



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** PLANNING AND BUILDING

**File #:** 21-584

Board Meeting Date: 7/13/2021

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Steve Monowitz, Community Development Director  
**Subject:** Adoption of an Ordinance approving a Third Amendment of the Development Agreement regarding construction of the Big Wave North Parcel Alternative Project (Big Wave NPA Project).

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

**RECOMMENDATION:**

Adopt an ordinance further amending the 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, previously introduced on June 29, 2021, and waive the reading of the ordinance in its entirety.

**SUMMARY**

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:

1. Allow Big Wave to begin construction of Office Park buildings prior to the completion of Phase 1 of the Wellness Center (WC Phase 1), subject to limitations on the full development of the Office Park prior to completion of Phase 1 of the Wellness Center; and
2. Allow Wellness Center bedrooms to be constructed at a floor elevation of 30 feet (2 feet above the 28-foot established tsunami inundation level for the site) but below the approved residential floor height of 35 feet, in order to increase affordable bedrooms constructed in WC Phase 1 from 33 to up to approximately 46 bedrooms; and
3. Allow more time for full construction of the Wellness Center (Phases 1 and 2), from 12 years to full 15 years of Development Agreement; and
4. Eliminate requirements pertaining to the order of Office Park lot development; and
5. Modify the approved site plan associated with the development of Lot 4 for indoor luxury

vehicle storage, by allowing vehicular use of the courtyard between Lots 4 and 5 and replacing a 10-foot wide landscape strip with other screening landscaping to accommodate garage doors along the front of building; and

6. Modify the approved site plan by relocating coastal access public parking from the south parcel to the north parcel.

### **BACKGROUND:**

On May 19, 2015, the San Mateo County Board of Supervisors approved the Big Wave North Parcel Alternative Project (Big Wave NPA Project) and the associated Development Agreement with the property owners of the subject parcels, Big Wave LCC (north parcel) and Big Wave Group (south parcel), referred to collectively as “Big Wave.”

### *2017 Modifications (First Amendment)*

At its meeting on June 6, 2017, the Board of Supervisors approved a first amendment of the Development Agreement, which made the following modifications to the Big Wave NPA Project:

1. Allowed construction on Lot 4 of the Office Park prior to construction of the Wellness Center, and other changes in Office Park building phasing. The original Development Agreement only allowed development on Lot 2 of the Office Park prior to construction of the Wellness Center. The approval of this change requires the property owner to begin Wellness Center construction on or before the date that the first Office Park building on Lot 4 is determined to be fifty percent (50%) complete.
2. Allowed construction types other than Type 1 (steel and concrete) for the Wellness Center buildings, provided that the selected construction type meets Coastside Fire Protection District requirements; and
3. Allowed the property owner to obtain building permits for a limited amount of Office Park building construction prior to obtaining Caltrans approval (e.g., encroachment permit) to install a signal or roundabout at the intersection of Cypress and Highway One. The original Development Agreement and conditions of approval required the applicant to obtain Caltrans approval to install a traffic signal or roundabout prior to obtaining building permits for any Office Park building. The conditions of approval were also revised to clarify that Big Wave’s responsibility for funding the construction of intersection improvements are equivalent to the cost of installing a traffic signal.

### *2019 Modifications (Second Amendment)*

At its meeting on August 6, 2019, the Board of Supervisors approved a second amendment of the Development Agreement, which made the following modifications to the Big Wave NPA Project:

1. Allowed a two-building Wellness Center site plan as an alternate to the approved three-building site plan;
2. Modified requirements related to bike trail construction;
3. Clarified requirements related to the on-site pedestrian trail and crossing over the drainage separating the north and south project parcels;

4. Extended deadline for completion of wetland restoration by 18 months to January 2021 and extend the deadline for the construction of a minimum of 25 bedrooms at the Wellness Center to 3 years from an issued building permit; and
5. Replaced the requirement that Big Wave construct project buildings to Leadership in Energy and Environmental Design (LEED) standards to require compliance with the building code including CALGreen requirements.

#### *Details of the 2015 Approved Big Wave NPA Project*

The approved Big Wave NPA Project includes the following components, which will not change with the proposed modifications:

1. 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;
2. 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;
3. A Minor Subdivision of the south parcel into two lots;
4. A Coastal Development Permit, appealable to the California Coastal Commission, for the proposed subdivisions, uses, and improvements;
5. A Design Review Permit for proposed structures and associated grading;
6. A Grading Permit to perform 735 cubic yards (cy) of cut for utility trenching and to place 16,400 cy of imported gravel;

In conjunction with these approvals, the County certified an Environmental Impact Report (EIR) and EIR addendum, and approved a Development Agreement establishing terms for project implementation. The County's conditions of approval also require Big Wave to enter into a Housing Agreement to maintain the affordability of Wellness Center bedrooms for the life of the project, which must be approved prior to occupancy of the Wellness Center.

The Big Wave NPA Project will occur on two undeveloped parcels along Airport Street in the unincorporated Princeton-by-the-Sea area of San Mateo County. The Project is designed to be an economically sustainable development, whereby a per-square-foot assessment on space at the Office Park will contribute to funding housing and employment opportunities for low-income developmentally disabled adults residing at the Wellness Center.

#### Office Park:

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

#### Wellness Center:

The Wellness Center, located on Lot 7 of the north parcel, will consist of 70,500 sq. ft. of affordable housing and associated uses with up to 57 bedrooms for a maximum of 50 developmentally disabled adults and their aides. In addition to housing, the Wellness Center will provide recreational facilities, commercial kitchen, and laundry facilities, and administrative offices. The Wellness Center will offer its residents a variety of services (e.g., meal services and care assistance) and job opportunities with business operations that employ residents, and, in some cases, generate revenue to help to maintain the economic sustainability of the Wellness Center. The Wellness Center will 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, will be located on Lot 1 of the south parcel. The boat storage area is 1.12 acres in size and will 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 are no specific hours of operation, as the site would be accessible as needed by owners, and will not be staffed full-time.

Report Prepared By: Camille Leung, Senior Planner, Telephone 650/363-1826

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

Location: The north parcel is relatively flat and gently sloped to the west and south. The parcel presently contains agricultural fields irrigated by water from an on-site well. A vegetated drainage running east to west separates the two Big Wave 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

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.

Sewage Disposal: No changes to sewage disposal are proposed.

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 (EIR Addendum).

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 found no evidence of fault traces.

Chronology:

<u>Date</u>	<u>Action</u>
October 18, 2005	-Application for original Big Wave Project is submitted.
March 29, 2011	-The Board of Supervisors certifies the Draft EIR, Final EIR, and conditionally approved the original Big Wave Project.
August 8, 2012	-The California Coastal Commission (CCC) denies the project on appeal.
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 Coastal Development Permit (CDP) was subsequently appealed to the California Coastal Commission. The CCC determined that the appellant did not have standing and therefore dismissed the appeal.
May 3, 2017	-The applicant requests a Minor Modification to the approved Coastal Development Permit, including changes to project phasing, traffic mitigation measures, and associated amendment to the Development Agreement.
June 6, 2017	-The Board of Supervisors conditionally approved the amendment to the Development Agreement.
January -	-Big Wave performs wetland planting under the supervision of

February 2018	a biologist and, subsequently, submits planting and monitoring documentation from the biologist.
June 12, 2018 - Present	-Big Wave submits building permit applications for building permits for the proposed design of the Wellness Center to the County.
June 5, 2019	-Applicant requests a second Minor Modification to the approved CDP and Development Agreement, as described in this report.
August 6, 2019	-Board of Supervisors approved the second Minor Modification including changes from a three-building to a two-building Wellness Center site plan and extending the deadlines for completion of wetland restoration, construction of the first 25 bedrooms of the Wellness Center, and bike trail construction, among other changes.
February 11, 2021	-The applicant requests a third Minor Modification to the approved Coastal Development Permit, including changes to allow Big Wave to begin construction of Office Park buildings prior to completion of Phase 1 of the Wellness Center and eliminating requirements pertaining to the order of Office Park building construction, among other changes.
Fall 2020 - June 2021	-Planning staff consults with Coastal Commission staff on the proposed modifications.
June 29, 2021	- Board of Supervisors hearing date.
July 13, 2021	- Anticipated 2nd reading of Ordinance.

## **DISCUSSION**

### **DESCRIPTION AND ANALYSIS OF PROPOSED AMENDMENTS**

The following is a description of the proposed revisions to the project conditions of approval and the Development Agreement, the reasons why they are requested, and the Planning and Building Department's analysis. Condition of Approval No. 1 authorizes the Community Development Director to approve minor changes in the project plans and states that "substantial changes to the approved plan (e.g., increase in the number of stories or substantial change in height or size) require a major amendment to the Design Review Permit and are subject to separate permitting." For reasons stated in this report, the Community Development Director has determined that the instant changes proposed by Big Wave are minor in nature.

1. Allow Big Wave to begin construction of Office Park buildings prior to the completion of Phase 1 of the Wellness Center (WC Phase 1), subject to the limitations described below.

As approved by the Board of Supervisors in May 2015 and further modified in 2019, the Big Wave Wellness Center consists of 2 buildings, a larger Phase 1 building (including 33 bedrooms) and a smaller Phase 2 building (including 24 bedrooms) to the west. Currently, Big Wave may not commence construction of the approved Office Park Buildings and associated parking areas (with the exception of the Office Park Building and associated parking on Lot 4), until the Phase 1 building (WC Phase 1) is complete, per Condition No. 73.

Big Wave requests to modify the condition to allow commencement of construction of all five Office Park buildings, prior to completion of the Phase 1 building. This would allow funds from the sale or lease of these properties to fund construction of both phases of the Wellness Center. Wellness Center construction, which is privately-funded, has not been fully funded.

Big Wave has demonstrated steady progress on the Phase 1 building permit application, with the building permit issued on February 11, 2021. Wellness Center grading is anticipated to begin in June/July 2021. The requested modification would not result in an impact to coastal resources but does run the risk of contravening Board of Supervisors desire to have the Wellness Center completed prior to substantial build out of the Office Park buildings. In order to address this concern, approval of the modification will be subject to the following additional requirements (changes to Condition No. 73 are shown in tracked changes format in Attachment B.2):

- a. Wellness Center Phase 1 (minimum of 33 bedrooms) shall be completed within 2 years of the issuance of the grading permit hard card for that project.
- b. Should Wellness Center Phase 1 construction take longer than 2 years from that date to complete, no Office Park building (other than Lot 4) shall be occupied until Wellness Center Phase 1 is complete and no additional Office Park buildings shall commence construction until Wellness Center Phase 1 is complete.

The applicant has indicated his acceptance of these additional requirements.

2. Allow Wellness Center bedrooms to be constructed at a floor elevation of 30 feet (2 feet above the 28-feet established tsunami inundation level for the site) but below the approved residential floor height of 35 feet, in order to increase affordable bedrooms constructed in WC Phase 1 from 33 to up to approximately 46 bedrooms.

In the May 2015 approval of the Big Wave NPA Project and modifications approved in 2019, the Board of Supervisors approved 33 bedrooms in WC Phase 1 with a residential floor height of 35 feet for Wellness Center bedrooms, well above the established 28-feet tsunami inundation level. In an effort to maximize the number of bedrooms built in WC Phase 1, the applicant is exploring a building design that would place the residential floor elevation of the first floor at a minimum of 30 feet in elevation in order to accommodate residential use. The floor elevation would comply with Policy 9.3 (Regulation of Geologic Hazard Areas) of the Local Coastal Program which requires a residential floor level that is a minimum of two (2) feet above the tsunami inundation level for the property (28 feet). Bedrooms would be on an elevated first floor at 30 feet and replace the approved commercial tenant space on the first floor of the WC Phase 1 building; the design would maintain common kitchen and dining areas for residents and Big Wave administrative offices on the first floor at the approved floor elevation of 24 feet as shown in a cross section drawing included in Attachment B.3.a. The applicant estimates that the proposal would allow construction of up to 46 bedrooms, in combination with the approved bedrooms on the second floor. Should the applicant be able to accommodate more bedrooms in Phase 1, construction of up to 57 bedrooms would be allowed. Access to the elevated first floor would be achieved without change to the approved exterior grade and would involve a wheelchair lift and stairs within the building. The building would comply with the approved height limit of 33 feet.

This change is a minor modification as it would not exacerbate tsunami hazard risks to Wellness Center residents as the residential floor level would be constructed above the established tsunami inundation level. The modification also has the benefit of increasing the number of bedrooms

constructed in Phase 1. Project compliance with tsunami related mitigation measures and conditions of approval would continue to be required, including annual tsunami evacuation trainings for the Wellness Center and its occupants, submittal of an emergency preparedness and evacuation manual (including tsunami and earthquake events), and compliance with FEMA and LCP standards for development in Tsunami Hazard zones.

3. Allow more time for full construction of the Wellness Center (Phases 1 and 2), from 12 years to full 15 years of Development Agreement.

In May 2015, the Board of Supervisors, approved a Development Agreement providing a 15-year term for the full implementation of the Big Wave NPA Project. However, in an effort to expedite the provision of needed services, the Board of Supervisors required the completion of the Wellness Center within 12 years, per Condition No. 73.

Extending the 12-year timeframe for Wellness Center construction to 15 years does not affect the project's compliance with relevant policies and regulations and is appropriate given the current status of the project.

4. Eliminate requirements pertaining to the order of Office Park lot development.

In May 2015, the Board of Supervisors, approved a specific sequence in the development of Office Park lots, contained in Condition No. 73, such that Lots 5 and 6 (which are located on the western portion of the site nearest the wetland areas) were to be constructed last, with the intention of preserving these areas to provide an additional open space wetland buffer area in the event that full project buildout does not occur. At the same time, the Board of Supervisors required Big Wave to continue farming activities on undeveloped lots until construction commenced on each lot.

To reduce marketing challenges in selling/leasing the Office Park lots, the applicant requests that the County remove the lot development sequence requirements to allow the lots to be developed according to market demand. The lots vary in their configuration and vehicular access, where a potential buyer may have specific needs to suit an intended use.

Current requirements to continue agricultural operations on undeveloped lots and protect and restore wetland areas will continue to apply. As a result, the elimination of the Office Park construction sequence will not change the fact the Office Park parcels must remain in open space until building permits are issued.

5. Modify the approved site plan associated with the development of Lot 4 for indoor luxury vehicle storage, by allowing vehicular use of the courtyard between Lots 4 and 5 and replacing a 10-foot wide landscape strip with other screening landscaping to accommodate garage doors along the front of building.

As approved by the Board of Supervisors in May 2015 and further modified in 2017, Big Wave may develop Lot 4 of the Office Park prior to the completion of WC Phase 1. In addition, per the Conditions of Approval, the development of Wellness Center-operated businesses are not subject to the traffic mitigation requirements that apply to on-site businesses which are not operated by the Wellness Center. The applicant intends to build a new private storage building for luxury vehicles on Lot 4 to be operated by the managers and residents of the Wellness Center, with commencement of construction anticipated before the end of the year.

Big Wave states that this use requires exterior garage door entry and driveway access to each storage unit, and that the minimum 10-foot landscape strip required along the front of the buildings (Condition No. 4.aa.i.(1)) impedes access to the storage units. Big Wave has prepared a Site Plan Detail (Attachment B.3.b) which allows for additional trees and landscaping within four landscape areas along the parking lot in front of Lot 4. The alternate landscape plan would provide for adequate screening and greening of the Lot 4 building frontage.

In order to provide driveway access to each storage unit, Big Wave requests vehicular use of the courtyard between Lots 4 and 5, which is prohibited by Condition No. 5.n. As shown in Attachment B.3.b, the applicant proposes to install bollards for vehicle access within a portion of the area designated for courtyard use, and prevent vehicles from going beyond the designated entrances and exits of Building 4. The driveway would be improved with a surface treatment comparable to other courtyard areas to provide visual continuity within the Office Park. In order to offset the loss of this courtyard area for pedestrian access and enjoyment, Big Wave proposes to extend courtyard space on the south side of Lot 4 and to the east of Lots 3 and 4. These areas would be adjacent to designated courtyard spaces in areas previously designated for parking.

The applicant also proposes to move the location of the 2nd driveway along Airport Street from the approved location between Lots 3 and 4, to a location further south to provide direct access to Lot 4, as shown in Attachment B.3.b.

These modifications are minor in nature, would not exacerbate the visual impacts of the project as viewed from Cabrillo Highway or Airport Street, and comply with Condition No. 4.aa.c. which requires the applicant to “improve courtyards between project buildings, by enlarging them and creating focal points (e.g., accent landscaping, outdoor furniture, sculpture)”.

6. Modify the approved site plan by relocating coastal access public parking from the south parcel to the north parcel.

In order to facilitate Big Wave’s ability to sell the southern parcel, Big Wave proposes to revise the approved site plan in a manner that moves the required coastal access parking spaces from the south parcel to the north parcel, with the proposed location shown in Attachment B.3.c.

Both the south parcel and the north parcel provide appropriate locations for public coastal access parking, with the north parcel having the advantage of being closer to the public hiking trails available at Pillar Point Bluff. The proposed coastal access parking location is adjacent to the pedestrian path that will be along the frontage of the north and south parcels, easily accessible by the general public, and within the public access easement area recorded for the parcel. The requested modification is therefore consistent with Condition 34, and will not have any impacts on coastal resources, as it is in an area that has always been designated by the project for parking.

1. Other Minor Changes

Big Wave seeks additional minor modifications that allow “pesticide-free” farming to replace the organic farming requirement and transportation services (such as use of ride sharing services) in-lieu of providing shuttle services required by Condition 73.f at the Wellness Center. Big Wave also requests to change the deadline for the completion of wetland restoration from January 2021 to March 31, 2022. The owner states that he plans to initiate wetland restoration in Fall/Winter of 2021 when damp soil conditions will allow for planting in wetland areas and complete the work by the end of the rainy season. Staff consulted with Coastal Commission staff who concurs that the modification

is minor in nature and would not significantly impact agricultural use of the property, wetland protection, and other coastal resources.

These minor modifications are consistent with the intent of the permit to encourage natural farming methods, address Wellness Center residents' need for access to services, and restore wetlands, and will not result in any adverse impacts.

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. Ordinance
- B. Development Agreement
  - 1. Draft Third Amendment of the Development Agreement
  - 2. Draft Revised Findings and Conditions of Approval
  - 3. Draft Plans:
    - a. Wellness Center Cross Section Drawing
    - b. Site Plan Detail for Driveway between Lots 4 and 5
    - c. Proposed Location of Beach User Parking on North Parcel
- C. Recorded Final Subdivision Map
- D. Approved 2019 Wellness Center Site Plan
- E. Letter from Big Wave describing Proposed Amendments to Conditions of Approval, dated March 22, 2021