



County of San Mateo

Inter-Departmental Correspondence

Department: PLANNING AND BUILDING

File #: 16-342

Board Meeting Date: 6/27/2017

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Steve Monowitz, Community Development Director

Subject: Adoption of an Ordinance to amend the Development Agreement regarding construction of the Big Wave North Parcel Alternative Project (Big Wave NPA Project) over 15 years 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.

RECOMMENDATION:

Adoption of 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.), Park One, Division VI (Planning) of the San Mateo County Ordinance Code, previously introduced on June 6, 2017, and waive the reading of the ordinance in its entirety.

BACKGROUND:

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 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 Revised Development Agreement in Attachment A has been revised to reflect the requirement.

The Development Agreement allows project construction over 15 years and, as amended, would be consistent with proposed permit amendments to allow minor changes, including the following:

- A. Allow construction on 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; and

- B. Allow construction types other than Type 1 (steel and concrete) for the Wellness Center buildings that meet Coastside Fire Protection District requirements; and
- C. Allow the property owner to obtain building permits for a limited amount of 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.

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, the San Mateo County Board of Supervisors approved the Big Wave NPA Project, which included the following components:

- 1) Certification of an Addendum to the Certified 2010 Big Wave Wellness Center and Office Park Project Draft Environmental Impact Report (EIR) and Final EIR (2010 EIR) for the Big Wave NPA Project;
- 2) a Use Permit for the modern sanitarium component of the Wellness Center, outdoor parking uses in the Airport Overlay (AO) Zoning District, and an Outdoor Boat Storage Use;
- 3) a Major Subdivision of the north parcel into seven lots and the creation of up to 108, approximately 1,500 sq. ft., business condominium units;
- 4) a Minor Subdivision of the south parcel into two lots;
- 5) a Coastal Development Permit, appealable to the California Coastal Commission, for the proposed subdivisions, uses, and improvements;
- 6) a Design Review Permit for proposed structures and associated grading;
- 7) a Grading Permit to perform 735 cubic yards (cy) of cut for utility trenching and to place 16,400 cy of imported gravel;
- 8) Introduction of an Ordinance approving the execution of a Development Agreement to allow project construction over 15 years; and
- 9) Approval of the execution of an Affordable Housing Agreement.

The Big Wave NPA Project was approved on two undeveloped parcels along Airport Street in the

unincorporated Princeton-by-the-Sea area of San Mateo County. The Big Wave NPA Project is designed to be an economically sustainable development, whereby a per-square-foot assessment on space at the Office Park would significantly contribute to funding housing and employment opportunities for low-income developmentally disabled adults residing at the Wellness Center. Details of the approved project are shown in Table 1 of Attachment H.

Office Park:

The Big Wave NPA Project includes development of the north parcel with an Office Park, including five (5) buildings on Lots 2 - 6 containing approximately 155,500 sq. ft. of industrial/office/storage uses. The Office Park buildings would be occupied by private firms with their own workers.

Wellness Center:

The Wellness Center, located on Lot 7 of the north parcel, would consist of 70,500 sq. ft. of affordable housing and associated uses with a maximum of 57 bedrooms for a maximum of 50 developmentally disabled adults and their aides. In addition to housing, the Wellness Center would provide recreational facilities (gym, basketball court, lockers, pool, theater), commercial kitchen, and laundry facilities, and administrative offices. The Wellness Center would offer its residents a variety of services (e.g., meal services and care assistance) and job opportunities due to a number of business operations that would employ residents, and, in some cases, generate revenue to help to maintain the economic sustainability of the Wellness Center. The Wellness Center would also include twelve (12) business tenant spaces, consisting of approximately 20,500 sq. ft. of General Office, Research and Development, Light Manufacturing, and/or Storage uses

An outdoor boat storage area, operated by the Wellness Center as a Big Wave business, would be located on Lot 1 of the south parcel. The boat storage area would be 1.12 acres in size and provide 21 boat storage spaces, 14 vehicle parking spaces associated with boat use and storage, and a 190 sq. ft. precast concrete restroom building. There would be no specific hours of operation, as the site would be accessible as needed by owners. The site would not be staffed full-time.

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Applicant/Owner: Jeff Peck/Big Wave Group, LLC; Big Wave Group, Inc.

Location: The proposed modifications only pertain to the north parcel; no changes are proposed to the south parcel uses. The two project parcels (the "north" parcel APN 047-311-060 and the "south" parcel APN 047-312-040) are each relatively flat and gently sloped to the west and south. The two parcels presently contain active agricultural fields irrigated by water from a well on the north parcel. A natural drainage running east to west separates the two parcels and drains into the Pillar Point Marsh, a salt marsh habitat. A total of 0.74 acres (32,180 sq. ft.) of the project site consists of wetlands, as defined by the California Coastal Act. A portion of the land constituting wetlands under the Coastal Act, 0.45 acres, is also considered Federal jurisdictional waters/wetlands, under the permit authority of the U.S. Army Corps of Engineers (USACOE).

APNs: 047-311-060 (North) 047-312-040 (South)

Size: Approximately 14.25 acres

Existing Zoning:

1. Light Industrial/Design Review/Coastal Development District (M-1/DR/CD)

2. Light Industrial/Airport Overlay/Design Review/Coastal Development District (M-1/AO/DR/CD)
3. Resource Management-Coastal Zone/Design Review/Coastal Development District (RM-CZ/DR/CD)

General Plan Designation: General Industrial and General Open Space

Sphere-of-Influence: City of Half Moon Bay

Williamson Act: There is no Williamson Act contract for the subject property.

Existing Land Use: Agriculture

Water Supply: No changes to water supply are proposed. Water supply for domestic use and fire suppression for the Office Park and Wellness Center would be provided by the Montara Water and Sanitary District (MWSD) (Approved by the Local Agency Formation Commission (LAFCo) on Nov. 18, 2015). An 8-inch water main terminates on Airport Street at the Pillar Ridge Manufactured Home Community, approximately 1,210 feet north of the project's north parcel. The project requires the installation of an 8-inch water main extension to the project property along the Airport Street right-of-way to provide water for domestic use and fire suppression. A fire hydrant installed on the property would provide access to fire flow. An existing 4-inch well water irrigation line provides non-potable water to the south parcel from an agricultural well, constructed in 1987, located on the north parcel. The existing agricultural well was approved by the San Mateo County Public Health Division for potable use for agricultural, single-family residential and commercial/industrial uses. The well is currently utilized for agricultural irrigation. This well water would continue to supply water for landscaping, gardening, and agricultural uses.

Sewage Disposal: No changes to sewage disposal are proposed. Sewer service to the Office Park and Wellness Center would be provided by the Granada Community Services District (GCSD) pursuant to a Sewer Connection Permit to be applied for and obtained from GCSD by the property owner(s). Wastewater from the Office Park and Wellness Center buildings would be collected in 2-inch pressurized sewer lines. A gravity sanitary sewer main line complying with GCSD standard specifications and details would run approximately 1,900 feet north along the Airport Street right-of-way from the existing manhole at Airport Street and Stanford Avenue to the northern limit of the northern parcel. GCSD currently estimates the required size of this sewer main to be 8 inches in diameter, but the final system and sizing would be based on a detailed sewer system design and analyses meeting GCSD requirements. On the south parcel, a 6-inch sewer line would be constructed from the boat storage restroom to the Airport Street sewer main.

Flood Zone: Zone X (Area of Minimal Flood Hazard). Significant portions of the project site, as shown on the 1984 Federal Emergency Management Agency (FEMA) flood mapping, are shown in a Zone A flood area (a 100-year flood hazard area). However, in a 2005 Letter of Map Amendment (LOMA), FEMA removed the project parcels from the floodplain.

Environmental Evaluation: On May 19, 2015, the Board of Supervisors certified the Addendum to the Certified 2010 Big Wave Wellness Center and Office Park Project EIR and 2010 EIR for the Big Wave NPA Project.

Setting: The project site is surrounded by the Half Moon Bay Airport to the east, the Pillar Ridge

Manufactured Home Community (PRMHC) and a propane facility to the north, the Pillar Point Headlands and Pillar Point Marsh to the west, and industrial/commercial/recreational development within the Princeton and Pillar Point Harbor to the south. Pillar Point Ridge, west of the project site, lies between the marsh and the coastline and offers recreational hiking trails. Beach access to Pillar Point is provided south of the project site from the Mavericks parking area at the west terminus of West Point Avenue and at the eastern terminus of West Point Avenue at Princeton Avenue.

Site Constraints: The north parcel contains a 125-foot wide Airport Overlay (AO) setback area along the eastern (front) property line, a minimum 100-foot wetland buffer zone along the south and west (rear and left) property lines, and an Alquist-Priolo Earthquake Fault Zone over a part of the western portion of the property. Fault trench studies of the portion of the property within the fault zone, prepared by Sigma Prime Geosciences, Inc., dated April 28, 2014 and January 5, 2015 and included in the Addendum, investigated the potential for traces of the Seal Cove Fault to exist on the project property. The studies found no evidence of fault traces.

Chronology:

<u>Date</u>	<u>Action</u>
October 18, 2005	- Application for 2010 Project is submitted.
March 29, 2011	- The Board of Supervisors certifies the Draft EIR, Final EIR, and approved the 2010 Project.
August 8, 2012	- The Board's approval of the Coastal Development Permit is appealed to the California Coastal Commission (CCC), and the CCC denies the project.
October 9, 2013	- Application for Big Wave North Parcel Alternative (NPA) Project (PLN 2013-00451) submitted.
May 19, 2015	- Board of Supervisors approve the Big Wave NPA Project. The CDP was subsequently appealed to the CCC. The CCC determined that the appellant did not have standing and therefore dismissed the appeal.
December 22, 2016	- The applicant applies for a Major Modification to the approved Coastal Development Permit, requesting modifications to project, including proposed changes to project phasing, a traffic mitigation measure and associated changes to the Development Agreement. - Subsequently, the applicant expresses a desire to proceed with only the changes described in this report based on an expectation that the associated amendments to the Coastal Development Permit conditions could be approved by the Community Development Director as a Minor Modification.
May 3, 2017	- The applicant works with Planning staff to finalize and confirm changes to conditions of approval. The County consults with CCC staff regarding the changes described in this report.

- May 17, 2017 - CCC staff state their neutral stance regarding the proposed modifications and the process of review established by the County.
- June 6, 2017 - At its meeting, the Board of Supervisors moved approval of staff's recommended amendments to the Development Agreement for the Big Wave 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.
- June 27, 2017 - Second reading of the Ordinance to amend the Development Agreement at the meeting of the Board of Supervisors.

DISCUSSION:

A. MINOR MODIFICATIONS TO THE PROJECT

Execution of the Revised Development Agreement (Attachment A) would bring the text of the agreement into conformity with proposed minor project modifications to Big Wave NPA Project conditions, as shown in Attachment F. The following is a description of the main proposed revisions to the Development Agreement, the reasons why they are requested, and the Planning and Building Department's basis for recommending approval. Table 2 in Attachment I provides a description of all proposed changes.

1. Changes to the Phasing Schedule

Condition No. 73 in 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 a modification to Condition No. 73 to allow a building on Lot 4 as the first Office Park building to be constructed, instead of on Lot 2. Staff is informed that Big Wave has an agreement with the Half Moon Bay Brewing Company for the development of Lot 4. Big Wave informs us that 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, under the original conditions, Condition No. 73 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 Wellness Center construction. Big Wave has outlined Wellness Center funding needs and constraints in a letter dated February 7, 2017, included in Attachment G.

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

Based on the limited water that was available for fire-fighting purposes in 2015, Condition No. 77.a requires all buildings to be designed and constructed as Type 1 Fire Resistive Non-Combustible structures (constructed from steel and concrete). Since then, the Montara Water and Sanitary District (MWSD) has increased its water supply by obtaining additional water sources, enabling less expensive types of construction. 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

As discussed in Section 4.16 (Transportation/Traffic) of the EIR Addendum, Hexagon Transportation Consultants prepared a Transportation Impact Assessment of the Big Wave Project in August 2014 (Attachment H of the Final Addendum). Commuter peak period traffic was used as the basis of the Transportation Impact Analysis. The report shows that most of the study intersections operate at level of service (LOS) C or better. However, at the intersection of Highway 1 and Cypress Avenue, the eastbound to northbound left turn movement would operate at LOS F under full project build-out conditions. With implementation of Condition No. 4.ae (Mitigation Measure TRANS-1), all study intersections will operate at an acceptable level of service and circulation impacts would be less than significant.

Condition No. 4.ae, under the original conditions, establishes a phased approach to traffic mitigation. Big Wave must first obtain Caltrans approval to install a signal or a roundabout before a building permit for an Office Park building can be issued. The condition then requires construction of the approved mitigation measure 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.

At this time, as a part of the County's Comprehensive Transportation Management Plan planning effort, also referred to as "Connect the Coastside", the County is working with its transportation consultant to identify the appropriate traffic mitigation measure for the Cypress Avenue and Cabrillo Highway intersection. The time required to determine if a roundabout or signal should be installed, and to obtain Caltrans approval to install either option, has become

a significant impediment to the initiation of business park construction.

Big Wave therefore 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. In recognition that Caltrans may not approve the installation of either of these measures if traffic volumes do not meet warrants, the existing condition allows a limited amount of Office Park buildings to proceed without a signal or roundabout. In such an instance, the installation of a signal or roundabout would be postponed until required traffic reports identify that warrants have been met. This existing approach is maintained by the proposed amendment - that is, 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. 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.

Changes also clarify the cost responsibilities for the signal or roundabout mitigation measure in order to account for the high cost of constructing a roundabout, and limit the cost of the required mitigation to that which is proportional to the impact of the project. This is achieved by requiring Big Wave to contribute an amount equivalent to the cost of a signal if a roundabout is identified as the preferred option.

4. Extension of Timelines

Due to delays in project implementation, Big Wave is out of compliance with deadlines pertaining to wetland restoration and fencing the cultural site, which required implementation within one year of project approval. The County set the original timelines with the expectation that project implementation would begin soon after project approval. As project implementation has been delayed, staff supports the extension of timelines to coincide with the start of project construction.

B. CONSULTATION WITH COASTAL COMMISSION

Minor modifications to an approved permit are reviewed at a staff level and are subject to review and approval by the Community Development Director, pursuant to Condition No. 1 of the permit, which is a standard condition used on all planning permits. Modifications determined to be major or significant in nature are referred back to the initial decision making body, which in this case was the Planning Commission (whose decision was upheld by the Board of Supervisors upon appeal).

In recognition of the high degree of public interest in this project, and the possibility that a dispute over a determination that a change is minor could trigger a hearing by the Coastal Commission (per Section 13569 of the Coastal Commission's Regulations), Planning and Building Department staff consulted with Coastal Commission staff regarding the proposed changes. On May 3, 2017, staff sent a memo to Nancy Cave, District Manager, North Central Coast District, outlining the proposed changes and providing the County's rationale to support the changes as a Minor Modification of the CDP. In a telephone message to staff on May 17, 2017, Jeannine Manna, District Supervisor, communicated the CCC's neutral stance on the proposed modifications and the County's process for review.

Based on the scope of the proposed changes and consultation with the CCC, the Director has preliminarily determined that a Minor Modification process is appropriate for making the proposed changes to the approved permits, including the CDP. A final determination in this regard will be made by the Director following the Board of Supervisors hearing on the requested changes to the Development Agreement, in order to provide the Director with an opportunity to consider any information that is relevant to this issue that may be obtained at that hearing.

C. DEVELOPMENT AGREEMENT

Requested Amendments

Big Wave (referred to as “Developer” in the Development Agreement) requests to amend their Development Agreement with the County, which was executed at the time of the Board of Supervisors’ approval of the Big Wave NPA on May 19, 2015, and allows project construction over 15 years.

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.

Requirements in the Development Agreement regarding the overall development timeframe, as well as the size, scope, and affordability of the Wellness Center remain unchanged.

Annual Review

Per Section 11 of the executed Development Agreement, the Community Development Director is directed to perform an annual review to determine whether Big Wave is in good faith compliance with the Agreement. Due to delays in project implementation, Big Wave is out of compliance with deadlines pertaining to wetland restoration and fencing the cultural site, which required implementation within one year of project approval. Big Wave has requested amendment of the Development Agreement to extend deadlines to coincide with the start of project construction.

Project Status Update

Big Wave has posted a listing of the five (5) Office Park building sites on the north parcel to garner interest from future buyers. Big Wave has submitted a Final Map and a Parcel Map to the County for subdividing the north and south parcels, respectively, which are being processed by the Department of Public Works. Big Wave has an agreement with the Half Moon Bay Brewing Company for the development of Lot 4. The building sites cannot be individually sold until the Final map is recorded. In June 2017, Big Wave plans to submit building permit applications for a building on Lot 4, a portion of the Wellness Center (at least 25 bedrooms), and the boat storage lot on the south parcel.

County Counsel has reviewed and approved the materials as to form and content.

FISCAL IMPACT:

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

ATTACHMENTS:

- A. Revised Development Agreement
- B. Draft Ordinance
- C. 2015 Approved Site Plan and Tentative Map
- D. 2015 Approved Phasing Plan and 2017 Revised Phasing Plan
- E. 2015 Approved Easement Plan
- F. Revised Findings and Conditions of Approval
- G. Letters from Big Wave, dated February 7, 2017 and April 24, 2017
- H. Table 1: Approved 2015 Big Wave NPA Project
- I. Table 2: Minor Modifications to the Project