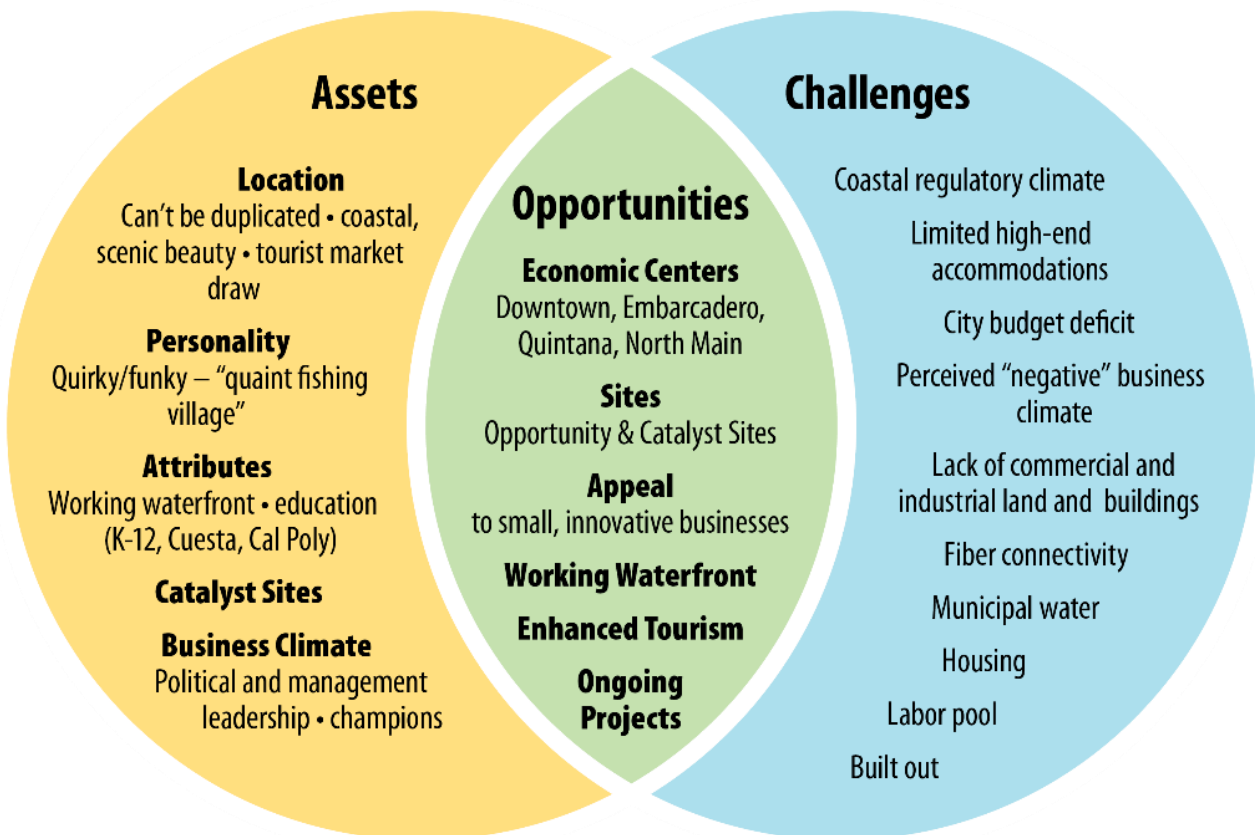
Economic development is about forward-thinking opportunities to grow the economy – leveraging unique assets, moving forward on opportunities and mitigating challenges to limit constraints to economic growth.

Economic development is focused on business and business opportunities, such as, catalyst sites, that create jobs and economic revenue to the community as well as increasing tax base.

For Morro Bay, a major challenge is the limited commercial space available for new jobs and investment. Efforts, except for the catalyst sites, need to focus on assisting existing businesses with opportunity for growth and existing opportunities of infill, reuse and possibly assemblage of properties for development.

Economic development is aligned with and can be enhanced by community development guided by the General Plan.

Figure 1 - Assets, Opportunities, Challenges



Listening Themes

Why Important?

As a small town that is basically built-out, it is important to recognize the needs and concerns of existing businesses and the public.

“Listening themes” from interviews, meetings and work sessions help to identify support and collaboration for moving forward.

Issues/Concerns of Business

- Poor/unfriendly regulatory climate – which could be a legacy factor of past administration. Specific items included parking, in lieu fees, business license vendor requirement and lack of response to specific business needs – finding solutions.
- Need for *placemaking* – feel the city appears neglected, tired or run-down due to lack of investment and beautification.
- Signage and way finding improvement for visitors to get to locations, this could be enhanced.
- Tourism market – need for bringing higher income visitor.
- Infrastructure Challenges – housing and labor pool (talent, which is a national challenge).

Emotional Ties

- Location, scenic beauty, working waterfront, beach, natural amenities and recreation, bay, ocean, biking, fishing, kayaking, paddle boarding and rock.
- Stay as we are – funky, quirky beach town but better market the area.
- Proud and embrace the entrepreneurial, small, independent spirit.
- Passion, involved stakeholders.
- Big decisions that could affect the future leave a feeling of uncertainty.

Business Climate Transition are Positive

- Trust between the business community and city is growing.
- Good news stories with All Good, Poppy’s, Morro Bay Oyster, South Bay Wild.
- Emerging growth in tech and e-commerce businesses.
- City’s current planning efforts to create clear and consistent land use/development plan for the future.
- City’s commitment and entrepreneurial efforts to stimulate investment such as, Embarcadero Promenade, Centennial Parkway, Boat Yard/Haul Out Feasibility Study, Market Plaza, Downtown Waterfront Strategic Plan, opportunity and catalyst sites and longer term planning projects addressed in the General Plan/Local Coastal Plan Update.

Building the Framework for Action

Stakeholder Objectives

Stakeholders identified four key objectives as priority actions to address in the economic development roadmap:

1. **Create Place** – *improve curb appeal, beautify gateways, entrances, front doors for the community and visitors; be welcoming;*
2. **Challenge Our Perceptions** – *be proud of ourselves and community, change current internal and external perception of our business climate;*
3. **Revitalize Our Economic Future** – *foster economic vitality in all Economic Centers, leverage local talent to support existing businesses, create space to attract emerging business sectors, increase visitor spending;*
4. **Prepare for the Future** – *protect working waterfront, power plant reuse over next 5-10 years, WWTP reuse over next 5-7 years.*

Economic Development Roadmap Framework

Economies grow by increasing the total value of goods and services produced by local firms. Business creation and growth, as well as business movement into and out of a community, are functions of characteristics that determine the efficiency and productivity of various types of firms and markets. The framework for understanding the assets, challenges and opportunities context include:

1. **Place and Market.** Morro Bay has a unique setting that cannot be duplicated – a **beautiful, small, coastal fishing town/harbor with an iconic landmark (The Rock)**. Morro Bay is highly desirable and one of the last California coastal communities with new opportunities. An economic development survey gauged stakeholder’s opinions about the city, what was important to them and how they would rank their key Economic Centers¹. Responses from survey, 139, and interviews, 40, indicated a common concern of curb appeal and attractiveness to the public (both local and visitors). Survey highlights:

Figure 2 – Perception Survey, Ranking of quality and characteristics of Economic Centers

When asked to rank the quality and characteristics of Economic Centers (Downtown, Embarcadero, North Main, Quintana) none received a rating better than 3 out of 5, with 3 being good and 5 excellent.	Self-Ranking 3
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¹ Appendix ___ Working Paper, Economic Development Survey, April 2016

Figure 3 – Perception Survey Sample Questions & Answers

What should be protected	Question: If you protect one thing, feature or amenity from change, what is it and why should it be protected?	
<ul style="list-style-type: none"> • The harbor/beaches • Ocean • The Rock • Estuary • Fishing 	<ul style="list-style-type: none"> • Open space • Small town appeal • The greenbelt and remaining hills • The Embarcadero • Municipal water supply 	
What should change	Question: If you change one thing, feature or amenity from change, what is it and why is change needed	
<ul style="list-style-type: none"> • Change the design code • Improve roads/infrastructure • Spruce up Downtown • Demolish the power plant • Need additional parking • Remove ugly utility wires & stacks 	<ul style="list-style-type: none"> • Provide affordable housing • Clean up neighborhoods • More and better pedestrian and bike-friendly access • Upgrade/modernize existing lodging Downtown 	

2. **Economic Sector Concentration.** The economy is driven by three market audiences (Figure 4):

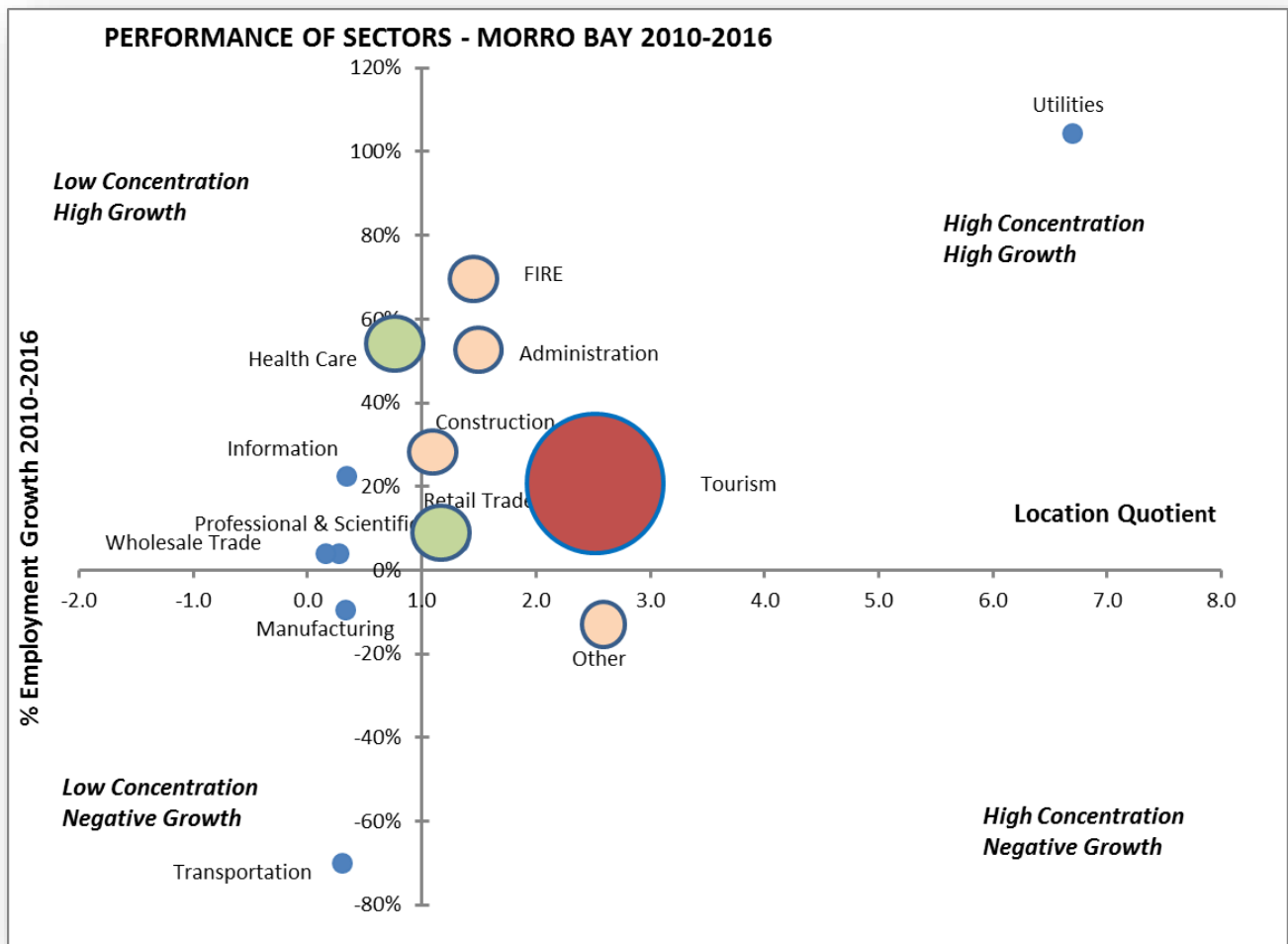
- 1) *Traded sector* where goods and services are exported out of the community bringing money in;
- 2) *Visitors* where the community attracts outside visit to the community who spend money locally on goods and services (aka tourism); and
- 3) *Population driven*, market demand from local residents purchasing goods and services.

Figure 4 - Economic Drivers: Traded Sector, Visitor Market, Population Driven



As indicated in *Figure 5*² the tourism sector is the largest employment sector in Morro Bay, which in this analysis includes arts, recreation, entertainment, accommodations and food services (not retail although retail is definitely part of tourism but serves both the local-population driven market and the visitor market.) Small businesses make up the core, 59% with less-than four employees and 79% with less-than 20.

Figure 5 - Performance of Sectors, Morro Bay 2010-2016 (April)



Morro Bay has some “emerging” businesses in the traded sector, such as, Quivers, All Good, and Morro Bay Oysters. This is a positive sign that traded sector businesses are interested and can survive in a quality-of-life location as well as a sign of the area’s entrepreneurship. The challenge is having space to incubate and scale these types of companies.

3. **Human Capital.** High quality local schools are essential to attracting and producing a quality work force. The San Luis Coastal Unified School District, which serves Morro Bay, has significantly higher graduation rates and a higher rate of graduates meeting UC/CSU requirements

² Source: California Employment Development Department, 2016. Data for 2016 is year-to-date average through April.

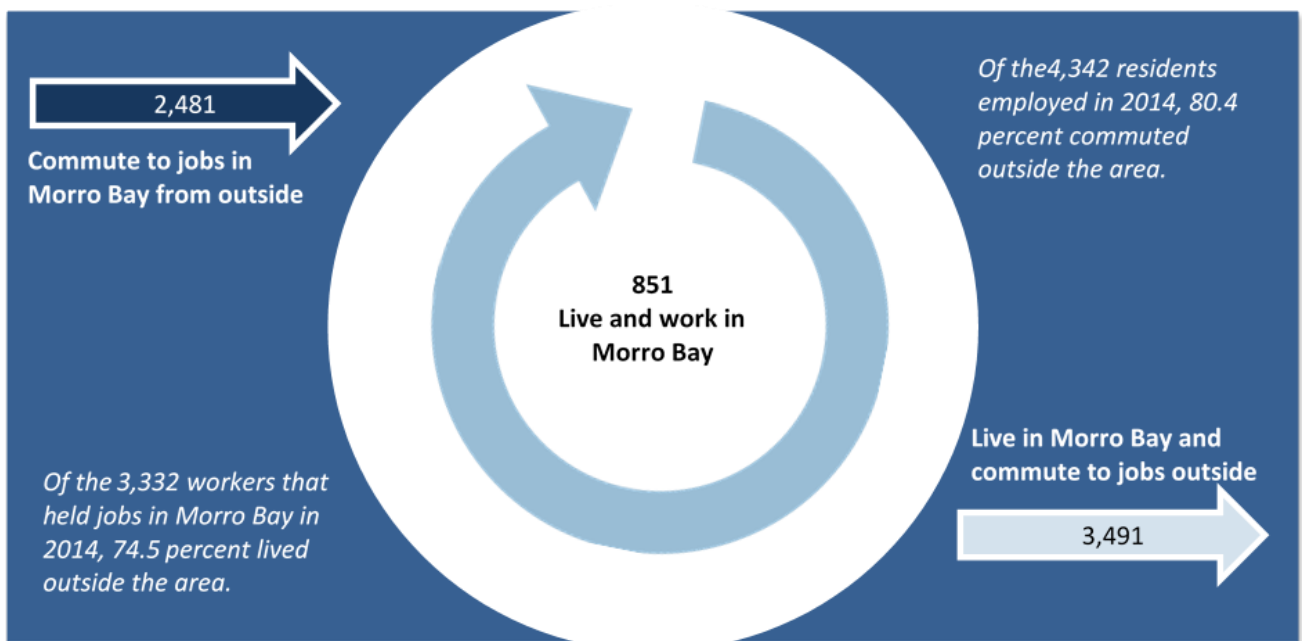
than the state. California requires a high school exit exam for all students. At the 10th grade level, the percent of students that passed the exam in math and English ranged from 92 to 95 percent in the San Luis Coastal District³.

The majority of jobs to be created nationally over the next ten years will require some post-high school education. Communities with capacity for economic growth will be those that can attract and retain knowledge workers. Educational attainment measures the highest degree attained by the adult population.

In Morro Bay, about 49 percent of the adult population has an associate's degree or higher, compared to only 39 percent of the population in the state, and 37 percent nationally. In addition to the positive education environment and education attainment, Morro Bay is also attracting more millennials to the area.

Workforce Commute Patterns. Morro Bay exports approximately 80.4%⁴ (3,491) of their talent daily to other areas in the County (or further) for work, but also imports workers from outside the area daily. In 2014, 2,481 workers, 74.5% of workers in Morro Bay, commute from outside the city (Figure 6).

Figure 6 - Inflow/Outflow Job Counts, Morro Bay, 2014



³ Source: California Department of Education, DataQuest and Ed-Data websites, 2013-14 School Year.

⁴ Source: US Census, OntheMap, Inflow/Outflow, all jobs 2014.

4. **Built Environment.** Morro Bay's many legacies – coastal location, industry mix, workforce, built environment, and rich history – provide a foundation to forge a path toward enhancing and diversifying the economy.

Morro Bay is a predominately built out community with limited space for residential, commercial and industrial growth (only 1.25 percent is undeveloped)⁵ which limit the city's ability to grow the economy in any significant manner. There are however pockets of opportunities within existing Economic Centers and potential catalyst sites.

Morro Bay has four distinct centers that create economic activity:

1. Downtown
2. Embarcadero
3. Quintana
4. North Main

Within each of these Economic Centers there are opportunities for in-fill development, renovation and enhancement of space and development. See Map I – Economic Centers.

Morro Bay also has several *catalyst* and *opportunity sites* within Economic Centers that can be focus for economic development.

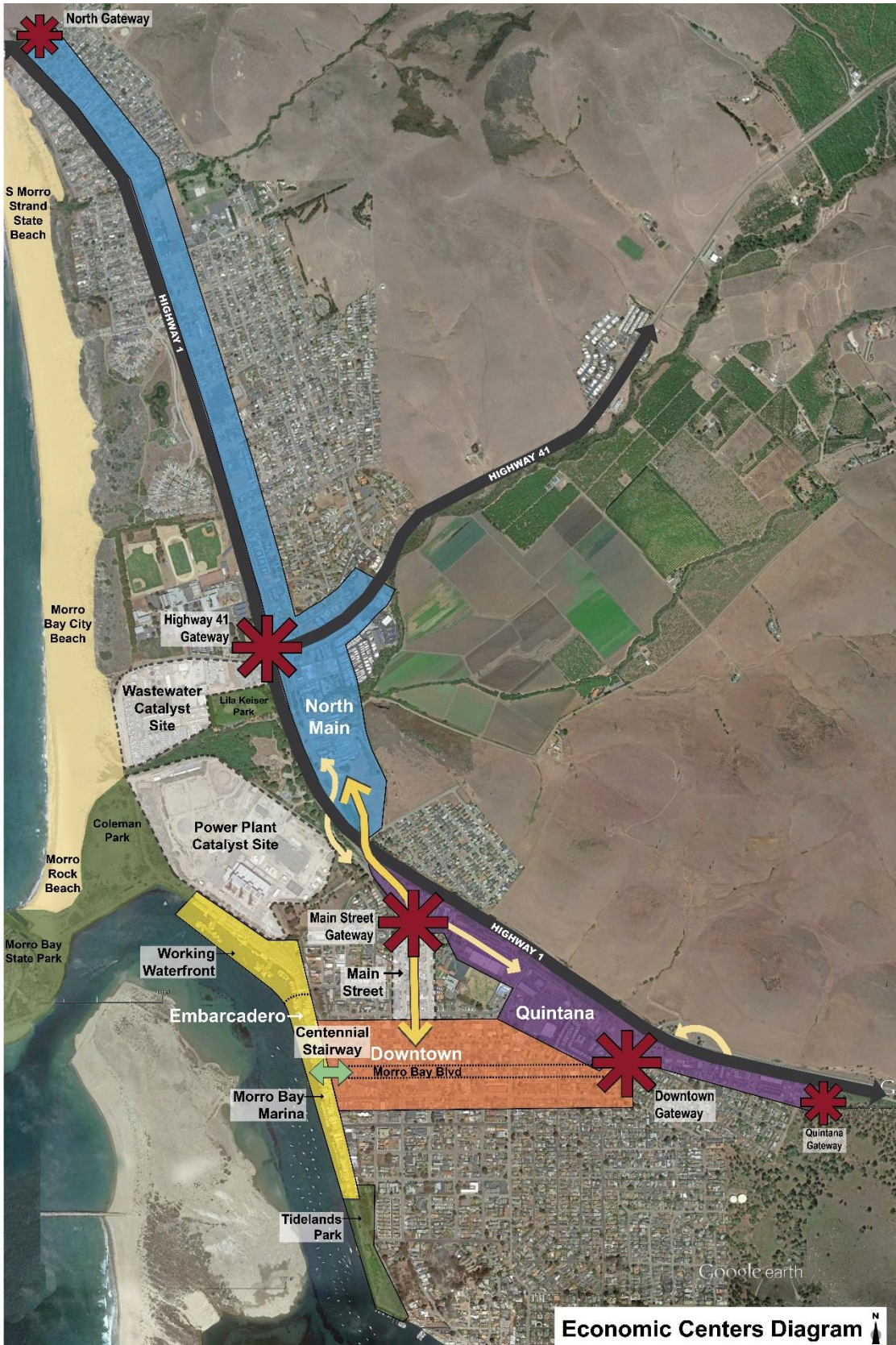
For purposes of this report, **catalyst sites** are those areas where large sized projects can make a significant economic impact. *Catalyst sites* are those that are long-term, 7-10-15 years, larger development projects and investments, and include the Power Plant property (100 acres) and reuse of the municipal wastewater treatment plant.

Opportunity sites, from an economic development standpoint, are those areas where development and investment could occur in the short-term, 3-5 years, creating incremental but small economic impact and are either in-fill, renovated or an assembly of properties, such as, assemblage of underutilized buildings and land with the defined Economic Centers and typically on the market (for sale/lease). Opportunity sites is also used in the working documents for the General Plan with a broader definition⁶.

⁵ <http://www.morro-bay.ca.us/DocumentCenter/View/10345> City of Morro Bay, Draft Key Issues and Policies Reports, Plan Morro Bay, Dec. 2016

⁶ Downtown Waterfront Strategic Plan, Public Draft, February 2017 and Plan Morro Bay Area of Change Survey

Map I - Economic Centers Diagram



5. **Effective Public-Private Collaboration.** Government enables economic activity through value-added public goods; efficient and streamlined processes, transparency and information sharing; and broad-based stakeholder engagement. The private and civic-sector also need to heighten their capacity to proactively engage in collaborative, cross-sector efforts, engaging leaders and stakeholders across all sectors to own and execute on initiatives.

The city and the community are forward-thinking and action-oriented. There are a number of actions, plans and projects under way to improve the business climate and the economy noted in Table I.

Table I – Actions, Plans and Projects

Actions	Plans	Projects
<ul style="list-style-type: none"> ▪ Business Sign Ordinance ▪ Project Tracking Software System ▪ Historical Society Rock Interpretive ▪ National Survey ▪ RFP Fiber Ring ▪ SLO Tourism Research ▪ Project Branding ▪ Signage & Wayfinding Master Plan ▪ Boat Haul-out Feasibility ▪ Tourism Integration – Designation Morro Bay 	<ul style="list-style-type: none"> ▪ Economic Development Roadmap ▪ Downtown/Waterfront Specific Plan ▪ Zoning Ordinance Update ▪ Centennial Parkway ▪ Embarcadero Promenade ▪ GPU/LCP 	<ul style="list-style-type: none"> ▪ New Aquarium ▪ Maritime Museum ▪ Market Plaza ▪ Power Plant ▪ WWTP

- 6. Current Planning.** Morro Bay is aggressively pursuing its future by clearly identifying its opportunities. Economic development is just a piece of the overall planning the city is undertaking now, as noted below. There are also additional efforts focused on tourism.

Understanding that for the most part, economic growth relies on its existing footprint, it is critical to capture and plan for growth that will best serve the community's need for fiscal stability, quality jobs, affordable housing, and quality of life that retains Morro Bay's cherished quirky, small town, working waterfront look and feel. This is an important time in the community with key catalyst projects (and the WWTP) offering unprecedented and "once in a lifetime" opportunities. These planning efforts also serve as "notice" to residents, businesses and investors that Morro Bay takes its future seriously. Current planning efforts include:

- **General Plan/Local Coastal Plan (GP/LCP) Update:** Plan Morro Bay is a two-year process to update the city's General Plan and Local Coastal Plan, as required by California state law. The documents will look toward the future of the city and address issues such as transportation, housing, open space, conservation, and safety. The final documents, will present the city's intended long-term development and conservation policies. All working documents related to the update of the General Plan/Local Coastal Plan are available at: <http://www.morro-bay.ca.us/943/PlanMB>.
- **Opportunity Sites Identified in the GP/LCP Update:** Based upon background research, city staff and General Plan Advisory Committee input, and community engagement, ten opportunity sites and four study areas have been identified. These are parcels or areas that are likely to change or are seen as in need of change by the community. The opportunity sites are within Morro Bay city limits. The four study areas are currently located outside of city limits. Of the ten opportunity sites, five are identified and addressed as opportunity or catalyst sites in this strategic plan and include:
 - 1) Power Plant (catalyst) Visitor Servicing Commercial, Mixed Use and Public Facility.
 - 2) Wastewater Treatment Plan (catalyst) General (light industrial), Visitor Serving Commercial, Public Facility, Open Space/Recreation.
 - 3) Downtown Waterfront Specific Plan Area (Downtown and Embarcadero).
 - 4) North Main Corridor.
 - 5) South Highway I Commercial Area (Quintana).
- **Special Plan/Study Areas and Current Projects:** Plans referenced in this strategic plan are identified with checkmarks all others are in process.
 - ✓ **Embarcadero Promenade:** Is a conceptual plan for the Embarcadero that considers sidewalk widening and pedestrian amenities and alternative traffic flows.
 - ✓ **Centennial Parkway Concept Plan** (adopted): Is a makeover for the Centennial Stairway with a focus on creating a stronger linkage with Morro Bay's Downtown. Centennial Parkway Is a conceptual depiction of improvements from the top of the stairs at Market Street to the Embarcadero that features an outdoor amphitheater, gathering places, outdoor seating, lighting, new boardwalk over the water and boating slips.

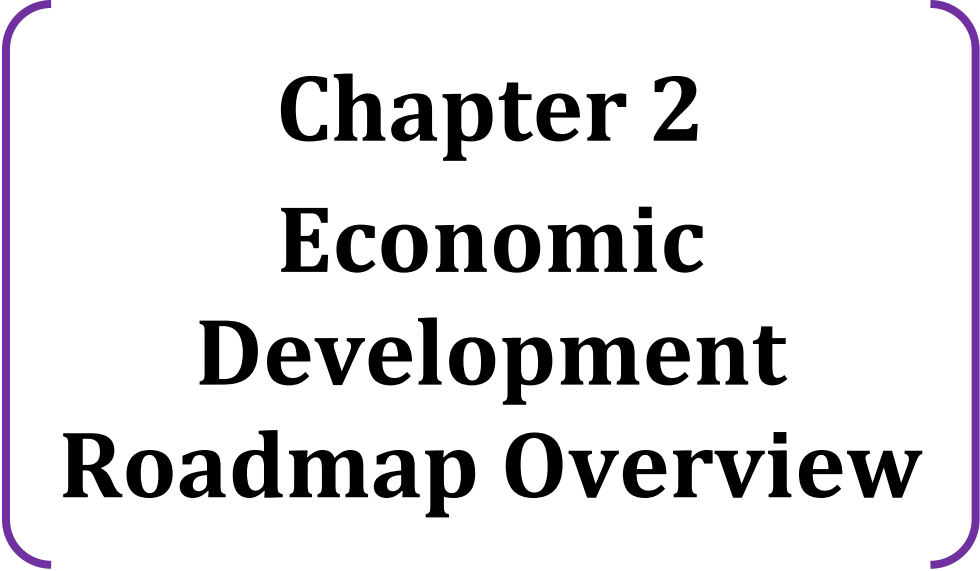
- ✓ **Market Plaza:** Is a conceptual plan for the area around Centennial Parkway and Market Street for reuse of older, underutilized buildings, vacant lots and city-controlled properties.
- ✓ **Downtown Waterfront Strategic Plan** (Public Draft February 2017): The purpose of this Strategic Plan is to connect and enhance Morro Bay’s downtown and waterfront areas and provide a more uniform feel to each district. The plan provides a framework for revitalization of opportunity sites (underutilized buildings and lots) and design guidelines for streetscape improvements, architectural design, wayfinding, outdoor dining, plazas and outdoor spaces and signage.
- ✓ **Aquarium:** The city (property owner) and the non-profit Central Coast Aquarium have agreed to partner with the non-profit to replace the aging facility with a multi-million-dollar waterfront aquarium. The non-profit is currently fundraising, with groundbreaking proposed for 2018.
- ✓ **Morro Bay Maritime Museum:** Located on the city’s Triangle property in the Embarcadero will soon be constructing the initial 400 square foot interpretive center.
- **Boat Yard/Haul Out Feasibility Study:** To support the fishing and maritime industry, the city/harbor master is planning to conduct a feasibility study for a larger boat yard/haul-out facility at the “Triangle” site in the Embarcadero.
- **Water Reclamation Master Plan and Draft EIR:** The city has selected a 25-acre site off S. Bay Boulevard for this facility that will include wastewater treatment and reclamation.
- **Sign Ordinance Review:** The city is currently working with the chamber and local business to review and revise its commercial sign ordinance.
- **Zoning Ordinance Update:** Is schedule for this year (2017). The update will include a review of parking requirements and building height restrictions.
- **Streamlined Permit Processing** (on-line): This spring (2017) the city plans to implement a new permit tracking software called Cityworks that will allow on-line tracking of a project. This will allow for greater streamlining and transparency in application process.

Economic Development Roadmap Footnote: Because the City of Morro Bay is essential a “built-out” community, this economic development roadmap focuses on economic enhancements and opportunities for the future. A several fundamental preconditions are vital to success of economic growth plan, including a high-quality preK-20 public education system, a safe and livable environment and a stable fiscal environment.

The roadmap is supplemental to comprehensive planning regarding education, housing, public health, safety, transportation, the environment, community development and overall quality of life. These issues, while critical elements of an environment that enables regional economic growth, are beyond the scope of this roadmap but have they have direct impacts on growth and are being addressed by other plans, organizations and initiatives.

Stakeholders Desired Outcomes

1. Capture a greater share of local, regional and visitor dollars (benefiting local business and government) while maintaining character that retains the values and esthetics desired.
2. More robust and sustainable businesses in Economic Centers with an industry mix that is compatible with the neighborhood it serves and meeting the needs of residents, businesses and visitors.
3. Increase number of head of household jobs, and diversity of business/industry to balance economic base through attraction, expansion and retention of small to mid-size professional knowledge based businesses.
4. Continue to create economic opportunity, destination attractions, increase city revenue through development and reuse of “catalyst” sites.

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Chapter 2 Economic Development Roadmap Overview

Chapter 2. Economic Development Roadmap – Overview

This plan presents initiatives and actions that have the greatest direct impact on improving economic output, employment and wages in Morro Bay. This is not a traditional economic development roadmap of business attraction, expansion, retention and expansion, although those elements are included, it is based on the unique assets of Morro Bay and the opportunities to enhance and create higher utilization of those assets for economic growth.

With limited commercial and industrial/business space, economic growth efforts and initiatives must rely on existing businesses, Economic Centers, opportunities sites, catalyst sites and buildings and “shared-purpose” collaborations to execute on initiatives.

As noted in Chapter I-Introduction, and in current planning reports prepared for the General Plan Update, “Morro Bay is currently predominantly a built-out community, meaning that most of its land is already developed. Only 1.25 percent of Morro Bay is undeveloped, as the rest of the city is occupied by development or by open space land that is used for specific purposes (i.e., agriculture, parks, and beaches). Thus, the city has very little available land to support additional population or job growth⁷.”

“Morro Bay is currently predominantly a built-out community, meaning that most of its land is already developed. Only 1.25 percent of Morro Bay is undeveloped, as the rest of the city is occupied by development or by open space land that is used for specific purposes (i.e., agriculture, parks, and beaches). Thus, the city has very little available land to support additional population or job growth¹.”

2017 General Plan Update

Although the city is “built-out” it has located several emerging, start-up businesses in the tech and organics field. Morro Bay is an attractive location for these types of businesses. The challenge will be;

- 1) Finding existing space that meets their needs, and
- 2) Having future space to accommodate their growth.

With a limited available land and building portfolio, attracting these types of companies that contribute to the city’s economic diversity will require:

- Forward-thinking actions for re-use and in-fill opportunities when they become available.
- Realistic expectations on the size of businesses the city can accommodate.
- Understanding that larger businesses, jobs and investments, will most likely only occur with the redevelopment of catalyst sites or the aggregation of sites/buildings.

⁷ Source: Morro Bay Draft Key Issues and Policies Report, December 2016, Michael Baker International, page 1-1

The Economic Development Roadmap presents **three key** economic revitalization **initiatives** in this Chapter:

1. **Maintain & Enhance Morro Bay’s Character** – Enhancing sense of place through gateways, promoting the character of each economic center, addressing abandoned buildings and infill sites to attract business, investment and visitors.
2. **Create Vibrant Economic Centers** – Grow each economic center to its fullest potential based on its unique assets and opportunities.
3. **Market Opportunity & Catalyst Sites** – Key *catalyst sites*, which are more long-term, require finding potential developers to invest in the city’s vision for economic growth. *Opportunity sites*, are shorter-term and typically are in-fill sites or reuse of buildings (or aggregation of sites and buildings) that could be attractive to investors and/or small businesses.

Implementation recommendations are outlined in Chapter 3. Chapter 3 provides detailed action outlines for implementing the three key initiatives identified in this Economic Development Roadmap. Implementation will require a visionary, dedicated team of public, private and civic leaders and organizations to:

- Prioritize initiatives and specific actions.
- Identify initiative Champion(s).
- Organize key stakeholders and groups that should be involved, public, private and non-profit.
- Identify roles and responsibilities for the specific actions.
- Identify resources needed to assist moving a priority action forward.
- Set milestones to accomplish the actions (short-term and long-term).
- Establish a monitoring and reporting timetable.

Common Key Words – Definitions Used in Initiatives

<p>Economic Centers</p>	<p>The city has four distinct Economic Centers, North Main, Main Street-Downtown, Embarcadero-Working Waterfront and Quintana.</p> <p>The business activity of these four centers generates employment, payroll, and revenue to the city (sales tax, property tax, TOT, etc.) which supports the quality of life desired by residents including police, fire, education, recreation and local access to desired goods and services. They create the city’s economic output.</p>
<p>Primary Gateways</p>	<p>Primary gateways are the city’s first opportunity to make an impression on locals and visitors, North Main, Highway 41, and Highway 1. Gateways speak to the “character” of the community and set the tone for what will be experienced inside.</p>
<p>Secondary Gateways</p>	<p>Economic Centers function as secondary gateways to the city and local businesses. The unique blend of independent businesses helps define the city’s character in each of the Economic Centers and each should be branded to create the strong sense of place and connection to all Economic Centers.</p>

Short Term	Typically, 1-5 years.
Long-Term	Typically, 5-20 years
Opportunity Sites	Opportunity sites are buildings and sites that are available for occupancy or redevelopment.
Catalyst Sites	Catalyst sites are 1) larger sites (e.g. WWTP, Power Plant) that will require long term analysis, planning and development, and 2) sites where there is a potential to aggregate multiple sites/buildings to build a bigger economic venue – business or destination.
Morro Bay Power Plant	A catalyst site current owned by Dynergy but is on the market for sales. Referred to in the report as Power Plant. Reference Initiative 3.
Morro Bay WWTP	A catalyst site. Once the treatment plant is moved to the new location this will be a catalyst site for new development opportunities. Referred to as WWTP in this report. Reference Initiative 3.
Watch Sites	Sites and buildings that may be underutilized and when available could be developed for a higher and better economic use.
Abandoned & Vacant	Abandoned and vacant refers to building and sites not on the market for sale or lease.
Working Groups	Refers to creating working groups, public, non-profit and private, in each economic center to guide enhancement of the center.

**Initiative 1 Maintaining
& Enhancing Morro
Bay's Small Town
Character**

Initiative 1. Maintain & Enhance Morro Bay's Small Town Character

Most often heard comments from local residents and businesses were to maintain Morro Bay's character and improve the community's image. Small town research indicates that "beauty, how a place looks" is one of the top three factors in creating community attachment and loyalty.

A pleasant appearance adds to home values, helps attract business investment, and improves the city's reputation. Having a critical mass of pleasant elements makes the city distinctive and unique.

Morro Bay has strong characteristics – an iconic volcanic rock, beautiful coastal location, a harbor and working waterfront, State Parks and Beaches, and unique Economic Centers (districts). Community stakeholders value the city's independent, funky and cool identity.

Initiative 1. Maintaining & Enhancing Morro Bay's Small Town Character will require a public/private collaboration focused on physical and economic investment and targeted strategies. Two principal strategies support this initiative:

- 1) **Gateways** – Primary gateways are the city's first opportunity to make an impression on locals and visitors, Highway 41, and Highway 1. Gateways speak to the "character" of the community and set the tone for what will be experienced inside. Morro Bay's desire to retain the quirky, funky, working waterfront community can be reflected through its gateway treatments.

Primary Gateways

- Highway 1 (3 locations)
- Hwy 41


- 2) **Creating Sense of Place-Secondary Gateways & Economic Centers** – Morro Bay's four Economic Centers host a unique mix and blend of businesses, with most being independently owned and operated (North Main, Main Street-Downtown, Embarcadero-Working Waterfront, Quintana). This fact alone sets Morro Bay apart from its coastal neighbors in providing a unique experience. These Economic Centers are also secondary gateways to the city and local businesses. This unique blend of independent businesses helps define the city's character and new business ventures will need to "fit in and contribute" to this small-town profile. What the city does in terms of branding the Economic Centers, public art, way finding and interpretive signage to create that sense of place and character, could positively impact the overall experience and economic vitality of local businesses and the city.

Secondary Gateways

- North Main
- Main Street-Downtown
- Embarcadero-Working Waterfront
- Quintana

1.1 Primary Gateways

The character and beauty of entryways into a city can have a great impact on economic development and leave a lasting impression on visitors, residents and potential businesses. An entrance provides the first impression of an area and can be used to advertise and define what is within that area. A city's entrance can project a sense of community pride or neglect.

Morro Bay has four primary highway gateways that provide opportunities to promote the city and be landmarks for way finding signage (noted as  on Economic Centers Map).

1. Highway 1 & Yerba Buena Street (North Main)
2. Highway 41
3. Highway 1 & North Main Street (near bike park)
4. Highway 1 & Morro Bay Blvd

Signage and entrance monuments enhance the aesthetic appeal and should be prominent and unique to the character of that area of the city while reflecting Morro Bay's overall image. Guidelines could be established for each of the primary gateways and should include screening, signage and landscaping.

With the exception of Morro Bay Boulevard, the primary "gateways", are just intersections. These four locations offer outstanding potential to be transformed into beautiful welcoming thresholds that announce the arrival to a special place. The gateways are not limited to a corner. The sense of arrival begins before the intersections shown on Map 2. The appearance of the corridor that leads to the actual gateway monument should also be considered. The streetscape appearance can begin to transition to a gateway by including landscaping, street trees and lighting that lead to a monument. Unattractive land-uses and visual clutter should be removed, enhanced or buffered.

Example, as one arrives from Highway 41, the first impression is a series of properties with a non-organized streetscape. Great benefit would result by planning an enhanced streetscape along this important entrance to Morro Bay. Buffering the unsightly buildings and providing well defined parking would significantly enhance this sense of arrival. At the intersection, well designed monument signage combined with landscaping and pedestrian amenities including a place to sit and a visitor kiosk would indicate to visitors that they are valued and encouraged to stay and explore the many unique features of Morro Bay.

Map 2 - Gateways & Economic Centers



1.2 Creating Sense of Place – Secondary Gateways and Economic Centers

Morro Bay has four distinct Economic Centers:

1. Main Street – Downtown
2. Embarcadero and Working Waterfront
3. North Main
4. Quintana

The Economic Centers also function as secondary gateways and branding the centers would help to promote the city's character as well as the economic center itself. The purpose of branding the Economic Centers, and the results that can be created include:

- Creation of stronger sense of place for both locals and visitors.
- Enhancement of all entrances to Morro Bay, primary and secondary gateways, building on Morro Bay's character.
- Creation of unique identities associated with each center.
- Creation of continuity and connection to all centers.

Recognition to businesses that they are important to the city, and branding the Economic Centers should be part of the larger gateway, way finding and interpretive signage discussion and planning to ensure a consistent format that promotes a strong sense of place. This discussion should also consider existing signage to ensure compatibility of all way finding signage, street signage and avoid confusion and clutter.

It is also important to select a consistent name for each of the Economic Centers such as Neighborhood or District⁸. Use branding as a method to promote the distinctness of the center/district and provide continuity and connection to the other centers.

Way finding, interpretive signs and public art can significantly contribute to sustaining Morro Bay's small town character and to enhancing the local and visitor experience. Morro Bay has made progress on way finding in certain areas of the city and some primary gateway monuments, such as Highway I and Morro Bay Blvd. The city's 2011 *Morro Bay Bicycle & Pedestrian Master Plan*⁹, the 1997 R/UDAT Report and the 2017 Downtown Waterfront Draft Strategic Plan also recommend streetscape, way finding and signage, identifying gateways, entrances and directional signage locations.

Public art is also a method to build character and should be incorporated whenever possible. Interpretive signage could promote Morro Bay's unique, small, iconic businesses such as Mike's Barber Shop, Taco Temple, Seashells & Sawdust, and many others.

Abandoned buildings and vacant sites can be distracters to creating that character and sense of place. There are some abandoned buildings, or what appear to be abandoned, as well as small sites in the Economic Centers that are not for sale and in some case not maintained. Reuse of abandoned and underutilized buildings and sites is particularly important given Morro Bay's limited building opportunities. These abandoned or vacant spaces offer opportunities for

⁸ North Main, Main Street-Downtown, Embarcadero-Working Waterfront and North Main are referred to in this document as Economic Centers, areas that contributed to the city's economic growth.

⁹ 2011 Morro Bay Bicycle & Pedestrian Master Plan, Approved by City Council, February 28, 2012, Public Services Department in conjunction with JBG Consulting LLC

investigating the economic development potential of the building and/or site, which if utilized, even temporarily could create vibrancy in the area.

Tactical Recommendations to Maintain & Enhance Morro Bay's Small Town Character

Gateways

- The gateways are envisioned as a visual experience as travelers through these thresholds. They encompass an area or node and should include signage, landscaping, pedestrian improvements and other amenities that project a very warm welcome to Morro Bay. Incorporate primary gateway discussion with appropriate planning actions and way finding and signage conversations. Review all existing plans that address signage and way finding, such as city's 2011 *Morro Bay Bicycles & Pedestrian Master Plan*¹⁰, The 1997 R/UDAT Report and the 2017 Downtown Waterfront Draft Strategic Plan. Using these various reports create an action plan and timeline for moving forward *on recommendations for way finding and signage including enhancing gateways* that create a unique sense of place when arriving in Morro Bay.
- The plan of action above, creation of a master way finding and signage plan should include both primary Gateways and Economic Center branding. Each of the Economic Centers should be "branded" to clearly identify that you are entering a unique area of Morro Bay.
- Engage the Chamber of Commerce to help convene stakeholders in each center as well as reviewing and developing the plan and timeline for accomplishing the actions above. The planning should include review of existing signage and consolidation of signage to avoid "clutter" and mixed messages. Investigate the possibility of partnering with CalPoly faculty and students to assist with bringing all the existing reports together into one, adding primary gateways, Economic Centers and assessment of existing signage.

Economic Centers

- Economic Centers are further outline in Initiative 2, which recommends organizing working groups of businesses and key stakeholders from each economic center to convene and discuss opportunities and constraints of their centers
- Primary Gateways and branding Economic Centers (secondary gateways) should be part of the discussion with stakeholders from each economic center.
- Abandoned buildings and lots in each economic center should be inventoried including key information (property owners, size, GP and zoning).

Staffing and support

- Maintaining and enhancing the character of Morro Bay must be a public-private partnership (3P):

¹⁰ 2011 Morro Bay Bicycles & Pedestrian Master Plan

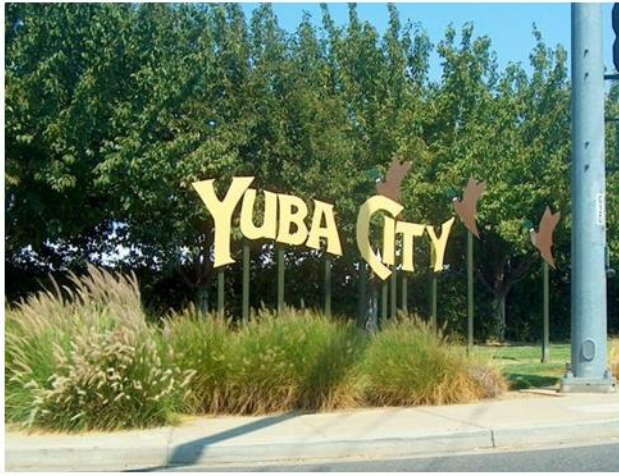
- Projects such as the primary gateways, safety, infrastructure (vehicle, pedestrian, and bicycle improvements) will most likely fall to the city for implementation with input from stakeholders.
- Stakeholders could champion enhancing secondary gateways as a 3-5-year project, helping to create a funding campaign for the gateway development and maintenance.
- Streetscape improvements such as building façade improvement, awnings, and landscaping fall within the responsibility of the private sector.

Map 3 – Economic Centers (4)



Note: The city has a number of specific plans, master plans and/or feasibility studies that include these Economic Centers. This document supplements those plans from an economic development standpoint not a planning standpoint. Those plans should be first point of reference to any recommendations for an economic center in this report. Most physical improvements recommendations are already outlined in these reports but reiterate in this report to highlight the importance of physical improvements in attracting visitor, customers and new investment.

Sample Gateway Monuments





Initiative 2. Create Vibrant Economic Centers

Morro Bay has four distinct Economic Centers that drive its economy:

1. North Main
2. Embarcadero – Working Waterfront
3. Main Street – Downtown
4. Quintana

The business activity of these four centers generates revenue to the city (sales tax, property tax, TOT, etc.) which supports the quality of life desired by residents including police, fire, education, recreation and local access to desired goods and services.

As noted throughout this report, Morro Bay and the four Economic Centers are essentially “built out” limiting economic growth to reuse/revitalization of existing developed/underdeveloped sites/buildings, catalyst sites, and a few “opportunity sites.” Each center has distinct attributes (opportunities and challenges) that appeal to different audiences.

The health and vitality of these centers are essential to sustaining the quality of life enjoyed by residents. How each center functions from an economic development perspective is important to understanding and planning for future economic growth and diversification and for generating revenue for the essential public services and amenities.

During the on-line survey phase of the project, stakeholders were asked to rank specific features of each of the Economic Centers including; overall attractiveness, safety, and economic vitality. None of the four Economic Centers received a rating higher than 3 (5 being excellent). The “locals” view of Morro Bay’s Economic Centers is an important barometer to how others (new potential businesses, visitors, investors, future residents) would also view visiting/living/doing business in Morro Bay. Without future investment and “pride of ownership” from all community sectors, revitalization of the Economic Centers could be extremely difficult.

There are two major reasons for segmenting the Economic Centers for analysis:

1. Assess each center’s opportunities and constraints, and
2. Engage the stakeholders of that economic center in planning for the future.

Enhancing any center will take a public/private partnership (3P).

Organization of each Economic Center Report & Tactical Recommendations

In this initiative, a report of findings and observations for enhancement actions is provided for each of the Economic Centers. Each Economic Center has:

1. An overview of the center and potential opportunities, and
2. Tactical recommendations for public/private partnership implementation.

Tactical recommendations fall into five categories as noted below:

1. Organize Economic Center Working Groups

The first Tactical Recommendation for all Economic Centers is to form a working group of businesses and possibly property owners who will convene to work with city and partners on opportunities to enhance the center and its economic strength. The Economic Center Working Group should lead and drive the actions for that center. Some actions may be short-term and others may be long-term. This action is also addressed in Chapter 3 – Implementation Recommendations.

2. Physical Improvements

As noted in Initiative I Maintain and Enhance Morro Bay's Small Town Character, for each Economic Center primary gateways upgrades and branding of the Economic Centers is recommended. Each economic center is unique and distinct as part of a whole, with strong linkages that support the flow and connectivity between them. Branding each center helps to define that uniqueness, creates an identity, promotes connectivity to all centers and builds a Morro Bay brand loyalty.

3. Business Opportunities

Where applicable for each center, business opportunities have been identified for existing and/or new businesses.

4. Opportunity & Watch Sites

With the exception of the Catalyst Sites, economic growth for Morro Bay will mostly be accomplished through reuse renovation or retrofitting of existing space and in-fill development. Opportunity sites (in-fill sites) are noted in each center. "Watch Sites" are those sites already occupied, however, based on location or physical attributes have a higher development/reuse potential should they become available in the future.

5. Business Assistance

With the exception of the Catalyst and Opportunity Site new developments, economic growth will likely stem from existing business. Providing assistance to these businesses is a foundational economic development recommendation. For each center, where appropriate, specific recommendations are offered that might best fit for businesses in that center.

Map 4 - Economic Centers



Initiative 2-2.1 North Main Economic Center

North Main is a linear neighborhood of mixed residential and retail uses.

The primary challenge for the North Main Economic Center is Highway 1 which is not visually appealing and effectively creates a barrier to east/west movement.

The east side provides the majority of retail/service offerings and as you move up the east slope, spectacular views of the ocean. The west side of North Main is primarily residential with access to the ocean, beaches, good views, open space and a network of north/south pedestrian and bicycle paths that provide access to the Embarcadero and Downtown.

The economic base of retail and service primarily serves the North Main residential neighborhood and visitors in seasonal rentals (VRBO, Airbnb, campers, etc.).



Community respondents gave North Main a poor/fair rating in overall attractiveness and similar ratings for economic activity, mix of stores, cleanliness, maintenance, and safety in the Economic Development Survey. There is a direct correlation between how an area/neighborhood “looks and feels” and its economic vitality.

What is desired is better appearance, streetscape, landscape, affordable housing, live/work, greater diversity of retail/service, head of household jobs and more recreational linkages. Creating a vibrant North Main will require planning and investment in the opportunity sites, physical infrastructure improvements and economic stimulus.

North Main’s market is mainly local-regional residents and represents 9.4% of the city sales tax (2015 Q1 Sales Tax, but more than 15% down from previous years). Spencer’s Fresh Market and Taco Temple are both in the top 25 sales producers. The area could increase visitor market, pull tour buses and travelers off the highway to stop for goods and services, become known as a convenient stop (ex: Harris Ranch, I-5).



North Main Street Economic Center



North Main Street Enlargement



North Main Street Enlargement

Tactical Recommendations for North Main Economic Center

Organize the North Main Economic Center Working Group.

See Chapter 3-Implementation Recommendations

Physical Improvements (Maintain & Enhance Morro Bay's Small Town Character)

Primary Gateways

North Main Economic Center has two Primary Gateways 1) Highway 1 & Yerba Buena and 2) Highway 41. Primary Gateways are the major entrances to Morro Bay and should promote arrival and welcome to Morro Bay. As noted in Initiative 1, Maintain & Enhance Morro Bay's Small Town Character, Primary Gateways begin to create the sense of place. Gateways should be envisioned as a visual experience as travelers enter through thresholds. An area or node which includes signage, landscaping, pedestrian improvements and other amenities that project a very warm welcome to Morro Bay. Could include areas to sit or pause while walking or biking to various destinations (more long term).

Economic Center Branding & Secondary Gateways

Besides the two Primary Gateways, North Main should be "branded" promoting it as a unique district in Morro Bay. Consistent signage should designate the area as North Main and/or entering North Main Morro Bay at additional entrances/exits. For consistency gateways amenities should continue along North Main to provide way finding and visual appeal. The discussion of branding the economic center should be a broader discussion along with wayfinding and consolidating existing signage (Initiative 1. Maintain & Enhance Morro Bay's Small Town Character.)

Potential Enhancements North Main along Highway 1

- Landscape fence line along barren expanses with native trees and plant material.
- Work with CalTrans to replace the rusted fence with something more appealing. Investigate opportunity to create an "Artful Wall" along the alignment, particularly where landscaping is not an option or practical. The "art" wall could be designed to promote Morro Bay's character, can be "transparent" where views toward the ocean are visible.
- Identify specific areas where landscaping, sidewalks, street trees, seating opportunities and ornamental lighting could be planned to enhance the amenities of the area.
- Pedestrian improvements are essential to providing a "common thread" of continuity along North Main corridor so as not to be disjointed. Amenities such as these provide a "people oriented" rather than the auto-dominated environment that exists now.

Businesses Opportunities (Chapter 3-Implementation Recommendations)

- Existing Business Opportunities: There are existing businesses which could have the potential to expand and/or increase business with forward-thinking planning, marketing and investment to upgrade facilities to attract more customers (local and visitors). These businesses currently serve the residents in the area but there is potential opportunity to expand offerings, such as:
- Example: Spencer's Shopping Center. This center has lots of parking and some open space. It is also a neighborhood gathering spot with a community garden. This center could be

marketed to tour bus and visitors as a “must stop” – lunch at Taco Temple (marketed as icon local haunt) while getting your coffee, supplies and groceries at Spencer’s.

Map 9 - Business Opportunities, Spencer's Shopping Center



- There is space in this center to create a neighborhood center with other amenities, such as, expanding the community garden, pedestrian connection to residents, recreation (pickleball), outdoor dining, shade trees, viewing stations to watch whales).
- There is also space for additional business buildings.
- **Example:** Taco Temple – In the same center is a well-known icon that should be promoted.
 - The proximity to Hwy 1 is attractive for this business. The business is very popular with locals and is referred to as a “place you need to go”.
- This area of North Main has opportunity to draw travelers off Hwy 1 to stop, eat, or shop for groceries. It provides a billboard marketing opportunity to go beyond the “things to do and see” to “stop-eat best Tacos on the coast and get supplies”. Billboard campaigns can be successful at drawing in traveler. Billboards north, south, west of Morro Bay at least 10 miles or further before arriving at a Morro Bay gateway will remind travelers of this unique location to stop and visit and will provide time for them to plan the stop. Many communities have public-private partnership (co-op) billboard campaigns as part of their visitor attraction plans which market the character of Morro Bay, the unique centers, businesses and provides consistency of marketing. This could be discussed among the Working Group

and with Visitor Attraction/Tourism to further discuss co-op billboard campaigns open to all businesses. Location to Hwy 1 make Morro Bay a prime area for attracting travelers off Hwy 1.

- Reference Initiative 4 – Implementation Recommendations for assistance to businesses on social and electronic presence.

Opportunity Sites on North Main:

- There are several Opportunity Sites along North Main that could be enhanced with additional development. These should be discussed with the Working Group for feedback on what would be best to enhance the site, visioning for the future, such as, existing BMX Bicycle Park, Highway 41, Spencer’s Shopping etc. Sites are noted on North Main map.
- There are also several sites/buildings on the market that could be repurposed for professional business services, including, back office, tech-software development, medical services or live/work space. Improving the character of the area will help with attraction businesses to this area.
- **Watch List:** A large site, Chevron, is zoned for high density residential. Currently, this site is a vacant green-field with a natural drainage way along the north edge. The site is well suited to compliment the recreational spaces of the school with a park or sports fields along with residential. Alternatively, a portion of the site could become a pedestrian friendly mixed use development to serve the adjacent neighborhood or new residents.
- A bike park could also be an opportunity at the south end of the district.

Business Assistance (Chapter 3-Implementation Recommendations)

- Recommended in *Chapter 3-Implementation Recommendations*, is a business assistance service for businesses such as Taco Temple, above, and companies that are growing. Such a service could assist businesses thinking through growth plans to maximize their sites, facilities and attractiveness to customers. Examples of offering services that proactively help business grow while enhancing the character:
 - The Buoy: Simple re-organized parking and landscaping can change the whole appeal of a business and location which will result in increased customers. This is an example where improved parking, but keep funky, landscaping all four corners adds value to the whole North Main area.
 - Often a challenge for business may be the investment they need to see a return. A business assistance team could help bring resources, such as financing, to businesses that might be interested in helping to improve their district and business.
- The Maya Restaurant: An example of improved parking, outdoor dining, landscaping was created by consultant team to visualize how assistance could be provided in a different manner than traditional economic development. Figure 13¹¹

¹¹ During Phase II of the project, stakeholder engagement, the consultant team, Audrey Taylor, Fawn McLaughlin and David Dougherty, spent a week on site conducting personal interviews, meetings, work session and viewing opportunity and catalyst sites.

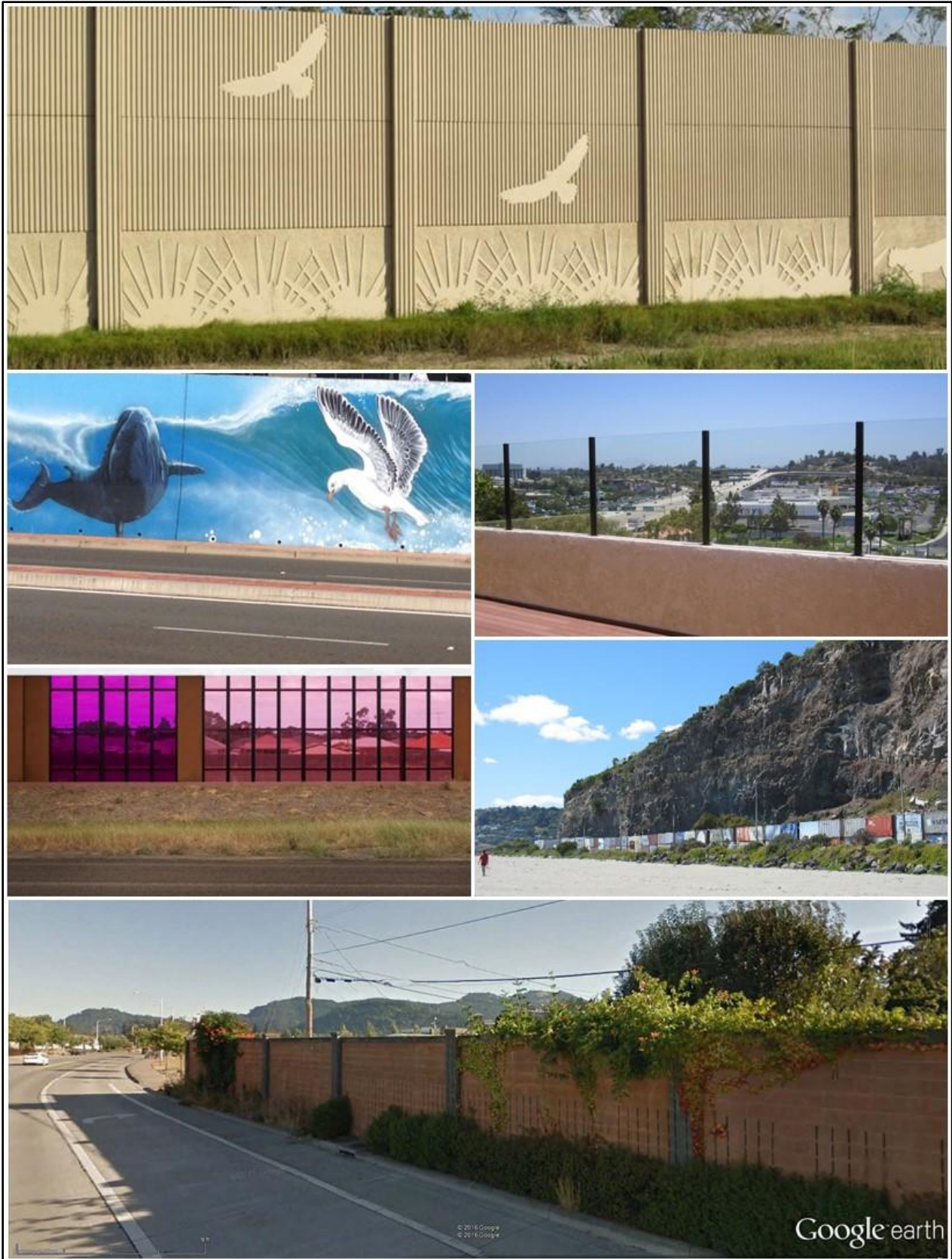
- A simple business assistance service could be provided individually to businesses to ensure all businesses have a social/internet presence on search engines and apps such as Yelp, Trip Advisor and Google.

Figure 7 - Maya Mexican restaurant concept, landscaping to add curb appeal



Sample Art Walls





Initiative 2-2.2 Quintana Economic Center

Quintana Road stretches from Main Street in the north to La Loma Avenue in the south and has three distinct commercial areas.

1. Quintana and Main Street: Mix of retail (e.g. The Good Flea, Lemos Feed & Pet Supply, Joe's Surfboard Shop) and service (e.g. Kitzman's, Culligan Water, Pete's Morro Bay Tire and Auto).
2. Quintana and Kennedy Way (shopping centers): Predominately retail shopping centers (e.g. Albertsons, Rite Aid, Dollar Tree, Auto Zone) and restaurants with several service businesses (e.g. U-Haul, Perry's Automotive).
3. Quintana from Morro Bay Boulevard to La Loma Avenue: Primarily service commercial (e.g. Todd's Garage, Bay Auto and Tires, Lost Coast Auto Detail).

Quintana serves a dual purpose as the “nuts and bolts” center where automobiles are repaired, tires replaced, parts machined and goods stored as well as the primary retail center for consumer goods (grocery and pharmacy) for both locals and visitors. Service businesses located in Quintana are very important to the economic vitality of the community. These businesses provide the skills, materials and talent needed to keep the delivery trucks delivering, coolers and compressors running, machinery working, etc.

The commercial retail section of Quintana provides access to essential goods and services to locals and visitors and is a significant generator of the city's sales tax collections (20% 3Q 2016).

The primary Gateway at Morro Bay Boulevard funnels travelers to the shopping centers and service areas north and south in Quintana as well as into the Downtown and Embarcadero Centers. This being the case, as the first “visual impression” of the city, it is extremely important that Quintana's “curb appeal” at this gateway reflect the internal image of the community. The city's landscaped round-a-bout and City of Morro Bay monument are important physical features at this primary gateway which identifies the city's sense of pride. The two secondary gateways, Quintana at Main Street and Quintana at La Loma Avenue need to be complimentary to the primary gateway.



Quintana Economic Center

Tactical Recommendations for Quintana

Organize the North Main Economic Center Working Group.

See Chapter 3-Implementation Recommendations

Physical Improvements (Initiative I-Maintain & Enhance Morro Bay's Small Town Character)

Primary Gateways

- Morro Bay Boulevard is Quintana's primary gateway. As mentioned, the city has already provided a strong sense of place through the round-a-bout and monument. Additional landscaping improvements in this area on private property should be encouraged as properties are developed/remodeled. For example, appropriate shielding of the propane tank at the U-Haul Dealership would add greatly to the visual experience when turning right onto Quintana from Morro Bay Boulevard.

Economic Center Branding & Secondary Gateways

- Secondary Gateways are entrances into Economic Centers and should be "branded" to denote the Economic Center. For Quintana, there are two secondary gateways, Main Street and Quintana and La Loma Avenue to Morro Bay Boulevard. Recommend designing and placing an "entering" Quintana sign at the two secondary gateways. Branding helps to create uniqueness and value for both locals and visitors. This branding (for all Economic Centers) should be part of the larger discussion of way finding and signage.
- Community survey respondents rated Quintana as **poor** in overall attractiveness and business vitality suffers from this condition. The *streetscape* is the total street environment including storefronts, sidewalks, lighting, furniture, trash receptacles, and landscaping. Two city sponsored reports address the importance of streetscape improvements to economic vitality and the findings and recommendations of these reports should be consulted for applicability to the Quintana Center¹². Because streetscape improvements are the responsibility of both the public and private sector land and building owners, a strong partnership and shared vision will be needed to successfully implement improvements.
- La Loma Avenue to Morro Bay Boulevard section of Quintana Road is dominated by the very close proximity of Highway I along the east side. Where space allows, new landscaping of evergreen native plants would soften the unpleasant impact of the Highway. A significant portion of this right-of-way however does not have the width to support landscaping. Here, a wall would buffer the highway. Rather than a functional screen only, the wall could be "*artful*" and reinforce the branding for the Quintana Center. To enhance the visual experience and to accommodate landscaping improvements, vehicle parking should be limited to the east side of the street.

¹² The 1997 Regional Urban Design Assistance Team R/UDAT "Quick Wins & The Next Step for Downtown Morro Bay" and Downtown Waterfront Draft Strategic Plan February 2017, Michael Baker International

Photo 1 - Industrial Arts fence built by High School Industrial Manufacturing class

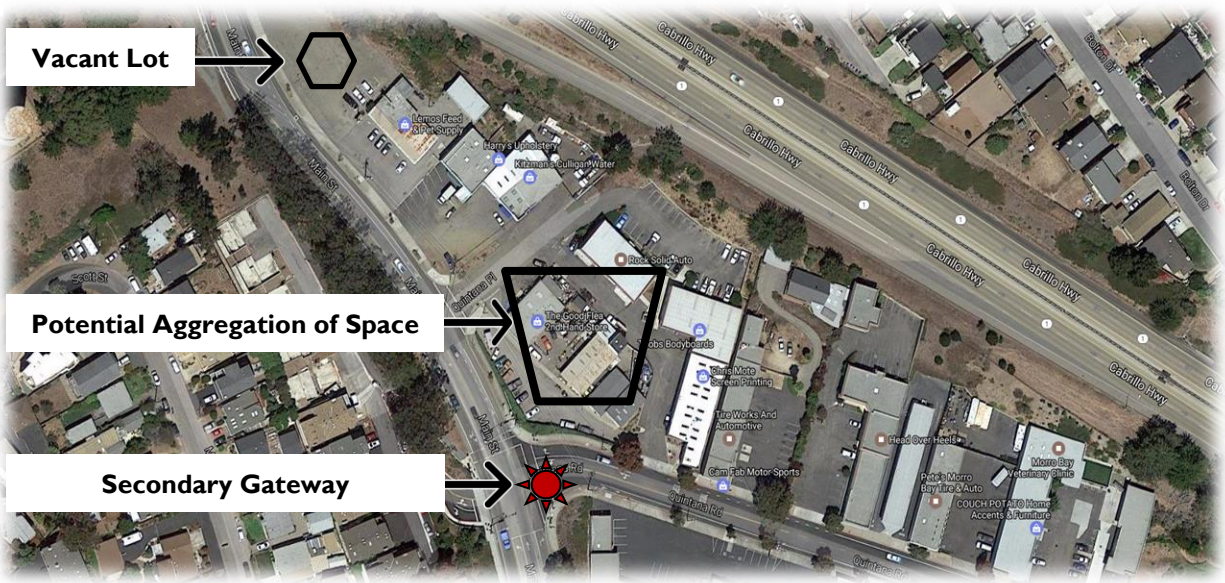


Businesses Opportunities (Chapter 3-Implementation Recommendations)

Quintana and Main Street

- Infill and redevelopment of underutilized buildings and parcels are opportunities in this area. There are several empty lots along Quintana (identified on the Map as “opportunity sites”, yellow highlighted). These are not large sites but could be utilized for infill development for business that fit Quintana’s profile. This area is particularly suitable to accommodate small businesses and local entrepreneurs needing light manufacturing and assembly space with access to adjacent service businesses. Aerial I - Secondary Gateway, Buildings and Sites

Aerial I - Secondary Gateway, Buildings and Sites



For Example: Some of the business in larger space that be aggregated for higher and better use.

- Growing businesses that don’t require or need a “Main Street” address or retail exposure but that have customers that visit their facilities. Larger buildings, when they become available could be used as flex, maker space and industrial arts to support innovation and job creation with shared work space, equipment and materials. These types of entrepreneurial and innovative businesses need space to create, manufacture and assemble. Downtown businesses could be retail outlets for goods and products produced by these Quintana businesses.

Quintana and Kennedy

- The Quintana shopping center areas are an important economic engine for the city generating over 20 percent of the city’s annual sales tax (Source: HdL 3Q 2016). The shopping center on the north side of Kennedy is anchored by Auto Zone and the center on the south side by Albertson’s and Rite Aid. Ensuring these centers are always full will continue to attract customers and result in increased sales tax income.

The Morro Bay Retail Market Analysis (2016/17)¹³ used a trade area analysis model which indicates a total of 552,489 additional square feet could be supported given the retail leakage out of Morro Bay in the following seven categories:

- Apparel and Accessories
- Home Furniture
- Sporting Goods, Hobby, Books (no leakage in sewing, needlework, music stores, e.g. CDs etc.)
- Convenience Stores
- Specialty Foods
- Restaurants, Bars (no leakage in full-service restaurants or bars)
- General Merchandise Stores

Although the model indicates a significant supportable increase in square footage, given the proximity to the San Louis Obispo market it is likely that some of the leakage will never be captured by Morro Bay. Also with the explosion of online shopping, retail trends are changing to showrooms, boutiques, specialty shops and entertainment venues.

Quintana's shopping center areas have excellent anchors, (Albertson's, Rite Aid and Auto Zone). The goal for shopping center is to have a tenant mix that provides synergy between complementary store types to maximize attracting customers. Any strategy with a shopping center needs to be in collaboration with the shopping center managers/owners on their plans for turn-over and new tenant attraction. (See Chapter 3-Implementation Recommendation).

¹³ Retail Market Analysis, City of Morro Bay 2016-1017 Marketek & Chabin Concepts

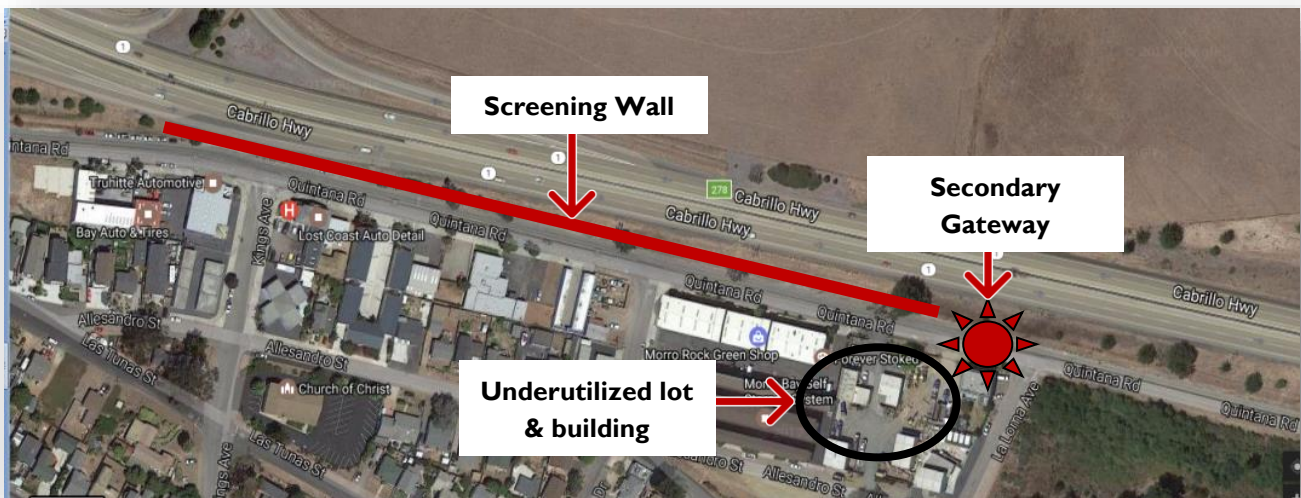
Aerial 2 - Quintana and Kennedy Shopping Centre Areas - Albertsons and Auto Zone. Primary Gateway



Quintana from Morro Bay Boulevard to La Loma Avenue:

- Road from Morro Bay Boulevard to La Loma (Aerial 3). Much of this area is developed, however there are several vacant and underutilized parcels (residential) that have a higher development potential for additional service businesses. Similar to Quintana and Main, parcel aggregation and new construction for buildings suitable for an entrepreneurial/maker space/industrial arts complex would be a good fit here.

Aerial 3 - Quintana at Loma Linda Avenue



Watch Site: The former Morro Bay Elementary School on Monterey Avenue.

- Adjacent to the Albertson's shopping center, now owned by the School District and leased to Charter School and Chapel. has the land and building configuration to be a technology/business campus. It is not currently for sale, but should be watched as a potential "opportunity site."
- Land and building configuration to be a technology/business campus.
- This site is also an important cross-over transition site linking Quintana with the Downtown Center.

Aerial 4 - School Site, Watch List



Business Assistance (Chapter 3-Implementation Recommendations)

Successful economic development in the Quintana Center will require a strong public/private partnership. And, due to the fact that there three distinct areas with different business types, it's likely that each sub-area would need different types and levels of business assistance.

- Quintana and Main and Quintana from Morro Bay Boulevard to La Loma:
 - Vacant and underutilized sites and buildings should be inventoried. Sites that are currently for sale or lease should be posted on the city's economic development website or

maintained in a portfolio of available business space. Those not currently for sale/lease should be “watched” for opportunities for aggregation and/or reuse.

- Reach out to existing business owners/operators to identify expansion needs. Also ask about other “like” businesses looking for space.
- Consider *innovation/maker space/industrial arts space/complex* project. Work with existing land and building owners to determine interest in the creation of such a space. *Makerspace* are typically public private partnerships. Potential partners for an industrial arts space would Morro Bay High School and the San Luis Coastal Unified School District, Cuesta College and CalPoly. Morro Bay High School has Career Technical Education (CTE) programs in industrial arts, arts, media and entertainment, information technology, agriculture, and engineering.
- Excellent examples of industrial arts makerspace, which is a niche that aligns with Morro Bay’s character are SLO Maker Space <http://www.slomakerspace.com/> and the Crucible in Oakland <http://thecrucible.org/our-space/>.
- Utilize local makerspace resources to inform feasibility of such a facility and potential guidance for creating a space. Maker Space <http://www.slomakerspace.com/> and Hot House <http://cie.calpoly.edu/slo-hothouse/>.
- Quintana and Kennedy:
 - In collaboration with the shopping center owners/managers leasable space and building pads within the shopping center should be actively marketed with consideration given to the existing tenant mix and to filling retail gaps identified in the market analysis.
 - Opportunities for temporary usage of the vacant pad and adjacent parking (on Quintana between McDonald’s and the Dollar Store) for special events should be investigated with the shopping center owner/manager.

Initiative 2-2.3 Embarcadero/Working Waterfront Economic Center

The Embarcadero is the city's primary visitor destination. It provides access to a unique mixture of natural resources (Morro Rock, bay and ocean, birds, mammals, views and sky), with restaurants, retail, galleries, boutique hotels/motels, recreation and access to a small fishing port/working waterfront. In fact, the Embarcadero contains the key defining assets that symbolize Morro Bay's character as identified in the online community survey. ***A beautiful, small, coastal fishing town/harbor with an iconic landmark (The Rock).***

The Embarcadero contains two key catalyst sites: Power Plant and the city's (to be decommissioned) WWTP that have the potential (when redeveloped) to substantially contribute to the economic diversity and vitality of the city. See Initiative 3 Marketing Catalyst & Opportunity Sites.

The Embarcadero received the highest ratings of all four Economic Centers by members of the community that participated in the online survey – with most ratings in the good to very good response category. What is desired is more landscaping/streetscape improvements, pedestrian amenities, sidewalk connections and bike paths, more shopping diversity and of upmost importance, a vibrant working waterfront anchored by the commercial fishing industry.

Longer term, survey respondents expressed concern with the potential impacts associated with the reuse/redevelopment of the Power Plant and the WWTP sites.

Tactical Recommendations for Embarcadero

Organize the Embarcadero Center Working Group

(See Chapter 3. Implementation Recommendations)

Branding & Signage

From a branding standpoint Embarcadero and the Working Waterfront is what makes Morro Bay unique particularly to visitors. The brand Waterfront is more descriptive of what you find when you arrive – including the Rock, beach, Embarcadero and working waterfront.

Recommend the city consider branding this economic center as “Waterfront” and sub-district branding of Embarcadero and Working Waterfront.

Physical Improvements (Initiative I-Maintain & Enhance Morro Bay’s Small Town Character)

Gateways – Secondary Gateways

Morro Bay Boulevard at Centennial Parkway is the Embarcadero’s prime entrance, referred to as secondary gateway. Access to the Embarcadero through this gateway is unique because it’s restricted to pedestrians only. Vehicles must turn on Market Street to access the Embarcadero from either Harbor or Pacific Streets. The elevation difference at this gateway provides excellent views of Morro Rock, the bay, beach and buildings along the Embarcadero. The view is exciting and entices the viewer to want to get closer and see more. At this gateway however, there is no signage to direct vehicles to the Embarcadero (e.g. way finding arrows directing traffic to the right or left), signage for public parking, or way finding on how to get to

Map 11 – Embarcadero Economic Center



Embarcadero Economic Center

Tactical Recommendations for Embarcadero

Morro Rock etc. In a sense travelers are left to their own devices on how to proceed – or whether to proceed at all¹⁴.

Photo 2 – Centennial Parkway



This gateway is currently under study by the city and its consultants. The recent draft report “Morro Bay Downtown Waterfront Strategic Plan February 2017” provides discussion and recommendations for Centennial Parkway improvements and how these improvements would increase the flow and connectivity between the Downtown and Embarcadero.

In addition, the city has drafted preliminary conceptual plans for public investment of city-owned buildings and lots at this gateway for redevelopment into parking structures and commercial development that could include the abandonment of Market Street between Morro Bay Boulevard and Pacific. This planning should continue. These efforts have the goal of increasing the flow and connectivity between the Embarcadero and Downtown. Centennial Parkway is “ground zero” for this connection to occur.

Map 6 graphically shows the importance of this gateway connection between the Embarcadero and the Downtown Center.

¹⁴ The flagpole at Centennial Parkway, and the pole/light fixture behind it, detracts from the viewshed of Morro Rock at this secondary gateway site.

Map 12 - Highlights the gateway connection importance between Embarcadero and Downtown



Tertiary Gateways and Economic Center Branding

Because the Embarcadero’s secondary gateway is restricted to pedestrians, by default, Market at Harbor and Pacific are tertiary gateways. There should be clear way finding signage at Morro Bay Boulevard and Centennial Parkway that directs traffic to either Harbor or Pacific to access the Embarcadero.

The Embarcadero should be clearly defined with signage/banners representative of the area with directional signage along the entire Embarcadero alignment from Tidelands Park, to the intersection with Morro Bay Boulevard, to “the Working Waterfront” to Coleman Road and Morro Rock. An entering the Embarcadero (Economic Center) should be placed at these gateways.

Directional and informational signage at the gateways is critical to encourage the traveler to proceed into the Embarcadero by answering these questions:

- How do I get to the Embarcadero from here?
- Where do I park when I get there?
- What will I see when I get there (shops, galleries, boat rentals, fish market, working waterfront)?
- How far is Morro Rock?
- If I park here can I walk to Morro Rock?
- What choices do I have when I reach Morro Rock?
- Are there facilities and services at Morro Rock?

The Embarcadero has multiple “destinations” that should be clearly branded and supported by way finding signage including:

- Morro Rock – iconic landmark, State beach, Morro Bay, Pacific Ocean, Coleman Park. The Embarcadero is the only way to get to Morro Rock by vehicle. Way finding signage that informs you what you’ll experience when you get there (e.g. choice of bay versus ocean, facilities available -- restrooms, picnic tables, equipment rentals, etc.).
- Working Waterfront – commercial and recreational fishing, seafood, rentals, Maritime Museum. Consider clearly defining the Working Waterfront portion of the Embarcadero (Measure D/Beach Street north to Coleman) through signage and way finding. Interpretive signage that explains the history, culture and natural systems of the waterfront would enhance the environment and add to the “maritime/living history experience” for both locals and visitors.
- Embarcadero Central – shopping, dining, lodging, aquarium, entertainment
- Embarcadero South – Tidelands Park and Marina

Streetscape

The streetscape is the total street environment including storefronts, sidewalks, lighting, furniture, trash receptacles, parking and landscaping. How the streetscape is viewed and experienced by pedestrians, cyclists and motorists directly impacts their experience and the economic viability of the area. Streetscape responsibility is shared by property and building owners and the city.

- Strategies for streetscape improvements in the Embarcadero include: Sidewalks need to be continuous and wide enough for two way passing for the safety of pedestrians.
- Bicycle paths are important, especially to encourage their use throughout the city, connecting to Morro Rock, the Embarcadero north to Atascadero and the Downtown.
- Pedestrian amenities including landscaping, street furniture, outdoor seating, flowers, trees and ornamental lighting contribute to the positive experience of locals and visitors to the Embarcadero.
- Ideally, parking should be confined to the east side of the Embarcadero (before Beach Street), increasing the “waterfront” experience and reducing the conflict between pedestrians and vehicles. Current parking on the bay side should be replaced with expanded retail, outdoor markets and “people places”.
- Existing parking lots are not well signed, contributing to their underutilization. There are also empty parcels (e.g. in front of the Blue Sail Inn) that should be investigated for parking lot potential, and if determined not feasible, the lot should be landscaped. In the long term, surface parking lots could be replaced with structure parking integrated with new building development.

In addition, two city-initiated studies address the importance of streetscape improvements and provide strategies and recommendations including a design pallet for the Embarcadero¹⁵. All of these recommendations and studies should be review by the Center’s working group to determine what are priorities, funding and timelines.

¹⁵ 1) Centennial Parkway and Embarcadero Design, City Council Session, September 27, 2016 provides alternative design concepts for the Embarcadero and Centennial Parkway pedestrian, bicycle and vehicle movement, sidewalk widths, street furniture, parking, landscaping and greater connectivity with Morro Bay Boulevard and 2) Downtown Waterfront Draft Strategic Plan February 2017, Michael Baker International

Business Opportunities (Chapter 3 Implementation Recommendations)

Business opportunities identify strategies and tactics to assist with the economic development of the Embarcadero. The city is already engaged in the identification of many of these opportunities through its current planning efforts. These planning documents describe in detail the public improvements and business mix needed to create a more vibrant Embarcadero.

The Working Waterfront, Morro Bay's commercial and recreational fishing industries are very important to the community. The harbor with its commercial fishing industry differentiates Morro Bay from other coastal communities. These businesses represent Morro Bay's history and are the foundation of the community's "fishing village" image. There is strong community support for the retention and expansion of a viable commercial fishing industry. Evidence of this support was the passage of Measure D in 1981 to protect and support the commercial and recreational fishing industries by reserving waterfront lease sites between Beach Street and Target Rock to uses serving or facilitating licensed fishing activities and noncommercial recreational fishing.

The Downtown Waterfront Strategic Plan (Public Draft February 2017) identified nine strategies for development in the Embarcadero that offer significant business opportunities, many that support and/or compliment the Working Waterfront.

1. Harbor Walk – Continuous sidewalks with streetscape amenities.
2. Seafood Market – Sell fresh and local seafood and farmers, produce, flowers, and artisanal products. Could feature indoor and outdoor vendor stalls, ready-to-eat items and outdoor dining.
3. Family Outdoor entertainment – Family oriented entertainment like adventure playground, trampoline park, splash fountain, pickle ball and a venue for year-round events.
4. Mixed Use Residential/Retail – Residential (over ground floor) and retail. Could include creative maker space, live/work, cultural and educational components.
5. Ecotourism – Outdoor harborside activities such as sea plane tours, guided kayak/canoe, bike rentals.
6. Maritime Museum – Located on a 3-acre city owned parcel purchased from Dynergy. The Morro Bay Maritime Museum currently has two outdoor vessels on display and will soon be constructing the initial 400 square foot interpretive center. This provides additional opportunity to promote the natural and cultural heritage of Morro Bay.
7. High End Hotel and Conference Center – Would provide much needed meeting space and fill the gap for a high-end hotel.
8. Aesthetic Furnishing Pallet – Nautical/Seaside theme that will beautify the area and create a clear and unique sense of place.
9. Boat Yard and Haul Out – The city is currently planning to prepare a feasibility study for this project that would share the city-owned 3-acre parcel with the Maritime Museum. Would serve the needs of a broad range of marine users including commercial fishermen, recreational boaters and the commercial passenger fishing vessel fleet. Aerial 5

Another significant project in the Embarcadero is the aquarium. The city (property owner) and the non-profit Central Coast Aquarium have agreed to partner to replace the aging facility with a multi-million-dollar waterfront aquarium. The non-profit is currently fundraising, with groundbreaking proposed for 2018.

In addition, the former Power Plant is adjacent to the Working Waterfront. This 100-acre redevelopment site holds tremendous potential to support the Working Waterfront through the access, design and type of development allowed.

The city, working with private sector businesses, property and building owners will need to prioritize these business opportunities based on degree of participation and available resources.

Aerial 5 - Working Waterfront, Site Locations for Maritime Museum and Boat Yard/Haulout Feasibility Study



Opportunity Sites and Watch Site:

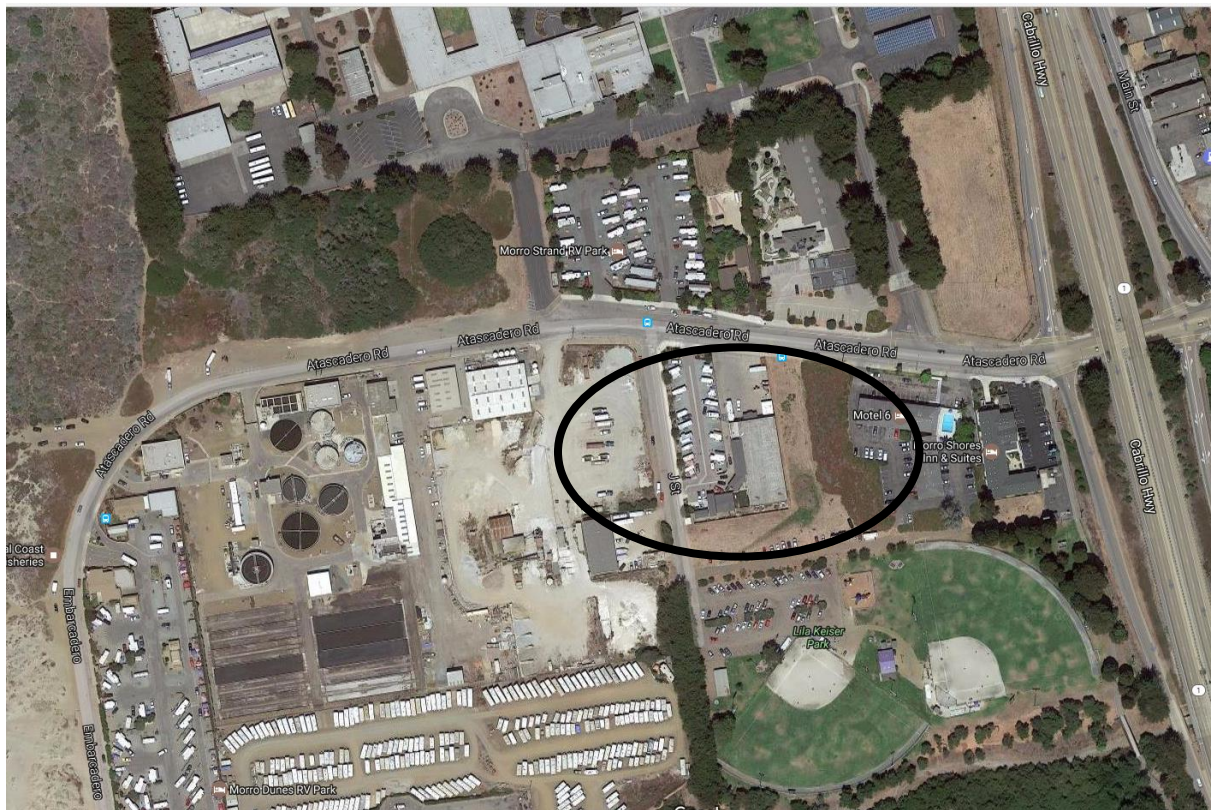
Just to the north of the Embarcadero (Aerial 6) is an underutilized area with development potential referred to as the Atascadero Area.

This area includes the city-owned land adjacent to the WWTP Catalyst site. Current leaseholders include a cement batch plant (nonoperative), RV park and storage.

Adjacent to this city-owned property, between the Motel 6 and J Street, there is an empty site and a large building/parking lot (former bowling alley). The building is one of the largest buildings in Morro Bay that could accommodate a business or several businesses with parking. This area could be envisioned as a small business park for small-medium sized technology, back-office and/or small light industrial manufacturers of recreational equipment. The building should be kept on a watch list for use as a business park/or similar.

The Atascadero area should be planned in concert with the redevelopment of the WWTP to ensure compatibility of uses. The extension of the Embarcadero Road, over Morro Creek to connect with Atascadero is very important to realizing the development of this area – particularly if anchored by a small business park where employees could bike to Embarcadero or downtown, or take a break to play sand volley ball. Public access to the ocean and beaches should be a key consideration in the development plan.

Aerial 6 - Atascadero Area



Map 13 – Atascadero Road, WWTP, Access to Beach, Access to Embarcadero



Atascadero

Business Assistance (Chapter 3-Implementation Recommendations)

Successful economic development in the Embarcadero will require a strong public/private partnership.

The city has already invested in the Embarcadero by preparing the Draft Downtown Waterfront Specific Plan. This is in addition to the comprehensive update of the city's General Plan and Local Coastal Plan. These planning processes will define the vision and development potential of the Embarcadero and the city.

The Embarcadero Center is different from the other Economic Centers in that the city has control over much of the land and buildings along the Embarcadero waterfront through trusteeship of state granted tidelands. Therefore, the city has much more influence over the type, timing and nature of development. Similarly, it is in the city's best interest to support local businesses that contribute to the city's vision and development goals for the Embarcadero.

Two issues related to the fishing industry were mentioned as needed to support this industry.

1. The boat yard and haul-out.
2. A reliable fuel dock.

The city has already committed to the development of a feasibility study for the boat yard and haul out. If not being addressed immediately, the fuel dock should at least be on an infrastructure priority list for planning.

Embarcadero business owner interviews highlighted several business assistance areas:

- Workforce recruitment and training.
- Accessing business technical assistance.
- Financing resources.

In addition to above, a business assistance service for Working Waterfront businesses such as Morro Bay Oyster Company and North Bay Wild could focus on business coaching to maximize their site and facilities as part of expansion, realizing market potential and customer attraction and retention.

The Morro Bay Commercial Fisherman's Association and Central California Joint Cable/Fisheries Liaison Committee could be added to the implementation team (Chapter 3).

For the retail and service businesses, partnering with SLO Workforce Development Department to establish a hospitality certificate and customer service certificate training programs is recommended. This program was offered at one time and possibly could be re-established if there was sufficient demand.

Initiative 2 – 2.4 Downtown Economic Center

Morro Bay's downtown is a mix of retail/service/professional and older residential housing, with a predominance of low/mid-level thrift and second-hand retail stores. The downtown provides an interesting, eclectic mix of shops that appeal to bargain and socially conscience shoppers. The downtown also contains restaurants, banking, real estate offices and the majority of the city's hotels and motels.

Morro Bay residents value the community's quirky/funky vibe typified by a low stress, laid back beach town. Morro Bay's working town history of energy production and commercial fishing defined and supported a community that was not dependent on outsiders aka "tourists" to generate revenue. With the closure of the power plant and loss of that revenue and jobs the city has become more dependent on visitor spending. Morro Bay's relatively easy driving distance from the Central Valley has historically and continues to draw moderate-income Central Valley visitors to the cooler temperatures and affordable accommodations and retail mix that are a match for their budget and taste.

A trade area analysis model prepared for Morro Bay¹⁶ indicates a potential 552,489 additional square feet could be supported given the city's retail leakage. This modeling does not take into account Morro Bay's close proximity to major shopping districts in the region. Some portion of this retail potential could be supported; however, the Downtown doesn't have the physical assets (large vacant lots, empty buildings) to accommodate a significant portion of this potential demand.

Currently, the Downtown's 88 businesses generate 7.1% of the city's annual sales tax receipts¹⁷. In comparison, the Embarcadero-Working Waterfront's 90 businesses generate nearly 26%. This difference could be attributed to many factors such as type of goods sold and sales per square foot.

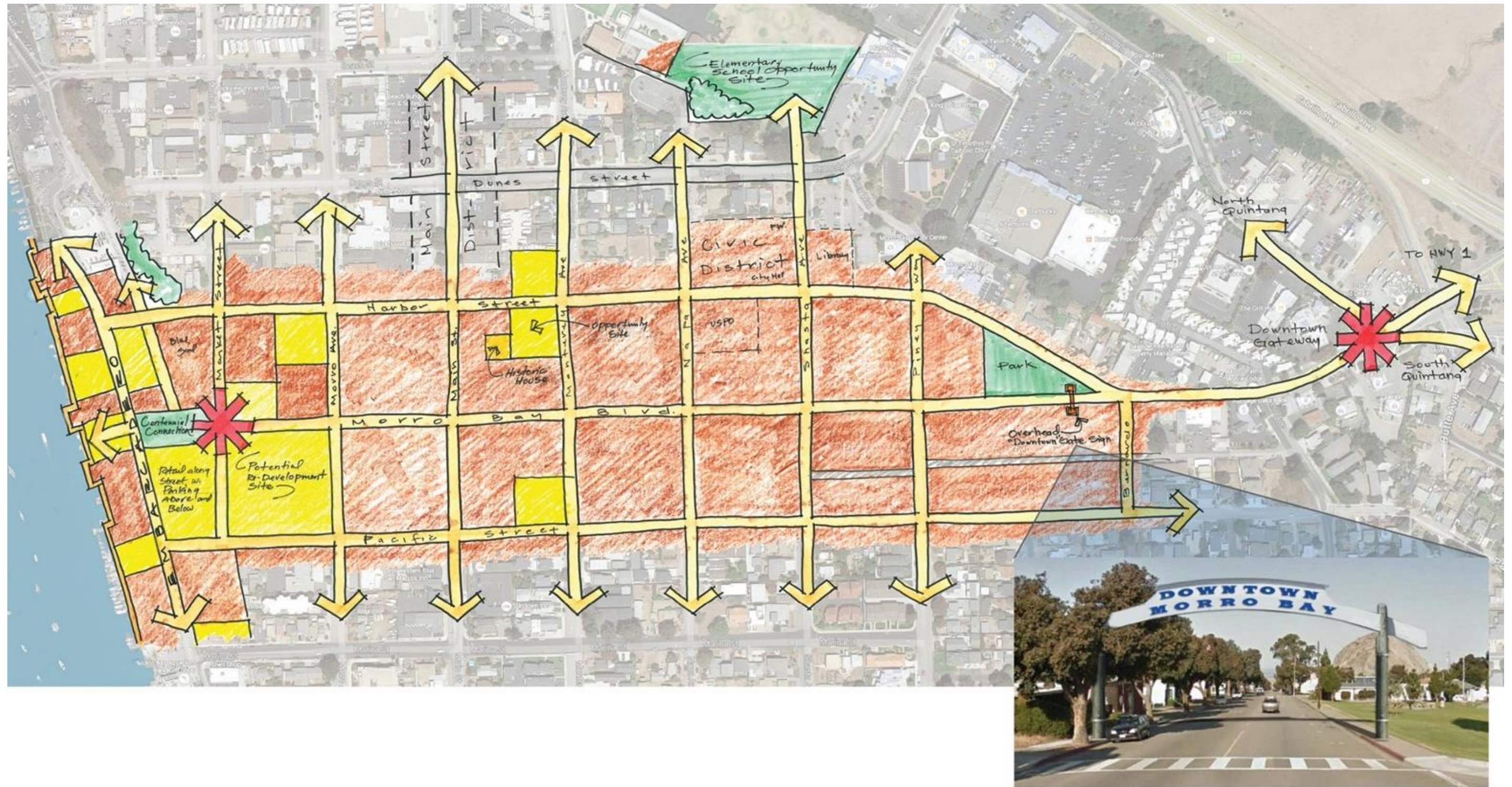
In an effort to boost revenue for retailers, hoteliers, restaurants, and the city, Morro Bay has made concerted efforts to attract higher income regional, national and international visitors. Lack of higher end retail and 4 to 5 star accommodations needed to attract more affluent visitors has worked against these efforts.

In the community survey, respondents gave the Downtown a fair/good rating in overall attractiveness and similar ratings for economic activity, mix of stores, cleanliness, maintenance, and safety. What is desired is a better mix and type of retail (low to high end) that appeals to a broader range of locals and visitors, and the development of Downtown as a "gathering" place that has outdoor dining, seating in the shade, clean and inviting public and private buildings and public amenities (sidewalks, way finding, parking, etc.) that demonstrates a strong sense of community pride. Creating a vibrant Downtown that meets these desires will likely require regulatory review, planning and investment in catalyst, opportunity and "watch" sites, and physical infrastructure improvements.

¹⁶ Retail Market Analysis, City of Morro Bay 2016-1017 Marketek & Chabin Concepts, reference Appendix

¹⁷ Source: HdL 3Q2016

Map 14 – Downtown Economic Center



Downtown Economic Center

Tactical Recommendations for the Downtown Center

Organize the Downtown Center Working Group

(See Chapter 3. Implementation Recommendations)

Physical Improvements (Initiative I-Maintain & Enhance Morro Bay's Small Town Character)

Gateways

Morro Bay Boulevard is the primary gateway to the Downtown. The city has made improvements to this gateway with the installation of a round-a-bout and monument. Way finding signs are still needed to direct travelers to the Downtown and Embarcadero-Working Water Centers.

Secondary Gateways and Economic Center Branding:

Downtown is considered the central hub of Morro Bay and branding the Downtown through informational signage and way finding along Morro Bay Boulevard to the Embarcadero-Working Waterfront will help define this unique area.

A Downtown entrance sign on Morro Bay Boulevard at the city park would help brand the Downtown. During the work session with Downtown stakeholders there was a desire to have an arch that distinguished entering the Downtown (also referred to as Uptown). (see Photo 3)

Photo 3 – Entrance Uptown Morro Bay



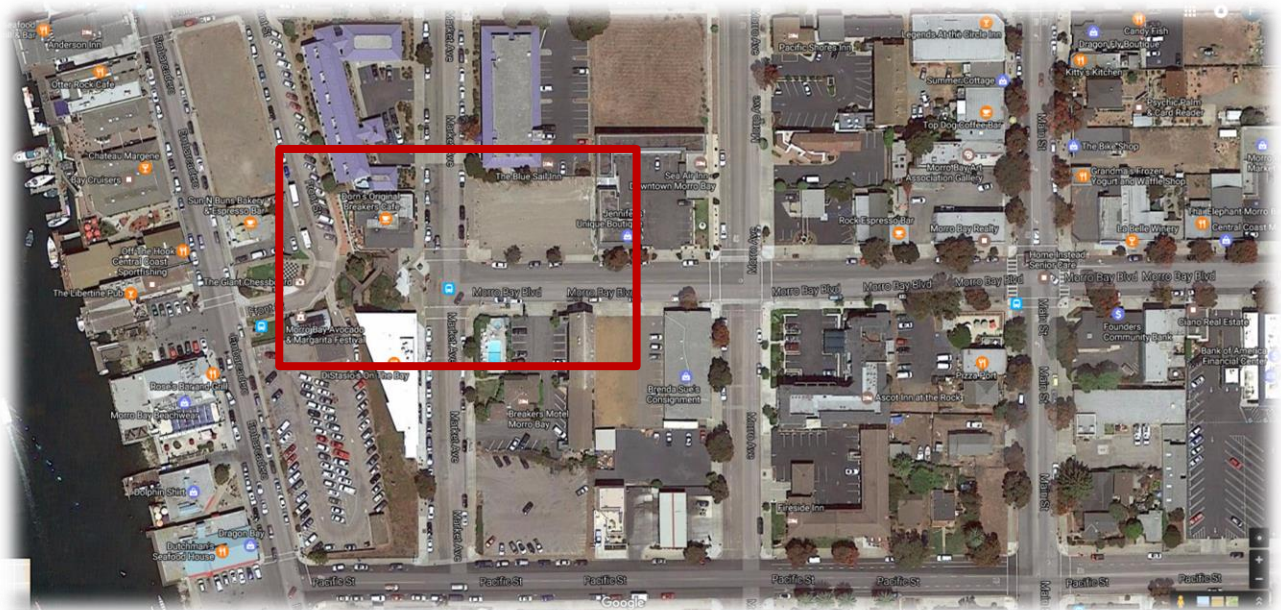
Sample Arches



North Main and the Centennial Parkway are secondary gateways into the Downtown. Secondary gateways should also be clearly defined with signage/banners that inform the visitor that they are entering/exiting the Downtown.

The Morro Bay Downtown Waterfront Strategic Plan Draft February 2017 provides discussion and recommendations for Centennial Parkway improvements (including branding and way finding) and how these improvements would increase the flow and connectivity between the Downtown and Embarcadero-Waterfront Centers. The city has also drafted preliminary conceptual plans for public investment of city-owned buildings and lots at the Centennial Parkway gateway for redevelopment into parking structures and commercial development that could include the abandonment of Market Street between Morro Bay Boulevard and Pacific.

Aerial 7 - Centennial Parkway Improvements



The goal of these efforts is to create a more robust, economically viable and attractive Downtown that both residents and visitors are drawn to and value as uniquely “Morro Bay”. The Downtown could also create and brand sub districts within the Downtown to cluster like businesses, such as, the many thrift and second hand stores branded into the “Upcycle District” or the “Arts District”, similar to the Working Waterfront sub district in the Embarcadero-Waterfront Economic Center.

Parking

Lack of parking was one of the primary complaints voiced in the community survey and in personal stakeholder interviews about downtown. Respondents identified several causes for the shortage including; the city doesn’t provide enough and merchant employees park all day in the best spots in front of their stores.

The 2007 TPG Consulting “Parking Management Plan” showed critical parking demand occurring only in a very few, isolated blocks and only for very short duration time periods (for only about a 1 hour interval),

with additional public parking available with up to 85% utilization within a 1-4 block radius. The plan provided many alternatives for the city to consider addressing real and perceived parking issues including; enhanced signage, shared parking, employee parking, etc.

The Downtown Economic Center Working Group should revisit this 2007 report and update data if needed to create a list of parking priorities for implementation.

Streetscape (Streetscape in this context refers to the total street environment including storefronts, sidewalks, lighting, furniture, trash receptacles, and landscaping.)

Community survey respondents rated the Downtown as **fair** in overall attractiveness and business vitality suffers from this condition. The importance of an attractive and vibrant streetscape is identified as Catalyst Project H in the Downtown Waterfront Strategic Plan¹⁸.

There are many recommended actions in the Downtown Waterfront plan for design guidelines and streetscape improvements that the city and Downtown business and property owners (Downtown Center Economic Working Group) should review and prioritize for action.

One additional recommendation from stakeholder interviews is to paint the faded crosswalks to increase pedestrian safety in the Downtown.

Business Opportunities (Chapter 3. Implementation Recommendations)

“Visitors go where residents go. If that’s somewhere besides downtown, that’s where visitors will go as well.¹⁹” Many respondents to both personal interviews and the on-line survey stated there is little of interest to them in the Downtown. For Morro Bay’s Downtown to realize its potential as a strong economic center, concerted efforts to change the retail and service mix to appeal to residents and a broader range of visitors should be a shared priority for the city and business and property owners.

The city is already engaged in the identification of many of these opportunities through its current planning efforts in the Downtown.²⁰ These plans provide a framework for revitalization of opportunity sites (underutilized buildings and lots) and design guidelines for streetscape improvements, architectural design, way finding, outdoor dining, plazas and outdoor spaces and signage.

Affecting change in a built-out environment takes forward-thinking planning by both the public and private sectors. The next incremental steps entail documenting space (vacant, underutilized, watch list) and identifying the existing and desired business mix. This process is often referred to as envisioning the change. Specific steps include:

1) Develop an inventory of vacant land and under-utilized buildings. Because the Downtown is essentially “built-out” better utilization of existing assets will be required. A good place to start would be with existing small vacant and underutilized land and buildings that present business opportunities for incremental growth to accommodate additional retail, service, office/technology and residential development. Develop an inventory with property

¹⁸ Downtown Waterfront Draft Strategic Plan February 2017, pg. 2.30. Michael Baker International

¹⁹ Roger Brooks, www.RogerBrooksInternational.com

²⁰ Opportunity Morro Bay: Market Plaza Power Point 2016, Downtown Waterfront Strategic Plan, Draft 2017 Michael Baker Int.

owner information, including if the vacant/underutilized property is for sale and building/land aggregation potential of underutilized properties. The inventory should include a review of planning and zoning for commercial/mixed use compatibility and development standards to support economic revitalization, especially for higher end retail, hotels, office/technology and residential (second story). Having an up-to-date inventory of key properties will support the expansion/attraction of desired economic targets. Developing simple schematics that show development potential including shared use of existing public parking lots, office/residential on upper floors with retail/hotel at street level.

This information will be important for the city, Chamber of Commerce and Downtown Association to know and utilize to share with existing property owners and businesses and prospective businesses and investors. This information could also be used to recruit those types of businesses wanted to compliment the downtown mix – seek out what is desire vs. waiting for them to come.

2) Develop a database of existing Downtown businesses by type and location. This information will serve several purposes such as the identification of:

- Clustering of like businesses (e.g. Upcycle, artisans and crafts, etc.) that could be used in sub district branding.
- Gaps in key business types (e.g. clothing, hardware, specialty, entertainment, etc.) that could become targets for attraction, or second locations for existing Morro Bay or regional businesses.

3) Develop a list of desired businesses that would:

- Complement existing businesses.
- Contribute to filling gaps.
- Enhance the Downtown “experience offering” a reason to go Downtown, such as indoor/outdoor public space, artist/craft clusters, eating, drinking and entertainment venues.

Repurposing existing underutilized buildings and lots has huge potential to accommodate new uses that may have more market demand. Secondary benefits include a reduced carbon footprint and less waste than new construction. Consider some of the older motels in Morro Bay for conversion into apartments, artist work cluster, or alternative workspace. Some motels have horseshoe configurations that provide a nice community feel if you imagine replacing most of the asphalt parking with gardens and other community space. Motel rooms could be converted to small apartments or condo units – or combined together to create larger units. The addition of affordable housing in the Downtown would also be a benefit²¹.

²¹ <http://wydaily.com/2016/03/17/local-news-knights-inn-owner-debuts-apartments-converted-from-motel-rooms/>
<http://www.useful-community-development.org/adaptive-reuse.html>
<http://denverurbanism.com/2014/04/adaptive-reuse-broadway-plaza-motel.html>
<http://www.latimes.com/business/la-fi-suburban-infill-20161223-story.html>

Example: To renovate an aging neighborhood and buildings and bring artists specifically to be part of their visitor attraction mix, the City of Paducah, Kentucky created an *Artist Relocation Program*.

To attract artists, they offered finance and loan incentives to purchase, renovate, and build properties in the area. It was a focused on a certain area of the town where buildings could be utilized to create an artist enclave allowing artists the possibility of owning their own space for live, work, and gallery space. In most urban areas where artists reside, gentrification and rising rental costs often push artists out, and prevent them from maintaining workspace.

Older motel/hotels in Morro Bay could become artists' units/lofts. These could be on the watch list for potential reuse to attract more artists – young artists getting started to add to Morro Bay's existing character.

Morro Bay may not be able to offer the same types of incentives but the concept of targeting artists and linking them to under-utilized space that needs retrofitting, Paducah is a good model. Paducah's success – over 40 artists have relocated and invested over \$15 million into the local economy and become a draw for visitors. They are currently starting a Fine Arts School with the local community college.



More intensive reuse of vacant and underutilized properties along Morro Bay Boulevard would also contribute to a continuous flow of retail and service (stores, restaurants, etc.) and with improved public assets (benches, mini parks, landscaping) would help achieve a “continuous” experience between the Downtown and the Embarcadero-Waterfront. Being diligent to creating a continuous flow between the Economic Centers will be particularly important with development of the Market Plaza Catalyst site (see Initiative 4. Catalyst & Opportunity Sites).

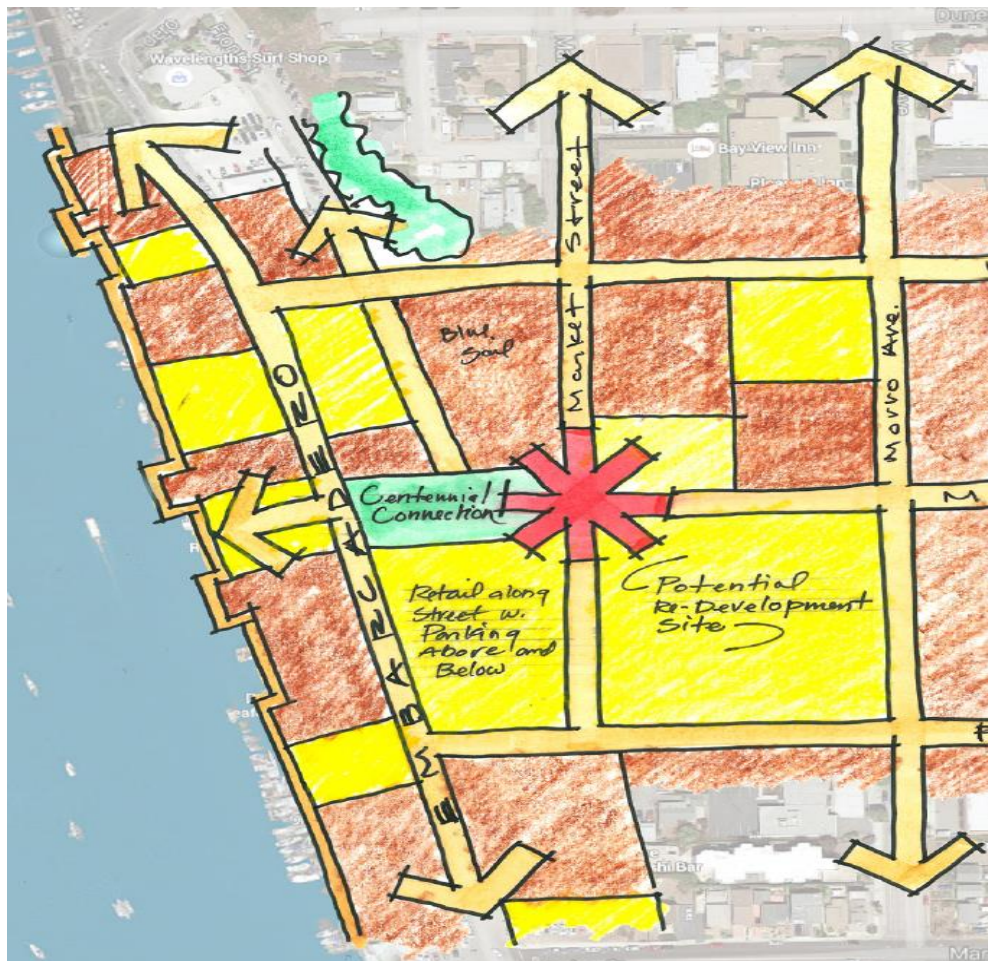
Respondents to the community survey strongly voiced support for a downtown destination with outdoor seating and dining, higher end retail and retail that supports the demand for local goods, and more arts and entertainment including farmers’ markets, festivals and events.

Implementation of these steps by committed leadership will help to drive change in the Downtown.

Opportunity and Watch Sites:

The Downtown Center has multiple small opportunity sites, one watch site, and a catalyst site (Market Plaza). Some of these opportunity sites are identified in Map 6 below, however there are more along Morro Bay Boulevard and throughout the Downtown as properties turn-over.

Map 15 - Opportunity and Watch Site – Market Plaza



Opportunity Sites:

The development of a building and land inventory will help establish if vacant land and buildings in the Downtown are “opportunity sites” or “watch sites.” Opportunity sites are currently for sale. Watch sites are key buildings and land that are valued for their singular assets or hold economic development potential when combined with adjacent land and/or buildings.

The city has one opportunity site in the Downtown, the city-owned DiStasio’s On the Bay commercial building on Market Avenue at Centennial Stairway. This building is a key component of the Market Plaza Catalyst site concept. It is also key element of bridging/transitioning the Embarcadero-Waterfront and Downtown Economic Centers. The city leases the top floor to the restaurant and the bottom floor is empty. According to city staff, the bottom floor has significant reuse issues including ADA compliance that affects the city’s ability to lease the space but if determined feasible to upgrade, it could be potential office space.

Watch Sites:

There numerous “Watch” sites comprised of vacant lots and underutilized buildings in the Downtown, along Morro Bay Boulevard and scattered throughout the Downtown. Several of these sites are identified in the Waterfront Downtown Strategic Plan (vacant lot at Harbor and Morro, underutilized lots at Harbor & Monterey and NE of Morro Bay Park).

Underutilized and vacant lots should be “watched” for assemblage/development for a “mini” public market similar to Oxbow (Napa) or Pikes Place Market (Seattle). Opportunity to showcase the local food movement and outdoor recreation (land and sea) products and value added products.

The most significant Watch site is the former elementary school on Monterey Avenue. Owned by the San Luis Coastal Unified School District, it is not currently for sale, but should be watched as a potential “opportunity site” due to its land and building configuration. The setting would be an attractive location for a professional/technology campus. Morro Bay could be a competitive location for small (10-20 employee) professional office/technology companies. Currently, the city does not have suitable buildings/campus that could accommodate this type of user. A modern flex space building that offers high speed internet and access to neighborhood amenities (coffee, food, accommodations) is required to attract these companies. The Downtown has these amenities, but lacks the building/campus environment. The new Digital West fiber network serving the Downtown and the Embarcadero-Waterfront will also enhance the city’s competitiveness for technology companies.

This site is also an important cross-over transition site linking Quintana with the Downtown Center.

Aerial 8 - Former Morro Bay Elementary School Site



Catalyst Site:

Market Plaza is a city initiated conceptual plan for Centennial Parkway and Market Street for reuse of underutilized buildings and vacant lots both public and privately owned. As previously stated, Centennial Parkway is a pivotal “transition” area that connects the Embarcadero-Waterfront with the Downtown. Market Plaza has tremendous economic development potential and could create the synergy and connections needed to enhance both the Downtown and Embarcadero-Waterfront Centers. A conceptual drawing of Market Plaza is provided below and discussed in detail in Initiative 4 Catalyst & Opportunity Sites.

This location is “shared” between Economic Centers and therefore needs to be addressed by both from the perspective of the Embarcadero/Waterfront traveling up the stairway on foot or by vehicle from Pacific or Harbor Streets and from Morro Bay Boulevard moving toward the Embarcadero-Waterfront.

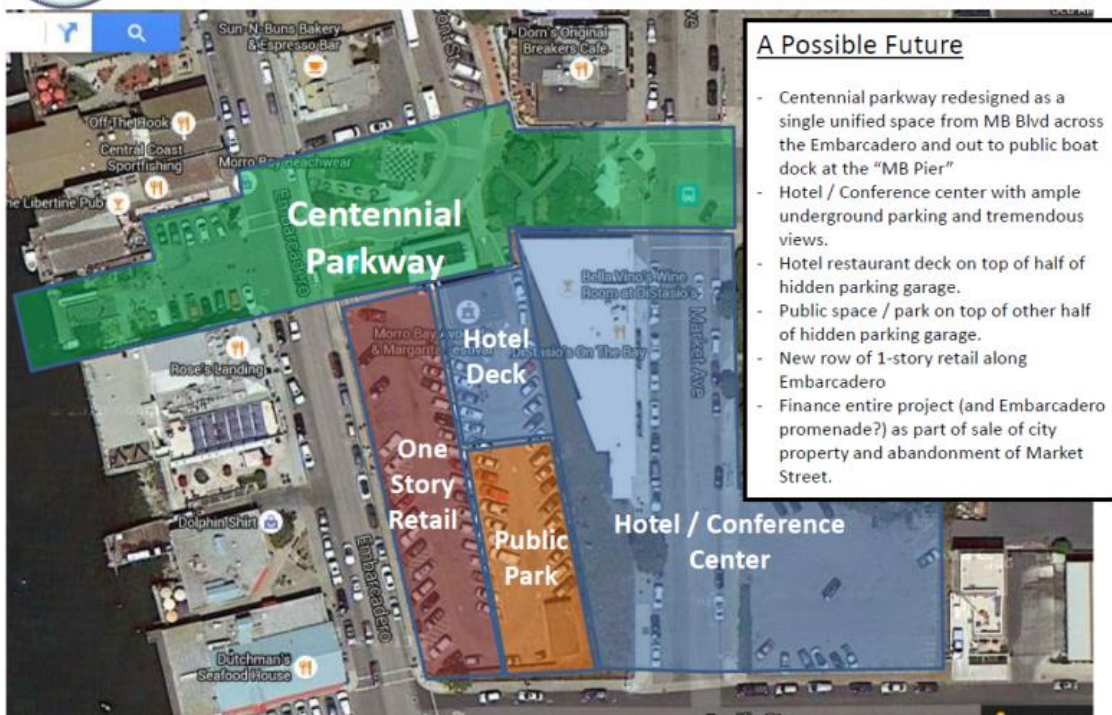
Market Plaza is discussed in detail in Initiative 4 Catalyst & Opportunity Sites.

This location is “shared” between Economic Centers and therefore needs to be addressed by both from the perspective of the Embarcadero/Waterfront traveling up the stairway on foot or by vehicle from Pacific or Harbor Streets and from Morro Bay Boulevard moving toward the Embarcadero-Waterfront.



Opportunity Morro Bay – Serious about the Next 50 Years

Market Plaza



Market Plaza is discussed in detail in Initiative 4 Catalyst & Opportunity Sites.

Business Assistance (Implementation Recommendations)

Successful economic development in the Downtown will require a strong public/private partnership. The city has already invested in the economic center by preparing the Draft Downtown Waterfront Specific Plan. This is in addition to the comprehensive update of the city's General Plan and Local Coastal Plan. These planning processes will define the vision and development potential of the center and the city. These documents are foundational and should become key reference documents for moving to action.

Business assistance programs to be considered include:

- For the retail and service businesses, partnering with SLO Workforce Development Department to establish a hospitality certificate and customer service certificate training programs is recommended (there has been such a program in the past which possibly could be reinstated).
- City ombudsperson: a designated city employee ombudsperson that will assist business through the planning, building codes and policies, where business expansion and location most likely will require the adaptive reuse of existing built space.
- Business Assistance: Through the Cuesta College Business and Entrepreneurship Center (BEC), in collaboration with the Chamber of Commerce and Downtown Merchants Association. The BEC supports local economic development organizations whose primary mission is to assist small businesses. One local hotelier suggested that it would be very beneficial if the Chamber hosted a Job Board where local businesses could post job openings.
- Incentives: Other communities have been successful with supporting local businesses through incentive programs, however, Morro Bay may not have the capacity to offer such incentives²²:
 - Matching dollar façade improvement programs to incentivize local downtown building and business owners to enhance the visual aesthetic of their building. The desire for additional awnings to increase the visual appeal of the community was cited by many respondents in the community survey.
 - Incentive for development of commercial/residential uses on multiple story buildings in the downtown.
 - Incentive for revitalization/upgrade or adaptive reuse of underutilized “tired” older motel/hotel properties in the downtown.
 - Incentive for business attraction. Some communities have used incentives to attract desired businesses (e.g. Paducah, Kentucky).

²² City of Long Beach, Adaptive Reuse Technical Manual, December 2014 <http://www.lbds.info/civica/filebank/blobdload.asp?BlobID=5218>. The Vacant Upper Floor Project, Pittsburgh Downtown Living Initiative, June 2004 <http://evepicker.com/wp-content/uploads/2017/01/VUFsmall.pdf> Adaptive Reuse Handbook, Seattle, Washington <http://courses.washington.edu/wcstudio/SLU/7-AdaptiveReuseSection.pdf>

Initiative 3 Marketing Catalyst Sites

Initiative 3. Marketing Catalyst Sites

Morro Bay has three catalyst sites that possess significant opportunities to enhance the city's sustainability through increased investment, job creation, and economic diversification.

In contrast to the “infill” and repurposing of single underutilized buildings and lots (referred to as opportunity sites), these catalyst sites encompass acres of built and undeveloped land, are long term, and will require additional study, analysis and public review.

Although the challenges and opportunities for each site are different, all will require a shared vision and investment of both public and private leadership and funds.

The three sites are listed below and further described in the following pages.

1. Market Plaza a pivotal opportunity shared by the Downtown and Embarcadero-Waterfront Centers (both city-owned and privately-owned land and building assets).
2. Power Plant in the Embarcadero-Waterfront Center (privately-owned asset).
3. Wastewater Treatment Plan (WWTP) in the Embarcadero-Waterfront Center (joint ownership with the Cayucos Sanitary District).

Catalyst Site Pre-Preparation Actions

Reuse/redevelopment of these Catalyst sites will require groundwork by the city. This groundwork includes:

- Assemble the city's development team including; city manager, finance director, planning director, city attorney, engineer, public works and key stakeholders (council, community leaders, property owners, etc.).
- Develop key qualifications list for potential developer partners, brokers.
- Build community support by starting early. Identifying community concerns early-on allows time to address concerns, mitigate risk and create a shared vision and public purpose.
- Consider and conceptually plan for how the city could assist with site assembly, especially with facilitating reuse of city-owned assets (parking lots, buildings).
- Develop preliminary community infrastructure requirements needed to support development. Consider city assistance with parking, utility and other infrastructure to serve the community's objectives and facilitate the project. Costs could be recovered through user fees, impact fees or assessments.

“Public/private partnerships are a critical vehicle for accomplishing key community development objectives with regard to real estate development and redevelopment, infrastructure and public facilities, and monetization of existing public assets for public benefit. These partnerships tap the expertise, tolerance for risk, and financial resources of the private sector to help achieve public goals. However, they are complex, and the public and private sectors have different skills, concerns, and perspectives”.

Public/Private Partnerships from Principles to Practices, ULI 2016

- Investigate Enhanced Financing Infrastructure District program as a potential source for financing projects. See Appendix, Infrastructure Financing Guide by Keyser Marston²³.
- Undertake selective site preparation. Especially for city-owned assets. The city could undertake site preparation and remediation activities, such as moving underground utilities and allowing predevelopment entry to undertake excavation and environmental due diligence.
- Streamline development approval processes. This action is a form of predevelopment by establishing clear parameters of acceptable development. Some communities have updated zoning with form-based codes²⁴ and created coordinated and current review and approval processes.

These “pre-preparation actions” by the city could help reduce the risk of challenges and delays the catalyst projects could encounter and decrease project risk for potential developer partners²⁵.

Marketing Catalyst Sites

Development of catalyst sites will likely require a public/private partnership, where by a developer, or owner/developer is financing the project.

The city is already doing the right thing in promoting catalyst site opportunities with one-on-one meetings with developers and/or owners that have the wherewithal, and vision, to see the opportunity. The city should continue to have the City Manager Team meet with developers and owners to personally discuss the catalyst projects. To assist with presentations to developers, the city could:

- Prepare a power point deck for each catalyst site.
- Prepare a package with maps, conceptual and current status on infrastructure, permitting and what the city can bring to the table.
- List all programs and incentives that might be available to developers (such as, infrastructure financing or new market tax credits (see appendix).
- Continue to schedule meetings with owners of property and developers, with approval of owners to discuss catalyst sites.
- Continue to expand list of developers (Bay Area and Los Angeles).
- Discuss potential infrastructure financing with an entity such as Keyser Marston who will also have contacts with developers.
- Post power point deck on website and slide share.
- If owners approve, add catalyst sites to OppSites, www.oppsites.com.

²³ Jim Rabe, Principal Keyser Marston Associates, jrabe@keyersmarston.com, 213-622-8095

²⁴ Form-Based Codes Institute <http://formbasedcodes.org/>

²⁵ Public/Private Partnerships From Principles to Practices, ULI Public/Private Partnership Councils 2016 <http://uli.org/wp-content/uploads/ULI-Documents/Successful-Public-Private-Partnerships.pdf>

- Attend the P3C (Public-Private Partnership Conference) in 2018, a venue to meet with developers who could be interested in the city's catalyst projects <http://thep3conference.com/>.

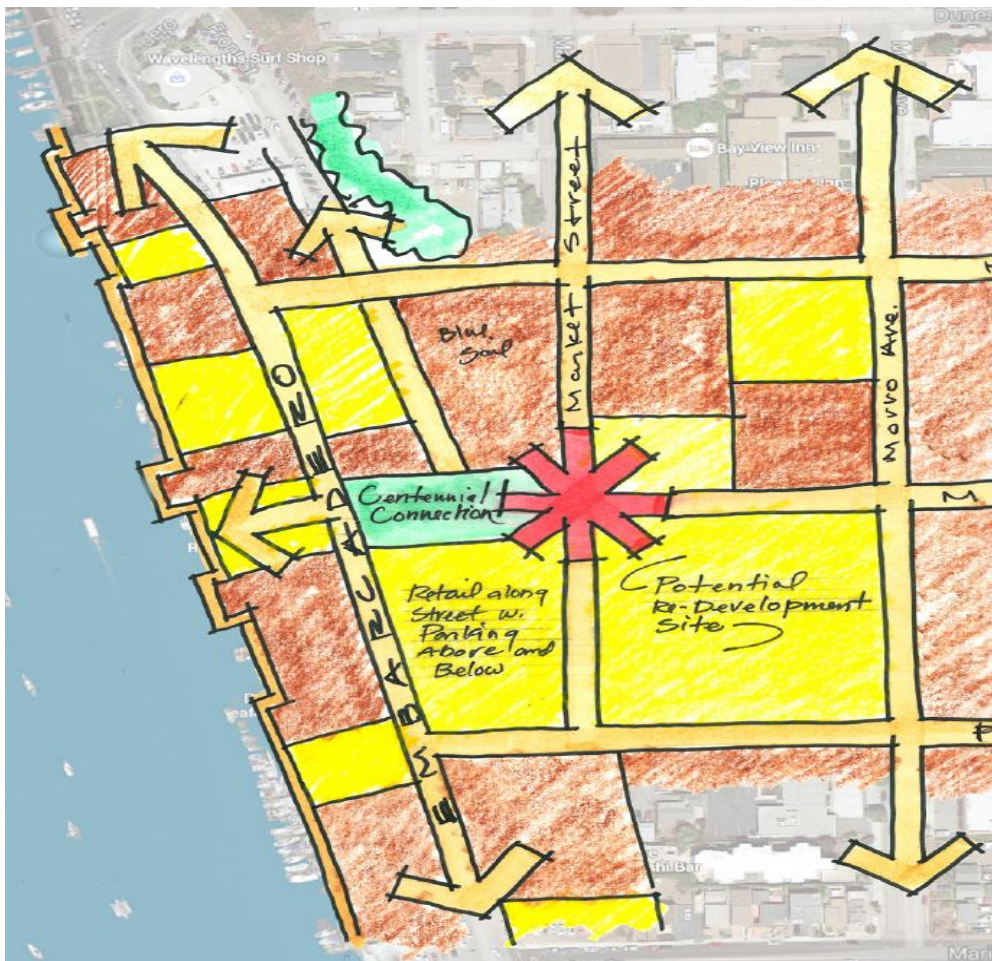
I. Market Plaza:

This conceptual catalyst project was identified by the consultant team for three reasons 1) strategic location connecting the Downtown and Embarcadero, 2) an identified secondary gateway for Embarcadero to provide direction and wayfinding for visitors and 3) input from stakeholders on need for conference center and hotel. The catalyst area has tremendous potential for reuse/revitalization for both the Downtown and the Embarcadero.

The project site boundaries are not firmly established but generally encompass all lands from the Embarcadero to Morro Avenue and from Morro Bay Boulevard to Pacific Street. Part of this catalyst site is included as Opportunity Site Number 7 (city lots at Embarcadero and Pacific) in the Downtown Waterfront Draft Strategic Plan February 2017.

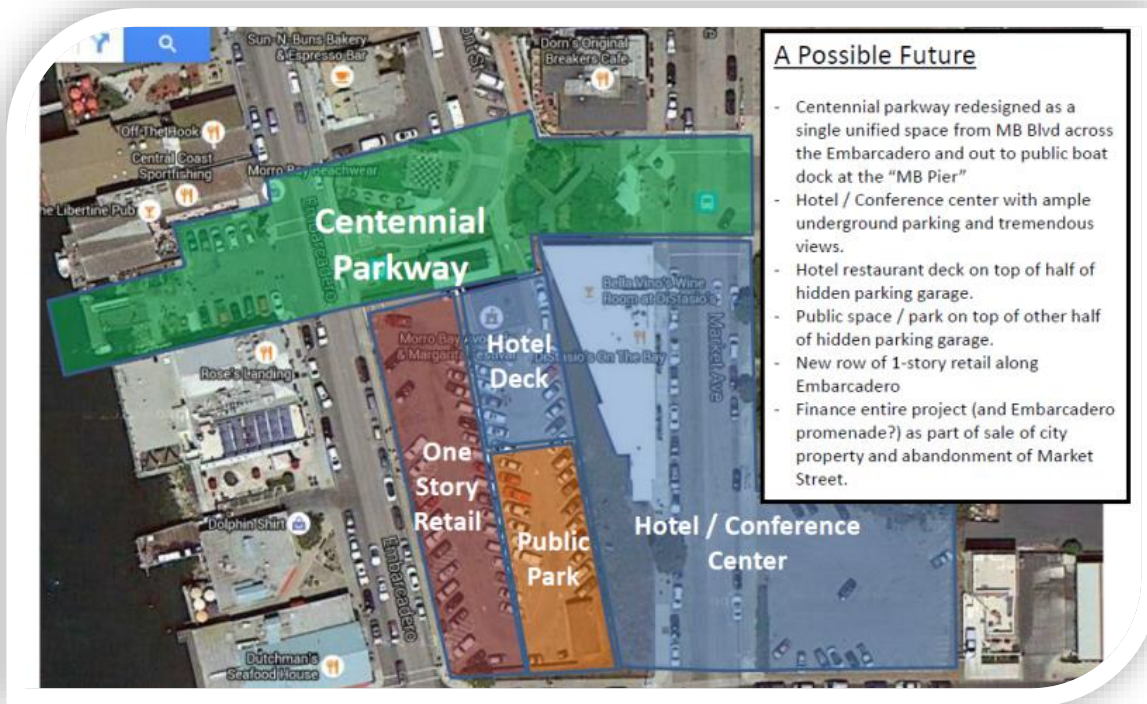
Figures 14 and 15 show the general boundaries of the Market Plaza Catalyst site and potential development opportunities that could include a hotel/conference center, retail, a parking structure, and park.

Map 16 - Strategic location for redevelopment opportunity, connecting Downtown with Embarcadero including an identified secondary gateway location*.



The city owns significant assets at this site including a commercial building (DiStacio's), a street level parking lot on the Embarcadero, and the Centennial Parkway. Privately held properties include: a vacant lot, Breaker's Motel and parking, car wash, private residence and a consignment store and parking.

Figure 8 - Market Plaza Concept



Development of this site will call for a strong public/private partnership including the participation of private property owners and a developer team. Development should consider:

- Adaptive reuse of under-achieving buildings.
- Reuse/revitalization of city-owned buildings/parking lots.
- Structure parking within/below buildings to minimize surface parking lots.
- Art and interpretive opportunities overlooking the bay.
- Potential street closures and traffic rerouting.
- People connections to natural systems, recreation and shopping.
- Integration with bigger picture plans for the entire Downtown-Working Waterfront planning areas, particularly the Centennial Parkway connection to Downtown.

- Mixed-use destination retail/experience like Pike’s Market or Oxbow.

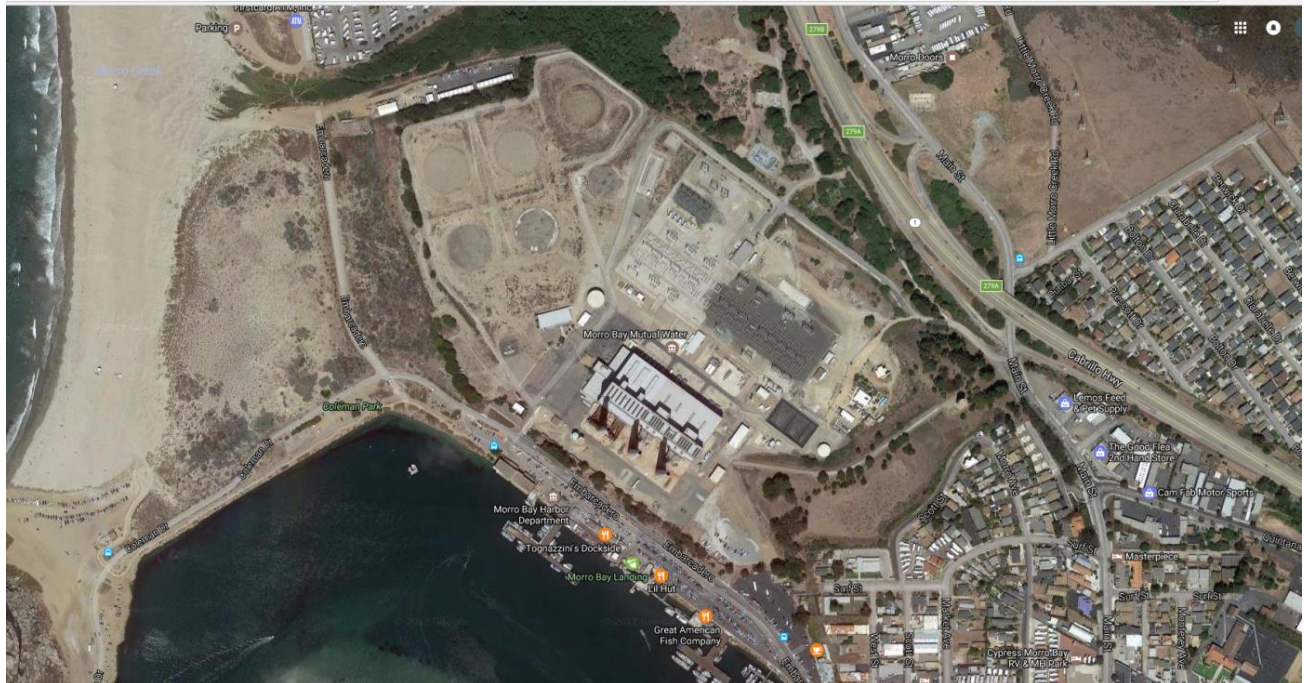


2. Power Plant:

The 100-acre former power plant, currently for sale, is a “game changer” for Morro Bay for many reasons including: size of the property, location on the Embarcadero-Waterfront, views, natural setting, adjacent existing retail/service/Working Waterfront and proximity to the city’s soon to be decommissioned 25-acre waste water treatment plant site (WWTP).

The three 450 foot stacks are considered a landmark and contribute to the physical identity of Morro Bay. Repurposing of this site offers a unique opportunity to embrace this iconic site as a public amenity. The size of the property is suitable as a major mixed use development that meets community and economic development needs.

Aerial 9 - Power Plant Area



The site may have limitations on development, such as, access to the site would need to be considered, including an interchange off Highway 1 to accommodate traffic impacts associated with this site and the reuse of the WWTP site. Adjoining connections with Atascadero to Highway 1 and North Main would allow a multi modal loop to the south via the Main Street and Morro Bay Gateways.

Discussion of this site during the General Plan process identified a range of opportunities. Adaptive re-use of the power plant building, if structurally feasible, could be a combination of uses including a brew pub, housing and office space. Preservation of the stacks would maintain the local identity and wayfinding. Enhancement of these stacks, such as subtle nighttime illumination could further establish this site as a destination and amenity.

The remainder of the site has great potential. Concepts discussed include a regional sports park, sand volleyball, a maritime or cultural heritage museum and other uses that would support the economic develop and community goals while complimenting the Embarcadero-Working Waterfront dynamics.

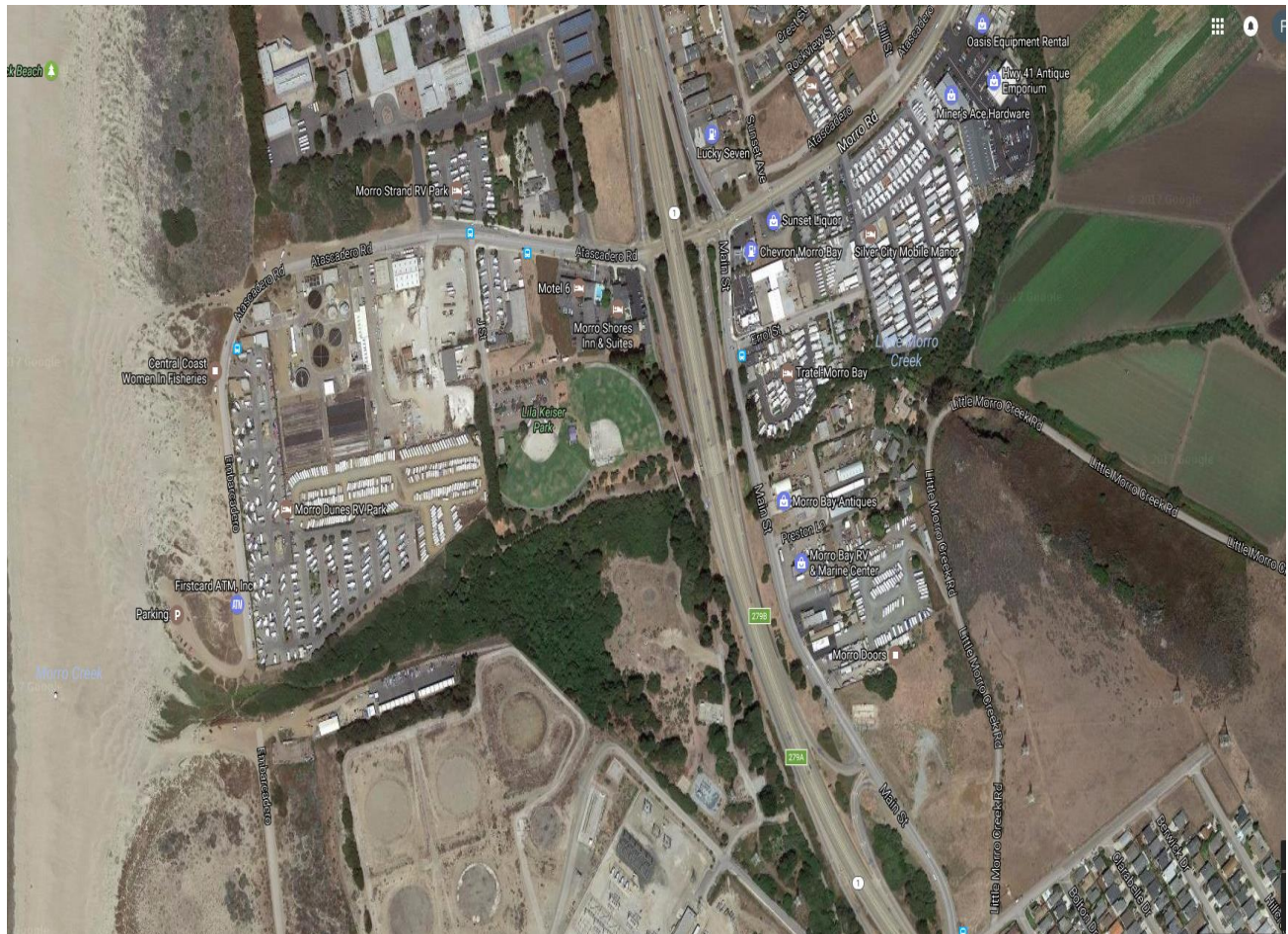
Map 17 - Power Plant Catalyst Site



3. Waste Water Treatment Plant (WWTP):

The soon to be decommissioned 25 acre WWTP is a shared asset between the city and the Cayucos Sanitary District. There may be limitations to the development of the site, such as, the shared ownership and partial location in flood zone.

Aerial 10 - WWTP Catalyst Site



The WWTP is a significant location. The beach defines the west edge which in itself promotes this site as a destination. To the east is Lila Keiser Park. This park has potential to be expanded in the short term to meet growing recreational needs. To the south are Morro Bay Creek and the Power Plant Catalyst site beyond. Atascadero Road to the north provides important connections to the high school and transportation routes.

As a catalyst site, the potential for economic, environment and recreation is outstanding, especially given that some of the land is within the flood zone. Various visions, ideas and conceptual plans have been identified. A mix of uses is most consistent with the goals of economic development. The ideas that have been discussed include an enhanced camping, cabin and RV park, community gardens, light retail and commercial uses, a small boutique hotel and conference center and similar uses. The west end connection of Atascadero Road to the Embarcadero-Working Waterfront to the south has been identified as an important people plaza location. This has been identified as a nexus place-making opportunity.

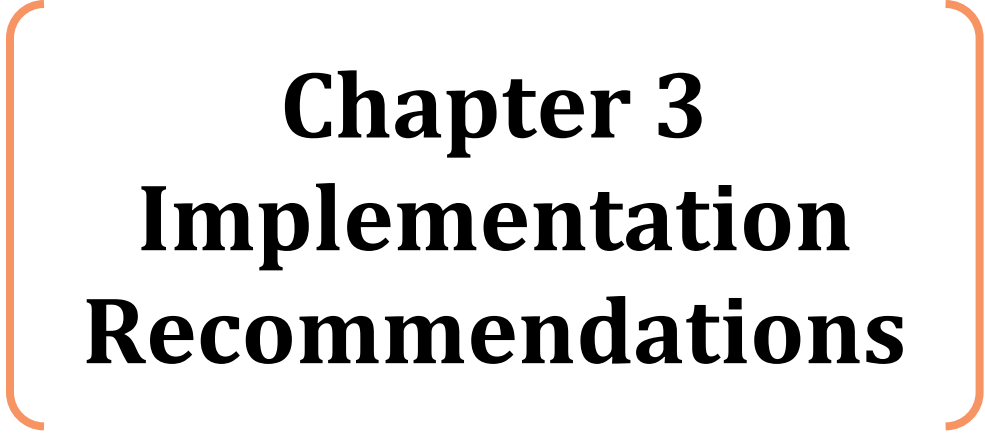
Map 18 - WWTP Catalyst Site



Going beyond the site itself, should consider incorporating the existing buildings between the site and Motel 6, as building upon the small cluster to create a small business park setting which could be location for small business creating recreational equipment or tech space (a perfect location for workers to enjoy the beach and ride bikes to downtown/embarcadero for lunch).

A survey analysis and conceptual planning could be next step to explore the range and integration of these uses. Underlying the plan for these sites is the critical goal of protecting, restoring and enhancing the natural systems and amenities that define these sensitive areas. Issues of storm water treatment, habitat restoration and protection of drainage ways, the creek and native vegetation should be integrated into the plan objectives. Integrating the Historic and cultural influences should also be interpreted within project plans as a means to enhance the identity of Morro Bay.

Throughout the Catalyst sites pedestrian friendly environments are the key to successful planning. People connections to natural systems, recreation and shopping destination should be the common thread throughout the development plans.

The title is centered and enclosed in large, orange, rounded square brackets. The text is in a bold, black, serif font.

Chapter 3

Implementation Recommendations

