

Special Notice / Hearing: None

Vote Required: Majority

DATE: June 27, 2017

To: Honorable Board of Supervisors

From: Steve Monowitz, Community Development Director

Subject: EXECUTIVE SUMMARY: Adoption of an Ordinance to amend the Development Agreement regarding construction of the Big Wave North Parcel Alternative Project (Big Wave NPA Project) to: 1) allow construction on Lot 4 (instead of on Lot 2) prior to construction of Building 3 of the Wellness Center; 2) allow construction types other than Type 1 (steel and concrete) that meet Coastside Fire Protection District requirements; and 3) allow the owner to obtain building permits for a limited amount of Office Park construction prior to obtaining Caltrans approval to install a signal or roundabout, among other minor changes.

County File Number: PLN 2013-00451 (Big Wave Group, LLC)

RECOMMENDATION

Adopt an ordinance Amending a Development Agreement between the County of San Mateo and Big Wave, LLC, pursuant to Chapter 24.5 (Sections 6510, *et seq.*), Part One, Division VI (Planning) of the San Mateo County Ordinance Code, and waive the reading of the ordinance in its entirety.

BACKGROUND

The property owners of the subject parcels, Big Wave LCC (north parcel) and Big Wave Group (south parcel), referred to collectively as "Big Wave", request to amend their Development Agreement with the County, which was executed at the time of the Board of Supervisors' approval of the Big Wave North Parcel Alternative Project (Big Wave NPA Project) on May 19, 2015 and allows project construction over 15 years.

At its meeting on June 6, 2017, the Board of Supervisors moved approval of staff's recommended amendments to the Development Agreement for the Big Wave NPA Project, provided, however, that at the point that the first Office Park building on Lot 4 is fifty percent (50%) complete, the property owner must begin construction of Building 3 of the Wellness Center, further provided that the Community Development Director, upon a showing of good cause, may grant an extension of up to six (6) months.

The Development Agreement, as amended, would be consistent with proposed permit amendments to allow minor changes, including the following:

1. Allow construction of Lot 4 of the Office Park prior to construction of Building 3 of the Wellness Center and other changes in Office Park building phasing. Presently, the Development Agreement and conditions of approval contemplate that Lot 2 of the Office Park will be developed first and prior to construction of Building 3 of the Wellness Center. According to the applicant, this change would afford immediate financial assistance to the project, as there is a party interested in establishing operations on Lot 4. This change will reserve the lots closest to the wetlands to be developed last.
2. Allow construction types other than Type 1 (steel and concrete) for the Wellness Center buildings that meet Coastside Fire Protection District requirements; and
3. Allow the property owner to obtain building permits for Office Park building construction prior to obtaining Caltrans approval to install a signal or roundabout. Presently, the Development Agreement and conditions of approval contemplate that the applicant will obtain Caltrans approval to install a traffic signal or roundabout prior to obtaining building permits for any Office Park building. This proposed change will allow the County to fully explore the feasibility of a roundabout without creating undue delays for the project.

DISCUSSION

The following is a description of the proposed revisions to the Development Agreement, the reasons why they are requested, and the Planning and Building Department's basis for recommending approval.

1. Changes to the Phasing Schedule

Under the original conditions, Condition No. 73 of the conditions of approval states that prior to the construction of Building 3 of the Wellness Center (which would include 25 bedrooms), the property owner may only construct business uses on Lot 7 (Wellness Center parcel) and one Office Park Building on Lot 2. Big Wave requests to modify Condition No. 73 to allow a building on Lot 4 as the first Office Park building to be constructed, instead of on Lot 2. The Big Wave has an agreement with the Half Moon Bay Brewing Company for the development of Lot 4. Lot 2 does not meet the company's locational and access criteria.

In response to concerns expressed at the hearing, Supervisor Groom suggested that the Board approve the amendments to the Development Agreement, with the added requirement that (1) at the point, that the first Office Park building on Lot 4 is fifty percent (50%) complete, the property owner must begin construction of Building 3 of the Wellness Center; and (2) upon a showing of good cause, the Community Development Director may grant the property owner an extension of up to six months beyond the date that the first Office Park building on Lot 4 is fifty percent (50%) complete for construction to commence on Building 3 of the Wellness Center, provided that the Community Development Director shall inform

the Board of Supervisors if such discretion is exercised. The Board adopted a motion to that effect.

In addition, Condition No. 73, under the original conditions, specified the order of building construction as requiring building on Lot 2, then Lot 3 after the construction of Wellness Center Building 3, and then only after completion of the entire Wellness Center may Office Park Buildings on Lot 6, Lot 4, and Lot 5 be constructed upon and only in the order listed. The changes proposed here would allow construction of a building on Lot 4 first, then Lots 2 and/or 3 after the construction of Wellness Center Building 3, then Lots 6 and 5 (in any order) after all Wellness Center buildings are built, providing future tenants and buyers some flexibility in building choice and Big Wave additional funding for the construction of the Wellness Center.

2. Change to Allow Other Types of Construction for Wellness Center Buildings

Based on limited water availability in 2015 through the Montara Water and Sanitary District (MWSD), Condition No. 77.a requires all Big Wave NPA buildings to be designed as Type 1 Fire Resistive Non-combustible (constructed from steel and concrete). Since then, MWSD has increased its water supply by obtaining additional water sources, which results in other, less expensive types of construction becoming feasible. Big Wave therefore requests to modify Condition No. 77 to allow other types of construction in addition to Type 1 for the Wellness Center buildings, such as Type 5 (Protected Wood Frame). Construction would be subject to the review and approval by the Coastside Fire Protection District at the time of building permit application. The requested modification would allow the Wellness Center, an affordable housing project, to be constructed at a lower cost.

3. Changes to Traffic Mitigation Measure

Under the original conditions, Condition No. 4.ae (Mitigation Measure TRANS-1) requires a phased approach to traffic mitigation, first requiring Caltrans approval of a mitigation measure (specifically, a signal or a roundabout) prior to the issuance of a building permit from the County for any Office Park building. Then, construction of the approved mitigation measure is required prior to occupancy of any Office Park Building or business space at the Wellness Center (excluding Wellness Center-operated businesses), unless the property owner(s) submits evidence that Caltrans has determined that the signal or roundabout should not be installed until the signal warrant for the Cypress Avenue/Highway 1 intersection is met. In such an instance, the installation of a signal or roundabout would be postponed until required traffic reports identify that warrants have been met.

Big Wave requests to modify Condition No. 4.ae (Mitigation Measure TRANS-1) to allow occupancy and construction of Office Park buildings prior to obtaining Caltrans approval to install a signal or roundabout. The County notes that

Caltrans may not approve such a permit if traffic volumes do not meet warrants for a controlled intersection, and that the existing condition allows for a limited amount of Office Park buildings to proceed without a signal or roundabout. The proposed amendment maintains the existing approach as no development beyond the amount that was identified by the EIR as triggering the need for a controlled intersection can be constructed until the mitigation is installed. This change would also allow the County to fully explore the feasibility of a roundabout without creating unnecessary delays for the project. The project would still be in compliance with Caltrans permit requirements included as Condition No. 81, which requires the issuance of an encroachment permit prior to any work within the Caltrans right-of-way.

DEVELOPMENT AGREEMENT

Execution of the Revised Development Agreement (Attachment A) would bring the text of the agreement into conformity with proposed minor project modifications to the Big Wave NPA Project conditions, as shown in Attachment F of the staff report. Requirements in the Development Agreement regarding the overall development timeframe, as well as the size, scope, and affordability of the Wellness Center remain unchanged.

FISCAL IMPACT

Nominal cost associated with monitoring by the Planning and Building Department.