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Title: Update on the California Coastal Commission Decision on the Downtown Specific Plan and Local Coastal Program Amendments (Community Development Director McIntosh).
DISCUSS AND PROVIDE DIRECTION

Sponsors:

Indexes:

Code sections:

Attachments: 1. Urgency Ordinance No. 18-0019-U, 2. Coastal Commission Staff Report, 3. Public Comment Letter from City Council (August 9, 2018), 4. Public Comment Letter from City Attorney (August 9, 2018), 5. California Coastal Commission Letter of Final Decision (August 14, 2018), 6. Downtown Design Guidelines (Existing 1998 and Final 2016)

Date	Ver.	Action By	Action	Result
9/4/2018	1	City Council Regular Meeting	approved	Pass

TO:
Honorable Mayor and Members of the City Council

THROUGH:
Bruce Moe, City Manager

FROM:
Anne McIntosh, Community Development Director
Nhung Madrid, Senior Management Analyst

SUBJECT:
Update on the California Coastal Commission Decision on the Downtown Specific Plan and Local Coastal Program Amendments (Community Development Director McIntosh).
DISCUSS AND PROVIDE DIRECTION

RECOMMENDATION:
Staff recommends that the City Council:

1. Review the California Coastal Commission’s decision on the Certification of the Downtown Specific Plan and related Local Coastal Program Amendments,
2. Direct staff to return on September 18, 2018 with a Resolution to reject the California Coastal Commission’s modifications to the Downtown Specific Plan,
3. Direct staff to schedule a public hearing on October 16, 2018, to consider:
 - a. Second-floor outdoor dining in the Downtown area,
 - b. An ordinance with substantially the same provisions as Urgency Ordinance No. 18-0019-U (amended, if necessary, to be consistent with Council direction on item 3.a),

- c. A corresponding ordinance to amend the Local Coastal Program,
- d. Repealing the Downtown Specific Plan.

FISCAL IMPLICATIONS:

No significant fiscal impact if Council adopts Staff's recommendations. As further discussed within each of the options below, accepting and implementing the Coastal Commission's modifications to the Downtown Specific Plan (and corresponding changes to the City's Local Coastal Program) would require a significant commitment of staff time and resources, and would preclude staff work on other long range planning projects that may arise later in the year and will delay current projects.

BACKGROUND:

On August 9, 2018, the California Coastal Commission (CCC) held a public hearing to discuss the City's submittal for certification of the Downtown Specific Plan (DTSP) and Local Coastal Program (LCP) Amendments (Attachment). At the hearing, Mayor Howorth presented into the record a formal letter from the City Council requesting the Coastal Commission to reject Coastal staff's recommendation of the 27 suggested modifications and approve the City's DTSP as proposed (Attachment 2). Also, hand delivered and submitted into the record was a letter prepared by the City's legal counsel stating many of the City's significant legal concerns regarding the CCC's staff's suggested modifications (Attachment 3).

The Commission received public testimony from ten speakers, discussed the Plan and suggested modifications, and voted unanimously in favor of Coastal staff's recommendation to reject the City's application as submitted, and approve the DTSP with 27 modifications related to The Coastal Act's Chapter 3 Public Access policies (beach visitors, lower cost visitor overnight accommodations, short-term rentals, parking), and addressing hazards such as sea level rise and adaptation measures to protect coastal resources.

DISCUSSION:

In light of the California Coastal Commission's decision on the Downtown Specific Plan and Local Coastal Program Amendments (Attachment), staff is seeking direction from the City Council on the next steps for the Plan and related LCP Amendments.

The City has six months to act on the Coastal Commission's decision, which includes the following options with staff comments:

Option 1: ACCEPT the Coastal Commission's decision on the 27 suggested modifications to the Downtown Specific Plan and the Local Coastal Program Amendments:

- Accept and undertake the Coastal Commission's modifications to the Downtown Specific Plan and the update to the City's Local Coastal Program which would require a significant commitment of staff time (Community Development: Administration, Planning, Building, Transportation Engineering, Environmental Programs; Parks & Recreation: Graphic Designer; Finance: Administration, Revenue Services).
- This action would likely require at least two years to complete given the complexity of the requested modifications related to policy decisions on short-term rentals, as well as other sustainability policies related to sea level rise and hazards mitigation that are currently underway.
- Undertaking an update to the LCP of this magnitude would require a significant amount of planning staff resources.
- Staff taking the lead on this project, without any consultant assistance, will preclude

staff work on other long range planning projects that may arise later in the year and will delay current projects.

- Although the City has six months to act on the Commission's final decision, the City may request an extension from the Coastal Commission for an additional year (for a total of 18 months) to complete the requirements set forth by the CCC under this option.

Option 2: REJECT the 27 suggested modifications to the Downtown Specific Plan and Local Coastal Program Amendments:

- Repeal the Downtown Specific Plan and related General Plan Amendments, Zoning Map and Zoning Code Amendments, and Local Coastal Program Amendments.
- Retain the Downtown Design Guidelines in the DTSP to replace the existing Downtown Design Guidelines (Adopted in 1998) (Attachment 5). These could be used as a guide by the City and the development community for development in the Downtown area. An extensive amount of staff time, resources and community input went into the development of the DTSP, and this is a viable option to retain some of the work.
- Adopt Ordinances containing the DTSP's four key land use regulations which mirrors Urgency Ordinance No. 18-0019-U (Attachment 6). If adopted, the Ordinance amending the LCP must be transmitted to the Coastal Commission for certification. The consideration of the Ordinances is scheduled for the October 16, 2018 City Council meeting. At that meeting, staff will provide more information regarding the Planning Commission's discussion related to second-floor outdoor dining.
- These tasks can be accomplished within a six to twelve month timeframe.

(A variation of this Option 2 is to reject most but not all of the Coastal's 27 modifications. Coastal staff takes the position that the City must accept or reject the Plan, as modified, in its entirety, and that the City cannot accept some of the modifications and reject others. However, the City Council may want to express to the Coastal Commission which, if any, of the modifications are acceptable.)

Option 3: RE-SUBMIT a revised application for the Downtown Specific Plan and Local Coastal Program Amendments. A re-submittal would require the City to work with the Coastal Commission to further discuss the 27 modifications and find common ground on revisions to both the DTSP and LCP that would be amicable to both agencies.

- Based on conversations with the Coastal staff, the re-submittal would be deemed incomplete until the City accepts or develops an acceptable alternative short-term rental policy, and policies related to coastal hazards, sea level rise, and adaptation language to protect coastal resources. Once those policies are completed, and is submitted to Coastal and they have deemed the application complete, the process would take approximately nine months to be complete.
- This option would also require a major update to the City's Local Coastal Program to include language related to lower cost visitor serving overnight accommodations, priority of development of private lands, protection of scenic and visual qualities of coastal areas, and maintenance and enhancement of public access to the coast.
- Coastal staff seem very adamant about their modifications to the City's Plan and LCP, and staff is skeptical that substantially different alternatives to Coastal staff recommendations would be accepted.
- This option would result in a one to three year process to complete.

Based on the time and costs evaluated in the above mentioned options, staff recommends **Option 2 - REJECT** the California Coastal Commission's final decision. In addition, staff recommends that the

City Council: (1) direct staff to draft resolutions and ordinances repealing the DTSP and LCP Amendments; (2) retain the design guidelines in the existing DTSP to replace the existing Downtown Design Guidelines; and (3) adopt ordinances maintaining the DTSP's four key land use regulations.

PUBLIC OUTREACH/INTEREST:

An extensive amount of community engagement and outreach has occurred throughout the life of this project. Based on City Council's direction on next steps, staff will plan and execute future outreach accordingly.

ENVIRONMENTAL REVIEW

In accordance with the provisions of the California Environmental Quality Act (CEQA), as part of the DTSP Project and LCP Amendments, the City prepared an Initial Study, Mitigated Negative Declaration (MND), and Mitigation Monitoring and Reporting Program (MMRP) to ensure compliance with the requisite mitigation measures. No additional analysis is required at this time.

LEGAL REVIEW

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

Attachments:

1. Urgency Ordinance No. 18-0019-U
2. Coastal Commission Staff Report
3. Public Comment Letter from City Council (August 9, 2018)
4. Public Comment Letter from City Attorney (August 9, 2018)
5. California Coastal Commission Letter of Final Decision (August 14, 2018)
6. Downtown Design Guidelines (Existing 1998 and Final 2016)