

CHAPTER 2: NEW DEVELOPMENT AND PUBLIC SERVICES

A. Policy Framework

The California Coastal Act includes several policies that address the location, type, and intensity of new development to ensure the protection of coastal resources. To protect rural lands, agriculture and open space, as well as limit urban sprawl, the Coastal Act requires the establishment of stable urban-rural boundaries. New development also must be located within, contiguous to or in close proximity to existing developed areas with adequate public works facilities such as water supply and wastewater treatment. Where such areas are not available, any approved development must be located where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. This includes protection of groundwater basins and sensitive habitats that may be affected by water withdrawals, wastewater disposal, and polluted runoff.

The Coastal Act also includes a specific policy that limits rural land divisions. Another policy provides that new or expanded public works facilities must be sized to serve planned development and not induce additional, unplanned development. Highway 1, however, must remain a two lane scenic road in rural areas. Where resources or services are limited, coastal dependent land uses, essential public services, basic industries, public and commercial recreation and visitor-serving land uses shall not be precluded by other development. Collectively, these requirements reflect a fundamental goal of the Coastal Act: protection of coastal resources by concentrating new development in existing developed areas able to accommodate it.

The San Luis Obispo LCP contains various policies to implement this Coastal Act goal. Most fundamental, the Land Use Element (LUE) establishes urban-rural boundaries to prevent sprawl and leapfrog development, and to allow for orderly development within urban areas. In general, land within delineated urban areas is zoned for urban densities while land outside these areas is zoned for rural densities or agricultural uses. New development beyond established urban services lines should not be served by public water or sewer services, and must have adequate on-site water and waste disposal systems. Applications for new development within urban areas, including land subdivisions, must demonstrate that adequate service capacities (water, sewage, roads) are available to serve the proposed development, taking into account the already outstanding commitment to existing lots within the designated urban services areas for which services will be needed.

The SLO County LCP also includes a Resource Management System (RMS) to implement these policies. The RMS provides a mechanism for the County to consider whether necessary resources and services exist for new development, particularly the creation of new development potential through the subdivision of urban areas. The RMS also provides a framework for evaluating the need for new or expanded public works facilities which, under the LCP, must be designed to accommodate, but not exceed, the needs generated by projected development within designated urban areas.

B. Background

Population and Development Trends

By U.S. Census standards, the County of San Luis Obispo is primarily rural with one urbanized area -- the City of San Luis Obispo.¹ The County, though, has seven incorporated cities, three of which fall within or partially within the coastal zone: Grover Beach, Morro Bay and Pismo Beach. The County also has several well-established unincorporated communities. Those located within or partly within the coastal zone are San Simeon Acres, Cambria, Cayucos, Los Osos, Avila Beach, and Oceano. Together with the incorporated cities, these communities constitute urban nodes along the San Luis Obispo coastline.

San Luis Obispo County has experienced significant growth since final certification of the LCP in 1988. According to figures developed by the Department of Finance (DOF), the county had a population of 204,448 at the time of LCP certification. By 2000 the population had grown to 245,025, an increase of almost 20 percent. The DOF expects the County's population to increase 49.3% over the 1988 baseline population by 2015 and 57.8% by 2020. According to the San Luis Obispo Council of Governments (SLOCOG), several emerging population centers are projected within the County over the next twenty years. Population growth is shifting from the central County to the north and south of the County. The fastest growing region comprises the north county communities of Paso Robles, Atascadero, and Templeton (not in the Coastal Zone). This region will likely not meet the urbanized area definition within the next twenty years. In the south County, though, the area comprising the communities of Arroyo Grande, Grover Beach, Oceano, and Pismo Beach, known as the "Five Cities" area, is projected to meet the "urbanized area" classification by the 2000 census.² In contrast to the expected growth in the North, this growing area is in or immediately adjacent to the coastal zone.

In and around the coastal zone, most of the population is located in the more urban nodes of Cambria, Cayucos, Morro Bay-Los Osos, and Pismo Beach-Oceano (see Map 1-A). There are smaller development nodes at San Simeon Acres and Avila Beach. As shown in Table 2-1, with few exceptions, each of these areas has experienced significant population increases since LCP certification in 1988. The urban area around Morro Bay -- the City of Morro Bay and unincorporated Los Osos -- have grown at slower paces, due to serious water supply and wastewater treatment capacity constraints respectively. Avila Beach also has not grown and may have even reduced its population over the last decade. In recent years Avila has been disrupted by the cleanup of the Unocal spill and subsequent redevelopment of the community.

Although smaller in magnitudes than the urban nodes, the population in the rural areas of the SLO coastal zone also has grown considerably, particularly along the rural North Coast where,

¹ According to the Census Bureau, "...An Urbanized Area comprises one or more places—central place—and the adjacent densely settled surrounding territory—urban fringe that together have a minimum of 50,000 persons. The urban fringe generally consists of contiguous territory having a density of at least 1,000 persons per square mile ..."

² The "five cities" are Pismo Beach, Grover Beach, Oceano, Arroyo Grande, and the former unincorporated community of Shell Beach, which was annexed into the City of Pismo Beach.

according to County Planning Department estimates, population has nearly doubled in the last decade. The rural portions of the South County and San Luis Bay Planning areas have also seen significant population growth. While much of this growth has been located outside of the coastal zone, particularly on the Nipomo Mesa, this growth nonetheless exerts pressures on coastal resources, including groundwater supplies, recreational resources, and water quality. This projected population increase, both in and outside of the coastal zone, will continue to place significant pressures on coastal resources along the San Luis coast, particularly on the relatively undeveloped rural and agricultural lands, as well as limited remaining native habitats.

Table 2-1. Population Change in Coastal Urban Areas*

Urban Area/Node	1990	Current	% Increase
San Simeon Acres ^a	206	248	20%
Cambria ^a	5382	6242	16%
Cayucos ^b	2,960	3,350	13%
Morro Bay-Los Osos ^b	24,041	24,621	2%
Avila Beach ^c	442	395	-11%
Pismo Beach-Oceano-Arroyo Grande	38,197	43,942	15%
Rural Areas Total	12,695	15,470	20%
North Coast ^a	348	669	92%
Estero ^b	872	970	11%
SLB/South ^d	11,187	13,206	18%
TOTALS	83,635	93,643	12%

*Figures for incorporated cities as reported by the state Department of Finance.
^aNorth Coast Area Plan Update Project Description, San Luis Obispo County, January 2000.
^bEstero Area Plan Update, Public Review Draft, February, 1999
^cSan Luis Bay Plan, Avila Beach Specific Plan.
^dIncludes population outside of coastal zone in Rural San Luis Bay and South County Planning Areas.

Mirroring this population growth, the U.S. Census Bureau reports that 13,859 building permits for new private residential units were authorized for all of San Luis Obispo County from 1988 through 1998. In the vicinity of the coastal zone, the County Planning Department reports that 3932 residential units were constructed between 1988 and 1998 in the unincorporated County and the Cities of Morro Bay, Pismo Beach, and Grover Beach.³ As shown in Table 2-2, over half of these units (2186) were constructed in the unincorporated areas of San Luis Obispo County and therefore under the jurisdiction of the SLO LCP. Of the total number of new residential buildings authorized, approximately 85% were in the urbanized areas or isolated urban nodes along the San Luis Obispo coast. More detail on coastal zone development trends is presented in the next section.

To address the County’s growth rate, the County Board of Supervisors adopted a Growth Management Ordinance in 1990 (Title 26, 26.01.010). Although not certified as part of the

³ Completed permits are for all communities that fall within or partly within the coastal zone. The number of completed permits only within the coastal zone, although unavailable, would be less since the most of Oceano, half of South County fall outside the coastal zone.

County’s LCP, this Ordinance established a maximum annual growth rate for new dwelling units (2.3%) and a system for allocating the number of residential construction permits consistent with the ability of community resources to support the growth. As discussed in more detail below, the allocation of new units must be based on the availability of resources such as water and wastewater disposal needed to support the new development. New development in some communities, such as San Simeon Acres and Los Osos, has been under severe constraints due to the lack of essential public services such as sewer and water (see below for detail).

Table 2-2. Residential Building Permits, 1988-1998

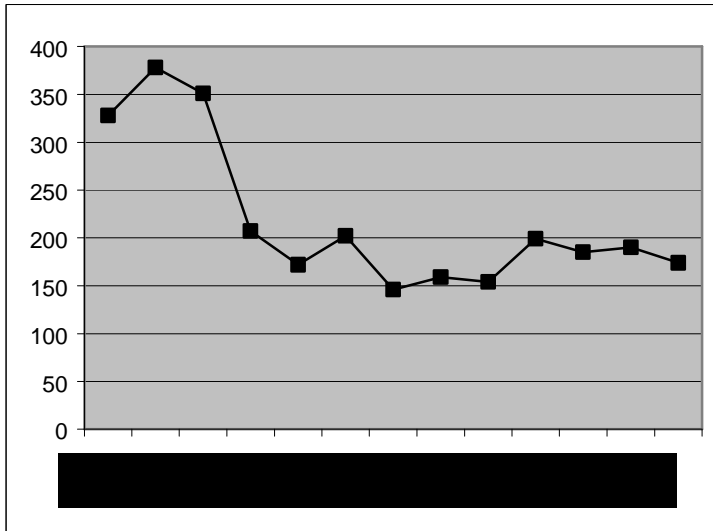
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	Total
North Coast (Rural)	6	2	0	7	2	0	2	2	5	3	3	32
San Simeon	20	0	0	0	0	0	0	0	0	0	0	20
Cambria	117	83	40	19	28	26	62	53	57	83	64	632
Cayucos	15	4	7	-1	1	3	16	14	27	28	13	127
Los Osos	101	34	26	18	12	8	9	9	7	5	19	248
Estero (Rural)	12	5	2	-5	7	7	4	3	0	4	4	43
Avila Beach/Valley*	67	25	5	0	2	4	23	15	3	13	0	157
Oceano*	55	34	11	55	11	9	27	25	5	12	20	264
San Luis Bay (Rural)*	15	18	11	9	9	8	4	5	12	14	17	122
South County (Rural)*	75	34	52	72	25	33	40	49	46	52	63	541
Unincorporated Total	483	239	154	174	97	98	187	175	162	214	203	2186
Morro Bay	28	28	66	66	19	32	11	34	47	36	32	399
Pismo Beach	128	29	83	60	39	15	43	71	69	20	78	635
Grover Beach	144	139	66	65	35	13	27	12	62	65	84	712
Coastal Zone Total	783	435	369	365	190	158	268	292	340	335	397	3932

*Includes permits for areas outside of the coastal zone.

Coastal Development Permitting Overview, 1988-1998

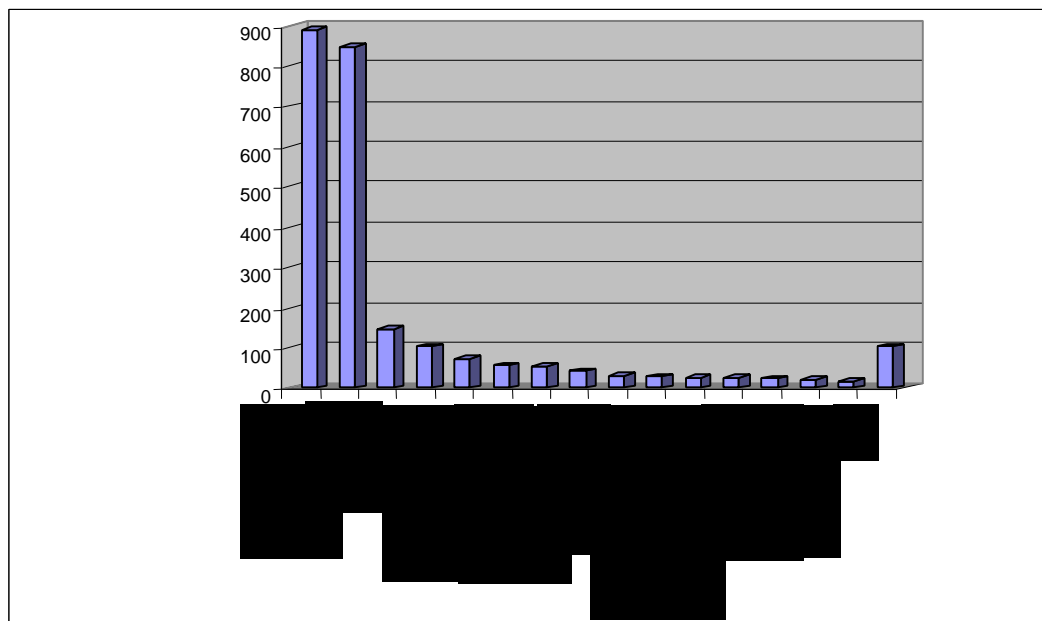
Since certification of the San Luis Obispo County LCP in 1988, approximately 2481 coastal development permits were reported to the Commission through 1998. Through the year 2000, 2845 local coastal permit actions have been reported. As shown in Figure 2-1, total reported CDPs per year generally declined from 1988 to the mid-1990s, and have been gradually increasing since then. This trend may generally reflect the strength of the economy and overall development activity during this time period. However, as discussed in Chapter 1, it appears that not all coastal development permits issued by the County, particularly more minor development projects, have been reported to the Commission.

Figure 2-1. Reported CDPs, 1988-2000



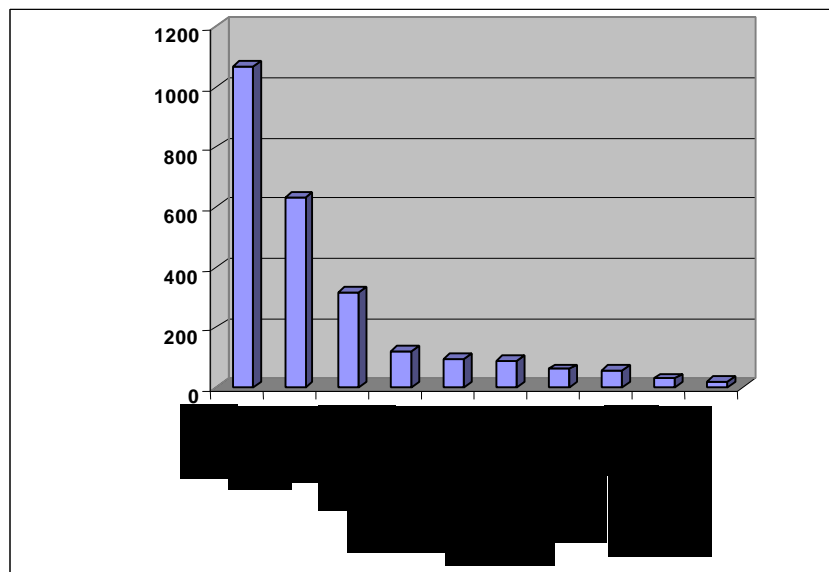
Most of the reported coastal development permits approved by the County (70%) have been for some type of residential construction. As shown in Figure 2-2, about 36% of the CDPs were for new single family home development, and another 34% were for improvements to existing single family homes, such as a room addition, remodel, or accessory structure construction. Although not a substantial percentage of the total reported CDPs, significant numbers of coastal permits were issued for other types of development that typically raise important coastal resource issues. This includes 56 permits for new shoreline structure development, 32 residential subdivisions, and 42 permits for new or expanded visitor-serving hotels or motels.

Figure 2-2. Primary CDP Development Types, 1988-98



The distribution of reported permit activity by geographic area shows that most of the residential permit activity has occurred in Cambria, with the urban areas of Cayucos and Los Osos accounting for most of the remainder. Commercial development also follows this general pattern although relatively more commercial activity is seen in Los Osos than in Cambria. Permit data also shows significant water well development in the rural agricultural areas of the North Coast and Estero. Other types of reported development follow predictable patterns. For example, of the 56 reported CDPs for shoreline structures, nearly 9 out of 10 were located in Cambria or Cayucos, where urbanization in SLO County is most at risk from shoreline erosion. Most of the reported energy or industrial-related permit activity took place in the South County. More detailed discussion of these permits and the issues raised is presented in other chapters of this report. Overall, since LCP certification most new development in SLO County has been urban infill, with more limited development in the rural areas.

Figure 2-3. Reported CDPs Geographic Distribution, 1988-1998



C. Preliminary LCP Implementation Issues

This chapter focuses on three primary issues related to new development and the Coastal Act: (1) concentrating urban development and maintaining stable urban-rural boundaries; (2) preventing the cumulative impacts of development to rural and agricultural lands; and (3) assuring availability of public services for new development, particularly coastal dependent and related uses. While the three issues have much in common, they also raise distinct challenges for the County of San Luis Obispo and the Coastal Commission.

C.1. Concentration of Urban Development: Stable Urban-Rural Boundaries

Overview: Coastal Act §30250(a) requires that new development be concentrated in and around existing developed areas that have sufficient public services to support such development. Where such areas are not available, development must be located where adequate public services exist, and where the development will not have significant adverse effects, either individually or cumulatively, on coastal resources.⁴ As discussed below, SLO County has been generally successful in maintaining the certified urban-rural boundaries of the existing urban nodes in the coastal zone. In addition, there is diminished potential for future expansion of urban development and services into adjacent rural areas, due to recent conservation acquisitions and easements on the rural perimeter of urban areas.

At the same time, though, some development has been approved that has led to the extension of urban services across the Urban-Rural boundaries of Cambria and Los Osos. In order to prevent further erosion of existing urban-rural boundaries into the future, the LCP policies addressing concentration of development must be the primary and controlling authority for new development approvals. In certain areas it also may be advisable to decrease allowable densities or relocate the urban services line, through the Area Plan Update process, to better match available resources and clarify appropriate location and intensities of future development. The County should also consider amending the LCP to reincorporate the section 30250 requirement to limit subdivision potential outside of urban-rural boundaries.

LCP Implementation: As summarized earlier, the San Luis Obispo County LCP has a variety of policies and mechanisms designed to achieve conformance with Coastal Act §30250. To establish a framework for locating new development, the County's LCP designates urban service, urban reserve, and village reserve lines. The urban service line (USL) is most important for meeting the Coastal Act goal of concentrating development in existing urban areas. In general, this line encompasses those areas where public urban services such as water and sewer may be provided in the nearterm, and thus where new urban development is appropriately located. The urban reserve line (URL) represents the ultimate projected limits for urban community growth, and is based on such factors as population projections, planned service capacities, and the need for additional growth within individual communities.⁵

⁴ There are only limited exceptions to this general requirement: hazardous industrial development may be located away from developed areas (Section 30250(b)); coastal-dependent industry may be permitted outside developed areas if other locations are infeasible or environmentally damaging, and the effects of such development are mitigated (Section 30260); and visitor-serving facilities may be located outside of urbanized areas, but only if urban locations are infeasible for such development and the facilities are located in existing isolated development nodes or at select points of attraction for visitors (30250(c)).

⁵ In order to distinguish rural communities that are not "urban" per se from the surrounding rural countryside, the LCP also establishes village reserve lines (VRL) around such communities as San Simeon Acres. The LCP contains a land use plan for each village, with particular attention given to their unique problems, opportunities and development potentials.

LCP Public Works Policy 1 is central to the implementation of the USL/URL system. This policy requires that priority be given to new development that would infill existing subdivided areas, and that development outside of the USL only be allowed where private water and waste disposal can be provided:

New development (including divisions of land) shall demonstrate that adequate public or private service capacities are available to serve the proposed development. Priority shall be given to infilling within existing subdivided areas. Prior to permitting all new development, a finding shall be made that there are sufficient services to serve the proposed development given the already outstanding commitment to existing lots within the urban service line for which services will be needed consistent with the Resource Management System where applicable. Permitted development outside the USL shall be allowed only if it can be serviced by adequate private on-site water and waste disposal systems.

In conjunction with the land use and zoning designations of the LCP, this policy establishes a framework whereby proposals for new development at higher densities are directed to existing urban areas. Thus, land use designations outside of the various URLs in the coastal zone are mostly limited to the Rural Lands or Agricultural category, neither of which allow development at densities greater than 1 unit per 20 acres generally. Properties lying between the URL and the USL are generally zoned for a lower density than lands within the USL.

LCP Policy 1 also works in conjunction with Agriculture Policy 5, which defines the urban service line as the “urban-rural boundary” for Coastal Act purposes. Most important, this policy prohibits land divisions or development that would require the extension of public services beyond the USL, providing further incentive to concentrate development. In so doing, the policy also seeks to minimize conflicts between urban and agricultural land uses.⁶ Finally, the SLO LCP has a variety of corresponding zoning ordinances that provide more specificity for the implementation of these policies. These ordinances are discussed in more detail later in this chapter.⁷

Development Trends

When the Commission certified the San Luis Obispo County Land Use Plan in April of 1984, it established USL and Urban Reserve Lines for the coastal zone meant to identify appropriate locations for new urban development and environmentally-sustainable limits for future growth. The Commission set USL/URLs in locations already committed to existing urban levels of development, plus a logical expansion area for future urban development in areas capable of accommodating additional growth for approximately 20 years. Since this certification, essential services such as water and sewer have become more limited in much of the planning area. Thus, the question of whether the original urban limit lines remain appropriate in light of existing

⁶ Public Works Policy 4 reaffirms that any changes to the USL must be approved by the Coastal Commission through an amendment to the LCP.

⁷ See Ordinances 23.04.021, 23.04.430, and 23.04.430.

resource constraints is addressed later in this Chapter. This section, though, addresses the question of whether LCP implementation has achieved the goal of concentrating new development within these certified limit lines.

As summarized earlier, the County has issued at least 2482 coastal development permits for the years 1988-1998. Of these, most were for new development in Cambria, Los Osos and Cayucos.

New Residential Development. About 70% of the San Luis Obispo County CDPs were for new residential development or residential-related improvements. Based on reported CDPs, the County approved approximately 945 CDPs for 1213 new residential units in the coastal zone between 1988 and 1998 (975 SFDs; 238 multi-family units). Although there may be some error associated with this number due to underreporting, the single family dwelling count is generally consistent with County permit data showing that approximately 1053 building permits for single family homes were issued for this same time period (see Table 2-3).

Table 2-3. Reported Residential CDPs, 1988-98

	SFD CDP	%	SFD Units	% Units	<i>County Building Permits</i>
<i>Cambria</i>	581	66%	602	62%	<i>604</i>
<i>Los Osos</i>	93	11%	155	16%	<i>150</i>
<i>Cayucos</i>	92	10%	97	10%	<i>211</i>
<i>Rural Estero</i>	34	4%	34	3%	<i>16</i>
<i>Oceano</i>	30	3%	32	3%	<i>37</i>
<i>Rural North Coast</i>	24	3%	27	3%	<i>21</i>
<i>Avila</i>	15	2%	16	2%	<i>4</i>
<i>South County</i>	6	1%	6	1%	<i>6</i>
<i>Missing/other</i>	6	1%	6	1%	<i>4</i>
TOTALS	881	100%	975	100%	<i>1053</i>

Residential Lot Creation. The creation of new developable lots is also important for evaluating the goal of concentrating development. Reported final local actions on CDPs indicate that the County approved 32 permits for residential subdivisions, excluding condominium conversions, between 1988 and 1998. These permits created 446 additional lots out of 23 existing lots.⁸ Similar to the new residential development approved, these lots were mostly distributed in and around the communities of Cambria and Los Osos. However, as discussed later in more detail, many of these lots were created outside of the Urban Service Lines of Cambria and Los Osos,

⁸ Three permits were subsequently denied by the Coastal Commission on appeal, two of which are still in litigation or pending as of this writing (see A-3-SLO-96-113, A-3-SLO-98-087).

even while being provided with urban services, contrary to the LCP policies to concentrate new development.

Table 2-4. Residential Lots Added to the Coastal Zone, 1988-1998

	Approved
Los Osos	319
Cambria	63
Avila Beach	48
Oceano	12
SLB/South County	2
Estero	1
Cayucos	1
TOTALS	446

Lot Mergers. From 1988-1998, reported CDP data shows that the County also approved 43 permits that included lot mergers within the coastal zone. These permits removed a total of 111 lots from the coastal zone. Most of this lot reduction occurred in Cambria, which has many small lots not suitable for development (see findings below for more detail).

Table 2-5. Lot Mergers in the SLO Coastal Zone, 1988-1998

	Permits	Existing Lots	Remaining Lots	
Cambria	30	138	55	83
Cayucos	7	25	16	9
Estero	1	6	5	1
Los Osos	3	26	12	14
North Coast	1	4	3	1
Oceano	1	5	2	3
Total	43	204	93	111

Lot-line adjustments and Certificates of Compliance. Lot-line adjustments and the certification of previously unrecognized lots can also create new development potential, both within and outside urban areas. Between 1988 and 1998, the County reported 60 coastal development permits with lot-line adjustments. Nearly a third of these were in Cambria and more than half were in urban areas overall. As shown in the Table 2-6, approximately one quarter of the adjustments approved were in rural areas.

Table 2-6. Lot-Line Adjustments, 1988-98

Place	
Cambria	18
Los Osos	9
North Coast	9
Cayucos	8
Avila Beach	7
Estero	3
San Simeon	2
Calendar Garrett Village Area	1
San Luis Bay	1
Oceano	1
Harmony	1
TOTAL	60

The County has also processed a number of certificates of compliance for previously unrecognized lots. A Certificate of Compliance (COC) is a certificate from the County Planning Department stating that a particular piece of real property complies with the County Subdivision Code and the State Subdivision Map Act and is a lawfully created parcel. The Certificate is recorded with the County Recorder and serves as an official record on the legal status of the property. A COC is needed for circumstances where the legality of a parcel must be determined, such as for financing or securing various types of development permits.⁹ Because of the significance of certificates of compliance in facilitating new development on rural lands, this issue is discussed in more detail in the Agriculture chapter.

Analysis: The Coastal Act requires that new development be concentrated in existing developed areas and that it be environmentally-sustainable, both in terms of available infrastructure such as water supply, and in terms of potential impacts to environmental resources. The third section of this chapter discusses concerns that have been identified related to whether new development in the SLO coastal zone has been environmentally-sustainable, particularly for the communities of Cambria and Los Osos.

In terms of the *location* of new development, though, San Luis Obispo County's implementation of its LCP has generally met the Coastal Act objective of concentrating development, inasmuch as most development approved between 1988 and 1998 has been located within or adjacent to existing developed areas. Over 90% of new single family homes approved in the coastal zone have been located in or around the urban core areas of Cambria, Los Osos, Cayucos, and Oceano. Likewise, 88% of the reported CDPs for commercial development were located in these

⁹ The term "legal parcel" relates to how the parcel was created and not to title or ownership status. In addition, all parcels deemed legal by the County are not necessarily developable and permits may not be approved for reasons other than parcel legality.

communities and the town of Avila Beach. Thus, broadly speaking, the existing LCP Public Works Policy 1 requirement to give priority to urban infill, and the USL/URL boundary system, appears to have successfully guided most new development to already developed areas. To the extent that this significant amount of development has been concentrated within urbanized areas, the distinction between urban and rural areas of the coastal zone has been maintained, consistent with Coastal Act section 30250.

Maintaining a stable urban-rural boundary, though, requires careful attention to those development pressures and trends that so often drive the incremental spread of development into the rural and agricultural lands that surround urban areas. It is important, therefore, to examine development pressures on the edges of the significant urban nodes in San Luis Obispo, as well as the development patterns of the 10-12% of development that has not occurred within the urban areas. The pattern of development in the rural areas is examined separately under Issue 2 of this chapter and in the Agriculture chapter. The remainder of this section summarizes development pressures and LCP implementation on the urban edges of Cambria and Los Osos.

North Cambria Rural Lands

Since at least the early 1970s development pressures have been driving residential growth beyond the urban-rural boundary at the northern edge of Cambria. There are approximately 1800 acres of land currently designated as “Rural Lands” in this area. These lands encompass a number of separate ownerships, including the Cambria Coast Ranch, part of which is zoned Agricultural Lands (see MAP 2-B).

Although the general SLO LCP density requirements for Rural Lands range from 320 to 20 acre minimums, depending on various land use planning criteria, the North Coast Area Plan has a specific overriding standard for the Rural Lands north of Cambria that establishes a minimum density of one dwelling unit per 80 acres of land. This standard also requires clustering and the provision of onsite sewer and water, unless the site is specifically brought within the USL through an LCP amendment (see NCAP p. 8-18). In 1998, the Coastal Commission adopted findings suggesting that this standard be modified to a minimum zoning of 160 acres per unit for these rural lands, primarily because of the sensitive Monterey Pine habitat in this area (see Chapter 4-ESHA for detail).

Despite the existing standards in the LCP, including the requirement of 80 acres/residential lot, clustering of building sites, and the Rural Lands designation, new residential development has crept northward on the rural Cambria lands outside of the urban services line. The most significant inroad into this area was the 1997 final approval of a subdivision of a 380 acre parcel into 18 large residential lots in 1997 (Leimert, Tract 1804, 3-SLO-97-130). The Leimert subdivision, which is not built out yet, raised a variety of coastal resource protection issues, including impacts to sensitive Monterey Pine forest and Monarch Butterfly habitat and visual impacts from new home and road development. The most significant aspect of this project, though, perhaps was its role in weakening the urban/rural boundary on the northern edge of Cambria. As the following discussion shows, it also illustrates the difficulties of implementing

the LCP in a complex legal and administrative environment, where policies may conflict or be less than clear in actual application to a case.

On the surface the Leimert subdivision appears to be in direct conflict with the LCP density requirements and policies to not extend urban services across the USL. A brief review of the administrative record for this project, though, illustrates that even apparently clear LCP policies and standards can be difficult to implement. This particular case has a long history, including legal challenges, Commission review and comment, and conflicting interpretations of the LCP by the County and the Commission. Overall, the case raises more complicated issues concerning the appropriate interpretation of existing LCP policies in situations where prior agreements for water service between property owners and a CSD might exist.

For example, early in the process in 1990 the developer of the project challenged the County's determination that the appropriate density standard for this areas was the 80 acre minimum (4-SLO-90-104). The administrative record for this action is incomplete, and it is not clear to what extent the Coastal Commission was involved in review of this decision. Commission staff did comment on the proposed project density in a June 17, 1992 letter stating that "[t]he proposed density [minimum 1 unit per 20 acres] appears to be consistent with the County's LCP and CZLUO." There was no appeal to the Commission. In addition to this challenge, though, the developer also engaged the County in litigation that eventually settled with the filing of the proposed subdivision by the County with a density of 20 acre minimums.

The Leimert case was further complicated by a pre-existing agreement between the developer and the Cambria CSD to serve the property with urban services. Indeed, in 1995 Commission staff agreed that an LCP amendment was not necessary to move the USL out beyond the project because this pre-existing CSD agreement to serve the property "predated the LCP." Perhaps because the early determination of the density standard by the County went unchallenged by the Commission, the developer was able to propose 18 total lots rather than the four that would have been available under the specific Area Plan standard of 80 acre minimums. Such decisions, of course, have implications beyond the specific case, inasmuch as they may be looked to by other property owners as precedents for appropriate residential density on adjacent lands.

Urban-rural boundaries are perhaps best maintained through clear distinctions between urban and rural development densities, although the pattern of rural development that is allowed outside such boundaries is also important to mediating negative effects. This is the purpose of the LCP's clustering requirements for development north of Cambria. The Leimert subdivision, though, also cannot fairly be determined to be a "cluster subdivision" as required by the LCP. Although the project does not result in a significant number of houses relative to the overall residential development trends in Cambria, this subdivision is significant in terms of the Coastal Act requirement to concentrate development. By allowing a large lot residential subdivision (essentially unclustered, spreading northward, and with urban services), development incentives were potentially generated for adjacent lands. For example, a new access road from Highway One north of Cambria to serve the project may not have been required – a road which now

provides enhanced access to other properties north of Cambria.¹⁰ The EIR for the project did determine that a clustered subdivision of one-acre lots adjacent to the urban-rural boundary was feasible but that this alternative would “differ considerably from the stated intent of the project.” The EIR also concluded that the no project alternative was environmentally superior and that the small lot cluster alternative reduced biological impacts more than any other alternative. Overall, while it may be the case that the County and others considered the design of Tract 1804 to be a “cluster” subdivision. The design of Tract 1804 was not clustered in such a way as to minimize coastal resource impacts (e.g. by reducing the minimum lot size to 1 acre, pursuant to CZLUO 23.04.36, and clustering building sites immediately adjacent to existing development in the Cambria urban area).

In addition to the Leimert subdivision, other projects have gone forward in varying degrees on the Rural lands north of Cambria. In recent years a large residential compound has been approved just north of Leimert, followed by a proposal to adjust existing lots in this ownership that would result in a non-conforming parcel. This proposal has recently been denied by the Commission on appeal from the County’s approval (Brown, A-3-SLO-00-045). Although this project is now in litigation, a primary basis for the Commission's denial was the inconsistency of the proposed lot densities with the 80 acre density standard in the North Coast Area Plan. This project also involves provision of urban services by the Cambria CSD, as part of an independent agreement between the property owner and the CSD, even though it is outside of the USL/URL.

Other projects that have unfolded on the North Cambria rural lands include additional residential development adjacent to the Brown property (A-3-SLO-00-118, currently pending on Commission appeal), as well as various proposals on the CT Ranch. These projects have included a proposal for a temporary sports camp that was a potential prototype for future expanded development, as well as a potential LCP amendment to allow development of 300 residential units and golf course.¹¹ Although it is always difficult to know exactly how prior development decisions influence the decisionmaking process for future potential developments, land values and economic incentives are usually driven in part by existing legal requirements and decisions. Thus, while the Commission and the County were clear in the administrative record that the Leimert land division should not be seen as precedential, especially in light of its particular circumstances, such decisions no doubt have some influence on those interested in developing adjacent properties.

The development pressures north of Cambria and on the CT Ranch have created strong incentives among the environmental community to pursue more permanent protections of these rural lands. Most significantly, the Nature Conservancy acquired an 800 acre conservation easement on the CT (now Cambria Coast) Ranch in December of 2000. This conservation agreement has been reported as reducing the development potential of the ranch from 23 to 5 residential sites, and has been designed to protect the most significant forest resources on the

¹⁰ Cambria Pines Road was approved as part of a previous subdivision – Tract 543 – approved without conditions by the Coastal Commission in CDP 4-85-297

¹¹ See 3-SLO-97-041/A-3-SLO-97-023 (Wesnousky); and DEIR for CT Ranch General Plan Amendment (SCH 89051021).

ranch. Most important, this easement attenuates a significant development pressure for residential sprawl, and may mark the more permanent maintenance of the urban boundary of north Cambria. The lands adjacent to the rural lands are owned by State Parks. Coupled with the buildout of a few remaining lots west of Highway One, there now may be a much less concern for sprawling urban development in this area of the County's coastal zone.

Los Osos Urban Edge Development

The community of Los Osos has also seen significant development pressures on its urban edge. In recognition of this, and in an effort to protect significant ecological resources surrounding Los Osos, a Greenbelt Alliance has formed. This alliance has been working in the community with the County, the newly formed CSD, and other agencies to establish an open space greenbelt around Los Osos. Most recently, a significant property on the southern boundary of Los Osos was acquired by the Department of Fish and Game (Morro Palisades). Additional significant purchases for open space/habitat protection have occurred since LCP certification, including at the former Powell property. Acquisition has also been proposed for the "Broderson" property in association with the current wastewater facility proposal. These acquisitions will play an important role in better anchoring the urban-rural boundary.

On the other side of the ledger, though, reported CDP activity shows at least two areas of concern in the Los Osos urban area. First, the County has approved at least four subdivisions outside of the Urban Services Line since 1988. Two of these approved major residential land divisions. In 1993 the County approved the Monarch Grove subdivision of 48 acres on the southwestern edge of Los Osos into 77 residential units. In addition to raising other issues, particularly concerning sensitive Monarch butterfly habitat protection (see Chapter 4), this subdivision approval appears to conflict with both Public Works Policy 1 and Agriculture Policy 5. These policies set priority for urban infill development and prohibit the extension of urban services such as water and sewer across the USL. It should also be noted, though, that this subdivision was within the Urban Reserve Line, which is the area set aside for long-term growth, assuming adequate infrastructure, no adverse impacts to other coastal resources, and an LCP amendment incorporating the area within the USL.

Similarly, in 1997 the County approved the Cabrillo Associates Tract 1873 subdivision on the steep hillsides of the southern edge of Los Osos (D890423D). This project would subdivide roughly 124 acres into 41 residential lots and several open space lots. Again, this project raises a variety of issues, including visual resources and sensitive habitat protection. Most fundamental, though, as the Commission found in reviewing the appeal of this project, that while the project was within the URL, the subdivision requires the provision of urban services across the USL, again by a private provider, contrary to the LCP requirement to concentrate development and prioritize infill development (see A-3-SLO-98-087). The Commission denied this proposal in the appeal in June, 2000. The applicant has filed a request for Commission reconsideration of this decision and it is also currently in litigation. As discussed later in this chapter, the Commission also found that such service extensions and additional urban development outside of the USL of Los Osos were particularly inappropriate given the current uncertainty about water and wastewater treatment capacity for the community.

Incremental erosion of the urban-rural boundary has also been occurring through the approval of smaller subdivisions and residential projects in Los Osos. One area of concern is the southwestern edge of the community along Pecho Road. This road is a relatively undeveloped scenic corridor leading to Montana De Oro State Park. Since certification of the LCP, though, development has gradually been undermining the urban boundary in this area. The County has recognized the LCP requirements to limit densities in this area in at least one case. The Subdivision Review Board denied a lot split along Pecho road because the applicant's parcel was less than five acres and the minimum parcel size required by the LCP was 2.5 acres (3-SLO-96-059).

In another instance in the same vicinity, a lot split was approved outside of the USL with water supplied by the Cal Cities Water Company (3-SLO-93-028). Although the project was conditioned with open space easements and other mitigations to address Morro Bay Kangaroo Rat habitat impacts, the project did not clearly address the requirements of the LCP with respect to subdivisions outside the USL. Rather, part of the justification for the subdivision appears to be reliance on a prior approval of a "second primary residence" – itself treated as a principally permitted use -- and an observation that the subsequent subdivision of the parcel would not therefore increase density in such a way as to be contrary to the LCP. Part of the problem again in this area has been the apparent pre-existence of urban services, or the willingness of private water purveyors to extend services across the USL contrary to the LCP.

Finally, more recently the County again approved a minor land division in the Pecho Road area. The project would have added two more lots on a 1.4 acre parcel. The Commission appealed this permit and denied the land division as inconsistent with Public Works policies and the required densities in this area on January 12, 2000 (Linsley, 3-SLO-99-142).

It should be noted that incremental erosion of concentrated urban development in Los Osos has perhaps also been driven by the inability to develop in the urban core where there is currently no urban sewer services, and a septic prohibition has been in place (see below for detail). Reported CDP activity bears this out: at least 33 single family homes have been approved between the USL and URL of Los Osos. These approvals outside of the USL would appear to be contrary to the LCP goal to prioritize urban infill development, particularly given their reliance on urban water supply. Thus, as discussed in more detail in Issue 3 below, the LCP requires that land use permits for development between an urban services line and urban reserve line not be approved unless the capacities of available water supply and sewage disposal services are sufficient to accommodate both existing development, and allowed development on presently-vacant parcels within the urban service line.¹² With the large number of undeveloped residential parcels in Los Osos, and the significant uncertainty about water and sewer capacity in the community, it is not clear how the finding could reasonably be made.

¹² The LCP allows an exception to this policy for a single family home on an existing lot immediately adjacent to the USL, where service could be provided by a lateral connection without extension of a trunk line. Ordinance 23.04.430.

Consistency Analysis: The broad trends in LCP implementation by the County show that the LCP has led to the concentration of most urban development in existing developed areas. However, there also has been significant pressure to develop beyond the Urban Services Line on lands that are not suitable for urban levels of development, particularly in light of existing deficiencies in sewer and water capacities (see Issue 3 discussion). Such development is not consistent with the Coastal Act objectives of section 30250 to concentrate development in existing urban areas. Some of these projects were problematic for other reasons as well, such as ESHA and visual resource impacts. Most urban edge development pressure has occurred north of Cambria and around Los Osos. And while the potential for expansion of urban development to the north of Cambria may be decreasing, other pressures may emerge in other areas, including southern Cambria.

For example, the County is currently evaluating a potential school site outside the USL on the southeastern edge of Cambria that could break and further destabilize the urban-rural boundary. The Coast Unified School District is requesting a plan amendment to redesignate a 14.7 acres agricultural property to Public Facilities. The project would also require annexation to the CCSO and changes to the USL/URL. This proposal raises significant concerns, including issues related to the protection of Agricultural lands, visual impacts, and the concentration of development. If amendments are considered that would change the urban-rural boundary, and if they are otherwise approvable under the Coastal Act, they should include maximum provisions to assure that urban services are not further extended, similar to the non-access easements recently required by the Commission in its approval of the City of Watsonville LCP amendment to provide for a new High School. Other development issues in the rural area to the south of Cambria include residential and commercial use of agricultural lands, as well as reuse of the former Air Force Base.

Pressures may continue in other areas of the coastal zone as well, including around Los Osos, Cayucos, the City of Morro Bay and on the rural County lands above the City of Pismo Beach. It will remain important for the County to rigorously apply the existing LCP policies, as well as consider policy alternatives that will clarify the development limitations of lands outside of the urban areas of the coastal zone. It is also important to firmly establish that the LCP policies to protect the urban-rural boundary are the controlling factor in development decisions, rather than allowing independent private service providers to drive the process of development. Development pressures are driven in large part by land development costs, the economic incentives generated through zoning and land use policies and the availability of public services such as water and sewer. In combination with an evaluation of available urban services, the County should continue to consider options for rezoning and relocating the USL to better direct future development potential consistent with available services. For example, in the most recent project description for the North Coast Area Plan Update, the County has proposed redesignating 75 acres currently zoned for residential development to rural and agricultural zoning, as well as relocating the URL/USL to exclude these lands from the urban core. Such changes would help to reinforce the policy goal of concentrating urban development, consistent with Coastal Act 30250.

Preliminary Policy Alternatives

Maintaining urban-rural boundaries and concentrating urban development in the SLO coastal zone could be enhanced through a variety of strategies. The County has already made efforts to address this issue through the pending Estero Area and North Coast Updates. The Advisory Councils for Los Osos and Cayucos also have provided relevant comments back to the Commission in response to the Commission's earlier comments on the EAP Update (see Appendix E). The next step in the County's process for these updates will be to reissue the EAP and Final EIR, and to complete the DEIR and initiate public hearings on the NCAP. In the next several months, the Commission, County, and public will have an opportunity to assess the best strategies and options for addressing the maintenance of urban-rural boundaries, including the following:

Preliminary Recommendation 2.1: Improve Required Findings for Service Extensions Beyond USL.

Development proposals that require the extension of urban services across the USL should not be approved unless the required findings established by Public Works Policy 1 and corresponding ordinances can be made. While the existing certified LCP provides a strong framework for evaluating new development proposals, County implementation over the last decade suggests that greater emphasis on the requirements of these policies and ordinances is needed in the staff analysis and legal findings of individual coastal development permits.

Preliminary Recommendation 2.2: Improve County/Commission Coordination.

The County and the Commission should take full advantage of coordinated reviews of development proposals outside of the USL, particularly those that may create new urban development potential. Although Commission and County staff resources are limited, experience has shown that enhanced coordination increases the likelihood that the LCP requirements will be reinforced and applied in difficult cases.

Preliminary Recommendation 2.3: Clarify LCP Authority with respect to New Urban Development proposed outside USL.

Conflicting development incentives may be created by non-coterminous certified USLs of the LCP and the boundaries of service providers. LCP amendments should be considered that clarify the controlling authority of the LCP with respect to whether new urban development is appropriate outside of the USL in urban areas. The current NCAP project description includes a standard that would allow provision of urban services beyond the USL in certain limited circumstances, similar to a proposed standard recommended by the Commission in its 1998 review of the NCAP. The implications of this standard in relation to USL/URL should be evaluated.

Preliminary Recommendation 2.4: Reduce Development Potential on Urban Edges.

Evaluate potential for reduction of development intensities on the perimeter of urban areas, including adjusting land use designations, allowable densities, and relocating the USL/URL where appropriate. The County has already proposed some adjustments that would be beneficial in this regard, such as the tightening of the USL on southern edge of Cambria.

Other proposals would be logical in light of current events. (For example, removing from the USL the recently acquired Morro Palisades property in Los Osos being set aside for conservation purposes and other areas on the urban fringe designated for residential development but highly constrained by significant habitat values; also, adjusting the USL to reflect the community's greenbelt goals.

Preliminary Recommendation 2.5: Consider Policies and Programs to Support Greenbelt Formation and Maintenance.

Consider incorporation of programs and policies to establish or support greenbelt and open space areas on the urban fringe of developed areas (e.g. Los Osos). Build on and integrate with open space and habitat protection proposals already put forth by the County in the Estero Update.

Preliminary Recommendation 2.6: Encourage Redevelopment Options in Urban Areas.

Greater attention should be placed on redevelopment options inside the USL prior to concentrating any proposals for urban levels of development outside the USL.

C.2. Concentration of Development: Preventing Cumulative Impacts to Rural Lands

Overview: Coastal Act section 30250 requires the concentration of development in urban areas in part to maintain the essential rural and agricultural character of the coast in places like San Luis Obispo County. This policy also does not allow development that would have adverse cumulative impacts to these undeveloped areas. As summarized in Issue 1, the urban-rural boundaries of Cambria and Los Osos have been somewhat eroded by development pressures within these communities to press outwards. Rural areas of the County have also been incrementally impacted, though, by individual developments on agricultural lands that cumulatively have the potential to change the rural character of these areas. Some of these development trends, such as non-agricultural residential development, are discussed in detail in the Agriculture chapter. Other concerns with rural development are addressed in the Scenic and Visual Resources chapter.

Continued focus on potential visitor-serving developments on the rural north coast of San Luis Obispo, as well as incremental expansion of smaller development nodes in rural areas, has also created increased pressure to develop these rural lands. When considered in light of our increasing knowledge about coastal resources in the rural areas, such as limited coastal water supplies and newly identified sensitive habitats, these incremental trends become more problematic. Also, since certification of the SLO LCP, public appreciation of the vast rural coastal areas of the County has increased, highlighting the significance of these lands for the statewide objectives of coastal protection. This is true not only for the vast holdings of the Hearst Ranch, but also for the Harmony coast and the scenic corridors of the Morro Bay watershed. The County has rightly acknowledged many of these changes in recent LCP updates for the North Coast and Estero Area Plans. These proposed changes, as well as other

enhancements to the LCP are needed to prevent incremental development from significantly degrading the rural and agricultural character of the SLO coastal zone.

LCP Implementation: Although the reported coastal development activity for the rural areas of San Luis Obispo County accounts only for approximately 10% of the total CDP activity, this development is nonetheless significant within in the context of protecting rural and agricultural lands. For example, while the population of the rural north coast in 2000 was projected to be only 669, this figure represents nearly a doubling of the population in this area of the coast since LCP certification. Overall, the population in the rural areas of the County coastal zone has grown approximately 20% since certification. Such population change can bring significant changes to a rural area, particularly as the demographics and economies of local communities change.

Visitor serving activities associated with the Hearst Castle, San Simeon State Park, and other coastal recreational resources have also continued to expand, bringing more people and traffic to the rural areas of the County's coastal zone. Coupled with continued strong growth in the urban centers such as Cambria, this growth has placed cumulative pressures on Highway One, particularly on the rural North Coast.

Highway One

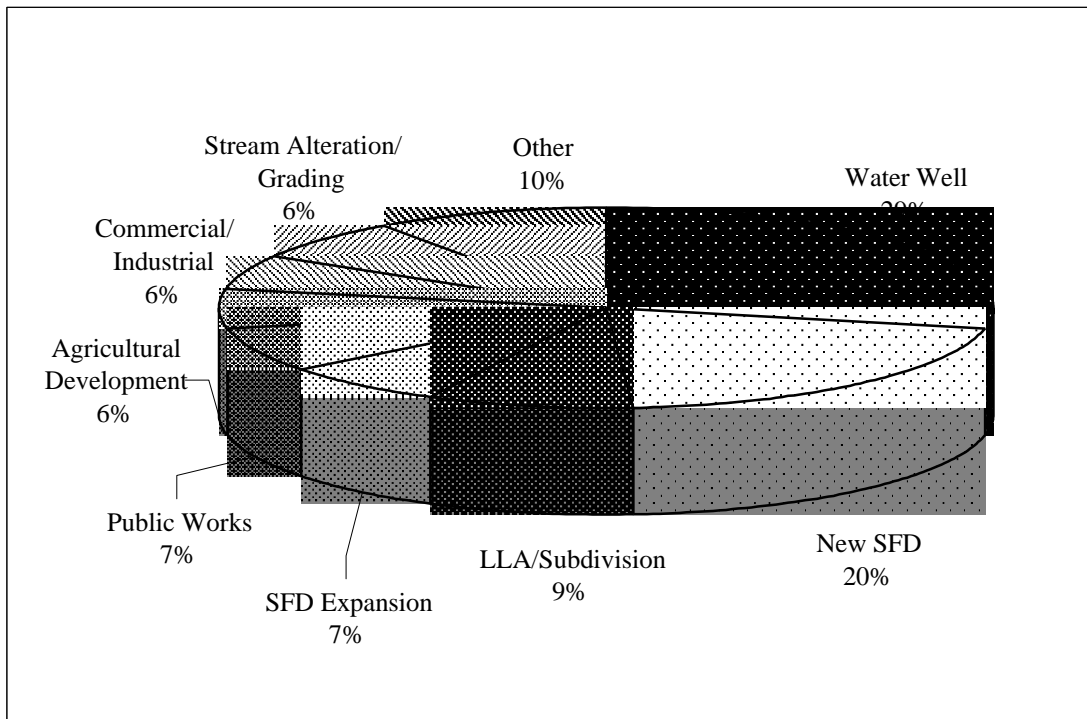
Highway One runs the entire length of the planning area and, outside of Cambria is generally a two lane road. The current Level of Service (LOS) between the southern boundary of the planning area and the entrance to Hearst Castle is LOS D. This level of service is considered “marginally acceptable and maneuverability and speed selection is restricted for most drivers.” Projections in the current NCAP project description indicate that levels of service between Cayucos and Hearst Castle will deteriorate to LOS D and F at buildout. These figures assume a 140% increase in traffic volumes at buildout between Cayucos and Cambria. As discussed later in this chapter, though, Cambria is only about one-third built-out, and can be expected to continue to grow unless an alternative to the large number of existing vacant lots is found. The projected traffic volumes may, therefore, be rather low. Similarly, the traffic volumes between Cambria and Hearst Castle may also be understated. In the Commission’s review of the NCAP in 1998, it was found that the plan projects a doubling of traffic (1000 more trips) but a review of the traffic estimates for the Hearst Resorts alone suggested a rather low estimate of 370 to 1102 trips. Thus, development of rural land between Cambria and Hearst Castle could add trips to this section of Highway One. Finally, San Simeon Acres is only about half built-out and would generate additional traffic volumes if other resource deficiencies for new development are addressed.

Development Trends

Coastal development trends in the rural areas of the SLO coastal zone suggest an increase of non-agricultural development in rural areas that may not only bring pressure to agricultural lands to other uses, but that may also bring adverse impacts to the relatively undeveloped rural

landscapes of the County. As shown in Figure 2-4, reported coastal development permits (approximately 260) show that a variety of developments have been approved in the rural areas of the County, including 54 residential projects (single family homes/mobile homes) in areas of Agricultural or Rural Lands zoning¹³, a variety of commercial developments (including a shooting range and winery tasting room), visitor-serving development, and other infrastructure projects such as new road or residential driveway work. At least 20 lot-line adjustments and three subdivisions have occurred on Agricultural and Rural Lands. As discussed in the Agriculture chapter, such lot-line adjustments are often precursors to non-agricultural development that can undermine long-term agricultural and rural lands protection goals. In recent years the Commission has reviewed on appeal proposals for an experimental visitor-serving development on rural lands, a wedding events site on Agricultural lands, and large-lot residential development on non-conforming agricultural parcels.¹⁴

Figure 2-4. Development Approved in Rural & Agricultural Areas, 1988-1998



Analysis: As suggested, maintaining the rural and agricultural character of the nonurban areas of the coastal zone requires close attention to the incremental activities that create negative cumulative impacts. Because of their incremental character, their role in this cumulative change is difficult to assess in the individual planning or regulatory decision. Some of these activities are analyzed in more detail in the Agriculture and Scenic and Visual Resource chapters. This

¹³ Some of these are mobile homes to support agricultural activities.

¹⁴ A review of County building permit data also shows similar development patterns, including 34 single family homes in the rural areas of the North Coast and Estero.

section focuses more on the overall cumulative impacts from development that may not be concentrated in urban areas. Two major concerns are highlighted: the need to further concentrate and only allow environmentally-sustainable development on agricultural landscapes north of Cambria, particularly on the Hearst Ranch; and the need to prevent incremental erosion of rural agricultural landscapes through development not directly associated with agricultural activities.

Concentration of Development on the North Coast

Since certification of the LCP, and even since the Commission's 1998 action on the North Coast Area Plan Update, the importance of concentrating development in existing developed areas of the North Coast has become increasingly clear. To be sure, one of the fundamental purposes of the Coastal Act requirement to concentrate development is to avoid or minimize the many types of coastal resource impacts that typically follow from unconcentrated, sprawling patterns of development.

As the County has generally recognized in its North Coast Area Plan, the North Coast is a highly constrained coastal environment of incomparable beauty and significance. There are only a few nodes of development outside of Cambria that are larger than a typical rural residential site: the small artist colony of Harmony; the motel/hotel node of San Simeon Acres; and the San Simeon Village/Hearst Castle Visitor Center node.¹⁵ Surrounding these small development nodes are miles and miles of relatively undeveloped grazing and agricultural lands. Not only are these important agricultural lands, they are also a stunning visual resource, ultimately transitioning to the more rugged and dramatic topography of the southern Big Sur Coast. A multitude of coastal streams flow out of the hillsides to the ocean, some of them providing important habitat for sensitive species such as Steelhead, red-legged frog, and the western pond turtle. Along this stretch of coast, there are a variety of beach and recreational resources, including automobile turnouts and vistas, trails to rocky shorelines, popular wind-surfing beaches, and the elephant seal haul outs near Piedras Blancas.

Beginning with the earliest days of the Coastal Act and throughout the recent public debate and decisionmaking about the North Coast, the Hearst Corporation and the County LCP has contemplated a variety of visitor-serving developments north of Cambria. Originally, as many as four resort/recreational areas were mapped out, including at the northern edge of the County and in the sensitive Monterey Pine Forest north of Cambria. At least two golf courses have been planned for the North Coast in times past.

Since certification of the San Luis Obispo LCP, though, the natural resource values of this section of California's coast have become both better understood and more deeply appreciated by the public. The statewide significance of this relatively undeveloped stretch of California's coast has become increasingly apparent, particular as development has continued to drastically change other areas of the California coast.

¹⁵ Isolated individual commercial visitor-serving developments also exist at Piedras Blancas and just north of Ragged Point.

Part of this change in appreciation of the North Coast rural character is perhaps driven by the increasing growth along the SLO coast that has occurred through implementation of the LCP. The vistas of the North Coast have been incrementally impacted by development and expansion of the Hearst Castle Visitor serving facility, which can be seen for miles as one makes their way north from Cambria. Residential development on the northern edge of Cambria and potential development further up the coastline also threaten to permanently alter rural agricultural viewsheds.

As mentioned earlier, increasing visitors to the North Coast, as well as residential growth in Cambria, has brought increased traffic to Highway One. When the Commission certified the LCP in 1988, Highway One was already operating at limited capacities. As of 2000, its capacity is at LOS D or more between Cambria and the Hearst Castle Visitor Center, which means that no more significant traffic-generating growth could be accommodated while still meeting the requirement of the Coastal Act to keep Highway One a two-lane scenic road areas. The current NCAP projects Highway One to go to LOS F in the vicinity of Highway 46 at buildout (NCAP, 5-6). In addition to pressure to expand Highway One, the Highway itself runs the risk of being armored with unnatural looking rip-rap or other shoreline structures, as it has in other urbanizing areas of California.

The current project description for the North Coast update contains several goals, programs and policies related to Highway One, including programs and standards that reflect the Commission's 1998 suggested modifications for Highway One. In particular, the NCAP states that "Highway One should be improved to ensure the safe flow of traffic, yet not distract from the scenic nature of the highway." It also observes State law that Highway One must remain a two-lane scenic road in rural areas, while allowing for some exceptions such as passing lanes.

The NCAP Update also modifies the mandatory planning standards for Highway One. A new areawide standard addresses traffic mitigation and requires that development plan and subdivision proposals be reviewed to determine the adequacy of services, including the impacts on the carrying capacity of Highway One. It further states that inadequate road capacity may be grounds for denial of a project unless adequate mitigation measures are incorporated. Increasing traffic levels to an extent that is found to detract from the rural, scenic nature of Highway One shall not be permitted (7-4, #5). This standard also adds language from a Commission recommended modification that would set acceptable levels or service at LOS D and C on Highway segments south and north of the Hearst Castle Visitor center.

In 1998 the Commission also adopted suggested modifications to the North Coast Area Plan Update submitted by the County that, among other things, would limit future visitor-serving developments to a specific envelope at San Simeon Village (see Map 2-A). Other policy modifications would put in place more comprehensive viewshed protections and require evaluation of resource capacities such as water from local coastal streams, prior to considering any intensification of visitor-serving uses along the North Coast.

In the most recent County Project Description for the North Coast Update, the County has presented an alternative that would limit visitor-serving development to a specific area, subject to

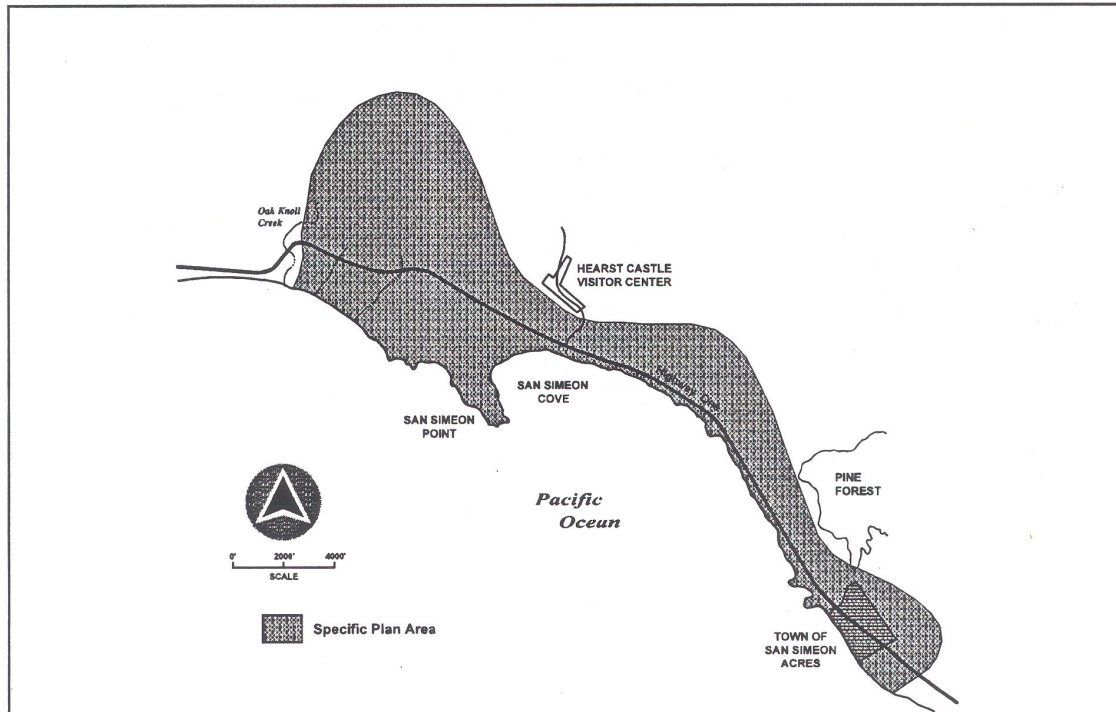
a future specific planning and LCP amendment process (see Figure 2-5). The process described by the County follows:

The recommended process to be followed should include the following steps:

- A. Hearst Resorts – Concept.** *Within the study area, a mixture of visitor serving overnight and commercial and recreational uses may be found appropriate. The sustainable number of units, density, size, and location should be determined after the following studies and processes are completed.*
- B. Recommended Process.** *The following should be the minimum processes for review and approval of a resort development plan:*
 - 1. Specific Plan.** *Apply for a specific plan to show the location, type and density of proposed uses, including plans for necessary services and infrastructure according to the applicable sections of the California Government Code.*
 - 2. Local Coastal Program Amendment.** *Apply for an LCP amendment to show appropriately sized areas that may be changed to land use designations allowing resort recreational and commercial uses. The amendment should consider consistency with the California Coastal Act regarding visitor serving uses, environmental protection, public access, and preservation of coastal resources.*
 - 3. Environmental Impact Report.** *Both the Specific Plan and LCP Amendment should be based on consideration of environmental constraints, alternatives, and use of appropriate mitigation and monitoring. A full environmental impact report should address all potential impacts from the land use changes and subsequent development.*
 - 4. Economic and Fiscal Report.** *As part of the environmental review process, prepare an analysis that describes the economic impacts on the region, such as effects on jobs and income and the need for employee housing, and a fiscal analysis to disclose the effects on availability of governmental services and costs.*
 - 5. Phasing and Monitoring Plan.** *The Specific Plan should include a phasing plan to insure that adequate time between phases is provided so that possible negative effects can be identified and mitigated.*

This alternative is significant inasmuch as it puts resource assessment requirements in place that must be addressed prior to pursuing visitor-serving developments, although more emphasis is perhaps needed on the special Coastal Act requirements that new development have adequate water and other infrastructure, as well as not result in adverse impacts to sensitive coastal resources. The alternative would also update the zoning of most of the agricultural areas currently zoned for visitor-serving recreational development back to an agricultural designation that reflects the current viable grazing use.

Figure 2-5. Hearst Resorts Concept from NCAP Project Description, 1/00



Source: Figure 4-1: Hearst Resorts concept - Specific Plan Study Area

This possible change to the NCAP is worthy of further consideration in recognition of our current understanding of resource constraints and values along the North Coast. The rezoning of lands back to agriculture, which would be consistent with their status as viable agricultural lands, is also consistent with recent Commission comments on the North Coast Area Plan Update (see Appendix E). As discussed in the Public Access and Recreation chapter, there is a need to provide for increased public access and recreation along the North Coast. However, such future development should be of a type and intensity that is appropriate for the extremely limited resource capacities of the North Coast (such as water supply and Highway One), as well as located so as to provide maximum protection to the undeveloped rural character of the North Coast. This suggests continuing focus on limiting new development to the existing nodes of San Simeon Acres and San Simeon Village, or to other discrete locations that may be appropriate.¹⁶

Cumulative Impacts in Rural Areas

Distinct from the problems of future North Coast development, Coastal Act policies to concentrate development and protect rural lands may be undermined by the incremental development of non-agricultural or residential uses not directly tied to agricultural activities. As discussed in the Agriculture chapter, some of this development is occurring on previously unrecognized, non-conforming parcels on rural and agricultural lands. If not monitored

¹⁶ For example, the BLM has recently acquired the lighthouse at Piedras Blancas, a location that the Commission has previously identified as appropriate for limited visitor-serving development such as a youth hostel.

carefully, certificates of compliance, lot-line adjustments, and subdivisions can quietly facilitate development that could undermine agriculture over the longrun.

In particular, a changing and booming economy, coupled with a new demographic has brought new challenges to coastal resource management in California. With increasing capital and technological capabilities, there is expanding interest in developing increasingly large residential home sites in more remote areas. In contrast to the typical agricultural homestead, these houses may be large estates not directly related to or supporting the agricultural use of the surrounding land. Because of their character, they also may bring increased impacts to visual resources and sensitive habitats. The Commission has recently been struggling with a number of such homes in rural areas of northern Santa Cruz County and southern San Mateo County. As discussed in the Agriculture chapter, the desire to move into the rural areas has contributed to pressures to convert grazing lands to residential land uses. The development of non-agricultural estates may, over the long run, drive out legitimate agricultural and farm uses. Along the more remote Harmony coast, a number of proposals have been approved or are pending for residential development on grazing lands that also present incredible rural vistas to the public, as well as unique opportunities to provide limited public access and habitat preservation.

In the small artist colony of Harmony itself, there is continuing interest in expanding the commercial activities through conversion of small acreages of agricultural land. Coupled with residential pressures in the rural areas, such non-agricultural developments combine to create even greater incentives for converting agricultural rural areas to residential and commercial enclaves. Agricultural lands themselves are changing in ways that bring more commercial activity into areas. For example, since LCP certification, at least three different winery proposals have been considered in Harmony (3-SLO-92-072; 3-SLO-97-165; and D0000027b).

The Harmony Coast presents a good example of how incremental changes over the longrun can slowly change the character of rural lands. As summarized in Table 2-7, this amazing stretch of coastline has seen subdivision and lot-line adjustment activity, as well as residential development that is slowly converting this area from an undeveloped rural landscape, characterized by cattle grazing operations, to an area of large lot homes or ranchettes, that dramatically changes the rural agricultural character of the area, and ultimately threatens the viability of these historic grazing lands.

The Morro Bay Limited residential project discussed in detail in Chapter 5-Agriculture is a good example of this trend. The project was approved by the Commission on appeal in 1999. The case involved a proposal to develop 9 large-lot residential parcels on an agricultural grazing parcel along the Harmony coast. The Middle Ranch, which had functioned as a single 742-acre ranch, was auctioned in the early 1990s along with the South and North Ranches. The property was explicitly marketed for future potential residential development. In the case of Morro Bay Limited, the Ranch was effectively parcelized through the legal recognition of developable albeit non-conforming parcels in the County's certificate of compliance process (see Agriculture chapter for detail). Written evidence was presented to the County that established the presence

Table 2-7. Cumulative Change on the Harmony Coast, west of Highway 1 (Major Projects)

Year	Projects	Description/Status
1974-1997	CO74-0301 3-SLO-95-056 3-SLO-97-165	<ul style="list-style-type: none"> • 1974 Subdivision of a 120 Acre Parcel into Four 30 acre parcels/road dedication. • Construct 1517 sq. ft. mobile home, garage, barn • Convert 230 sq. ft of existing SFD to winery
1974	CO74-0301	<ul style="list-style-type: none"> • Lot-Line Adjustment
1983	CO83-0097	<ul style="list-style-type: none"> • Divide 705 acre lot into 355 and 350 acres for Ag Purposes
1989	5-SLO-89-099	<ul style="list-style-type: none"> • Construction of Aquaculture Facility
1989	4-SLO-89-315 (COAL89-0040) 5-SLO-89-180	<ul style="list-style-type: none"> • Adjust two parcels on Gooden cattle ranch from 440 and 40 acres to 420 and 60 acres. Enlarges 40 acre blufftop lot and locates it adjacent to existing access easement. • Construct 4,365 sq. ft. residence on blufftop lot
1992	3-SLO-92-114	<ul style="list-style-type: none"> • Construct Cellular Tower in Highway One viewshed.
1993	Dalidio/Zapata Farms, 3-SLO-93-066; 3-SLO-93-124 (COAL89-0397)	<ul style="list-style-type: none"> • Lot-line Adjustment of 8 non-conforming parcels on 570 acres of North Ranch, ranging from 38 to 166 acres to 8 parcels ranging from 39 to 226 acres. Creates 5 shorefront residential sites and 3 agricultural parcels.
1994	3-SLO-94-143	<ul style="list-style-type: none"> • Construct 4400 sq. ft. residence
1995-1999	Morro Bay Limited A-3-SLO-99-014/032(COAL94-0130)	<ul style="list-style-type: none"> • Lot-line Adjustment of 9 Parcels on 746 acres of Middle Ranch; creation of 8 residential home sites and parcels ranging from 20 to 39 acres and 1 agricultural remainder of 542 acres. • Access Road Construction
1996	3-SLO-96-044 COAL95-0066	<ul style="list-style-type: none"> • Adjust two parcels on 734 acre Ranch from 218 (non-conforming) and 516 acres, to 321 and 413 acres to facilitate sale and development. Creates two conforming shorefront parcels.
1993-1994	McBride 3-SLO-93-075 3-SLO-94-122	<ul style="list-style-type: none"> • Construct access road, drill test wells; • Construction of 3000 sq. ft. single family dwelling, Barn with attached guest house, six wind generators, 2 solar panel arrays, windmill, future barn.
2000	Schneider A-3-SLO-00-040	<ul style="list-style-type: none"> • Proposed 10,000 sq. ft. Single Family Home and 1.25 mile access road, Pending on Appeal to Commission
2001	Townsend	<ul style="list-style-type: none"> • Proposed 90 ft. wireless communication tower; pending at County
2001	County Permit D000027	<ul style="list-style-type: none"> • Construct 5,800 sq. ft winery and tasting room; pending at County
2001	Williams	<ul style="list-style-type: none"> • Proposed Lot-line Adjustment of two parcels, pending at County

of multiple parcels on the ranch that did not conform to the required minimum lot size of 320 acres that would typically apply on such grazing lands. This evidence consisted primarily of deeds of sale describing individual pieces of property that together made up the larger Middle Ranch. As discussed elsewhere in the report, although these parcels had been in single ownership for some time, it is difficult to not provide them with legal recognition under the State Subdivision Map Act. More important, once certified, it is difficult to limit development potential on such parcels without raising questions about Constitutional property rights.

Preservation of agricultural values and rural character is not the only issue raised by developments such as the Middle Ranch residential project. These developments also bring new concerns about visual impacts from access road development and new structures, and questions about habitat and wetland preservation on parcels that may have seen only grazing for a hundred or more years. Other projects have been approved since LCP certification that highlight the same concerns as the Middle Ranch case, including a controversial road development that would serve residential development on 14 large parcels on the Cambria Ranch a few miles inland from the coast.¹⁷

Consistency Analysis: Coastal Act Section 30250 requires that new development be concentrated in existing developed areas able to accommodate it. The current LCP does not contain sufficient programs, policies and standards to address this requirement, particularly in light of continuing cumulative development trends and increased knowledge about the lack of water to support new development without adverse impacts to sensitive resources. This problem was extensively discussed by the Commission in its 1998 Findings for the NCAP. In addition, Coastal Act Section 30254 requires that Highway One be maintained as a scenic, two lane road in rural areas. With the exception of Cambria and San Simeon Acres, all of the North Coast planning area is rural. As the Commission found in 1998, this section of Highway One must remain two lanes to be consistent the Coastal Act. The LCP will need to be updated to reflect this concern. Finally, as discussed in the Agriculture and Scenic and Visual Resource chapters, the LCP should be updated to respond to the potential for incremental loss of agricultural and rural lands due to encroaching residential and other non-agricultural development. As currently certified, the LCP is not adequate for achieving conformance with Coastal Act policies to prevent cumulative impacts to agricultural lands and scenic rural landscapes. Further concentration and limitation of development intensities will be needed to assure consistency with Section 30250.

Preliminary Policy Alternatives

The following policy options should be read in conjunction with options presented in the Agriculture and Scenic and Visual Resource chapters. In addition, many specific recommendations concerning the North Coast will need to be reevaluated over the next several months in light of the County's current Project Description for the North Coast and the Commission's recent comment letter on the Plan (see Appendix E). Preventing the cumulative

¹⁷ See 4-SLO-90-103; also 3-SLO-99-132 (Prilan), a project progressing from legal recognition of lots to road building on steep slopes to serve anticipated residential development.

erosion of rural and agricultural character in SLO will require a variety of strategies ranging from increased coordination between the County and the Commission to LCP amendments recognizing the highly constrained development potential of these lands.

Preliminary Recommendation 2.7 Strengthen Standards to address development potential on Non-conforming Lots.

Lot-line adjustments can increase development potential if not strictly evaluated under the standards of the LCP. Currently unbuildable lots should not be adjusted so as to become buildable. In addition, resource protection policies should be the controlling principle when adjusting nonconforming lots on agricultural lands to provide maximum disincentives for nonconforming development. As discussed, in Morro Bay Limited, parcel sizes were set at 20 acres because of the agricultural zoning, when the reality of the development proposal was to promote nonconforming residential development. A small lot residential cluster might have better maximized the agricultural values of the land as well as protected other resources such as ESHA and scenic views. Amendment of current lot-line adjustments review criteria should be considered that would require adjustments to reasonably comply with all LCP Coastal Plan Policies and Ordinances within the constraints of Constitutional takings jurisprudence. More detailed discussion of policy options is discussed in the Agriculture chapter.

Preliminary Recommendation 2.8 Evaluate Options for Processing Non-conforming lots in Single Ownership

The County and Commission should evaluate options available for processing non-conforming parcels in a single ownership, including legal options for lot merger, to maximize protection of agricultural lands. Proposals to adjust or development single parcels of larger agricultural holdings should not be allowed without comprehensive evaluation of the entire agricultural holding.

Preliminary Recommendation 2.9. Concentrate Development at Limited Existing Nodes.

Opportunities for expanding nodes of development on the rural North Coast can be minimized through rezoning of recreational lands to Agriculture. Such land use changes would recognize the agricultural value of these lands as well as the severe resource constraints, particularly water supply. Current Update efforts should consider limiting new visitor-serving development to the existing commercial node at San Simeon Village and in or adjacent to San Simeon Acres.

Preliminary Recommendation 2.10. Require Resource Capacity Studies prior to Major Development Proposals.

Resource impacts to rural lands can be avoided by requiring resource capacity studies, consistent the RMS system, prior to pursuing development proposals or plan changes (see NCAP project description e.g.) It should be acknowledged that lacking further resource assessments, the rural North Coast is effectively at or beyond LOS III for increased development.

Preliminary Recommendation 2.11. Update LCP to address Large Residential Development .

Add policies and ordinances to provide better define residential uses in support of agriculture; establish standards that provide rural viewshed protection, limit site disturbance, minimize water resource impacts, protect sensitive habitats and otherwise address the increased impacts from “non-agricultural” residential development.

C.3. Availability of Services: Environmentally-Sustainable New Development

Overview: Coastal Act section 30250(a) requires that new development be concentrated in and around existing developed areas that have sufficient public services to support such development. Where such areas are not available, development must be located where adequate public services exist, and where the development will not have significant adverse effects, either individually or cumulatively, on coastal resources. New development should not be approved if there is inadequate water supply, wastewater treatment, or public road capacity. Coastal Act section 30231 requires the prevention of groundwater depletion

San Luis Obispo County has a number of communities under severe resource constraints. In the short-term, more aggressive LCP implementation and amendments are needed to address lack of water, sewer, and road service capacity. In the longer term, LCP programs and policies will be needed to reduce buildout potential, particularly in communities where there are antiquated small-lot subdivisions.

Policy Framework: Public Works Policy 1 cited earlier embodies the Coastal Act policy to approve only environmentally-sustainable development by requiring a finding to be made that “there are sufficient services to serve the proposed development given the already outstanding commitment to existing lots within the urban service line” prior to permitting all new development. This required finding is also mandated by section 23.04.430 of the Coastal Zone Land Use Ordinance. More important, section 23.04.430 and Ordinance 23.04.021 establish rigorous findings for approving new development in areas that are facing critical resource shortages. Thus, section 23.04.021(c) contains overriding land division requirements for development review in urban areas with limited water or sewage disposal service:

(i) Within an urban services line, new land divisions shall not be approved unless the approval body first finds that sufficient water and sewage disposal capacities are available to accommodate both existing development and development that would be allowed on presently vacant parcels

(ii) A proposed land division between an urban services line and urban reserve line shall not be approved unless the approval body first finds that sufficient water and sewage disposal service capacities are available to accommodate both existing development within the urban services line and development that would be allowed on presently vacant parcels within the urban services line.

Ordinance 23.04.430 sets up essentially the same requirements for all development, with particular attention again on mandatory findings that services are available in communities where water and sewer capacities are limited:

- a. A land use permit for development to be located between an urban services line and urban reserve line shall not be approved unless the approval body first finds that the capacities of available water supply and sewage disposal services are sufficient to accommodate both existing development, and allowed development on presently-vacant parcels within the urban service line.*
- b. Development outside the urban services line shall be approved only if it can be served by adequate on-site water and sewage disposal systems, except that development of a single-family dwelling on an existing parcel may connect to a community water system if such service exists adjacent to the subject parcel and lateral connection can be accomplished without trunk line extension.*

The Resource Management System

To facilitate implementation of Public Works Policy 1 and its corresponding ordinances the SLO County LCP requires the use of a Resource Management System (RMS)¹⁸. The RMS is an annual evaluation of available essential resources throughout the county including water supply, sewage disposal, roads, schools, and air quality. The RMS identifies where resources exist or are deficient to support growth. The RMS is designed to be a growth management tool to assess information and identify management measures or necessary capitol improvements to support existing and new development. In theory, it is also an important mechanism for assuring that coastal resources, particularly groundwater basins and creeks, are not overly impacted by development.

The RMS uses three levels of alert (called levels of severity, or LOS) to identify potential and progressively more immediate resource deficiencies. The alert levels are meant to provide sufficient time for avoiding or correcting a shortage before a crisis develops. Level I is defined as the state when sufficient lead time exists either to expand the capacity of the resource or to decrease the rate at which the resource is being depleted. Level II identifies the crucial point at which some moderation of the rate of resource use must occur to prevent exceeding the resource capacity. Level III occurs when the demand for the resource equals or exceeds its supply.

As described in the LCP's Framework for Planning, the Planning Department notifies the Board of Supervisors when RMS monitoring indicates that a particular resource level of severity in a community appears to have been reached. If the Board concurs in the recommended LOS, a more detailed resource capacity study is completed, followed by public hearings and review by the Planning Commission. Based on this review, the Planning Commission recommends an LOS

¹⁸ Policy 6 states: The county will implement the Resource Management System to consider where the necessary resources exist or can be readily developed to support new land uses. Permitted public service expansions shall ensure the protection of coastal natural resources including the biological productivity of coastal waters. In the interim, where they [sic] are identified public service limitations, uses having priority under the Coastal Act shall not be precluded by the provision of those limited services to non-priority uses.

to the Board. The RMS outlines specific measures that must be implemented for each LOS if the Board formerly certifies the recommended level. These measures includes such things as identifying and funding new capital improvements, imposing conservation measures, or even enacting development moratoriums.

Services Overview

Water Supplies in San Luis Obispo County Coastal Zone. Water availability and quality are key factors affecting growth in the San Luis Obispo coastal zone. The RMS reports that the communities of San Luis Obispo County obtain almost 60 percent of their water from groundwater supplies and roughly 40 percent from reservoirs. As summarized in Table 2-8, development in the North Coast Planning Area draws all of its water from groundwater sources underlying coastal creeks. In the Estero Planning Area, water is drawn from both groundwater basins and delivered from two reservoirs: Whale Rock above Cayucos, and Lopez Reservoir, located outside the Five-Cities urban area. Finally, the State Water Project, which imports water by pipeline from sources in northern California, also brings water into the SLO coastal zone in the City of Morro Bay, and the communities of Avila Beach, and Oceano.

Table 2-8. SLO Coastal Zone Water Sources and Uses

SOURCES		CURRENT USES
North Coast Planning Area		
San Carpoforo Creek		Agriculture; Rural
Arroyo de la Cruz		Agriculture; Rural
Pico Creek		Municipal (San Simeon Acres); Agriculture (Hearst Ranch Grazing)
San Simeon Creek		Municipal (Cambria); Agriculture
Santa Rosa Creek		Municipal (Cambria); Agriculture
Estero Planning Area		
Villa Creek		Agriculture; Domestic Use
Cayucos Creek		Agriculture; Domestic Use
Old Creek		Municipal (Cayucos); Agriculture
Toro Creek		Agriculture; Domestic Use
Morro Creek		Municipal (Morro Bay); Agriculture
Chorro Creek		Municipal (Morro Bay); Agriculture
Los Osos Creek		Municipal (Los Osos); Agriculture; domestic
State Water Project		City of Morro Bay
Morro Bay Desalination Plant		City of Morro Bay
Whale Rock Reservoir		Cayucos; City of San Luis Obispo
San Luis Bay Planning Area		
Lopez Reservoir		Municipal (Pismo Beach, Grover Beach, Avila Beach, Avila Valley, Arroyo Grande)
Arroyo Grande Creek/Groundwater Basin		Municipal (Pismo Beach, Grover Beach, Oceano, Arroyo Grande); Agriculture
State Water Project		Avila Beach; Oceano
South Coast Planning Area		
Arroyo Grande Creek Groundwater Basin		Agriculture; Domestic (Nipomo Mesa)

In the urban areas of the coastal zone, water delivery is generally governed by County Service Areas (CSA's) and Community Services Districts (CSDs), and delivered either by these Districts or private water companies operating in addition to a CSD. In locations relying on groundwater withdrawals, the CSDs are themselves subject to regulation by the State Water Resources Control Board, Division of Water Rights (DWR). Thus, any services district (or individual) wishing to appropriate water from surface streams, other surface bodies of water, or from subterranean streams flowing through known and definite channels, must apply for a permit from the DWR. An "appropriative right" to water is required for lands that do not contain or abut the water source. The DWR will permit a specified allocation for water extraction and storage, as well as any specific conditions limiting withdrawal at certain times of year.

As discussed in more detail below, some communities such as San Simeon Acres and Cambria have allocations from the State Department of Water Resources to extract water from coastal groundwater basins. Other communities have agreements with developed reservoirs or the State Water Project to gain their supply. In some cases, such as Avila Beach and the City of Morro Bay, the importation of State Water has relieved very serious concerns about water shortages and impacts on water resources in the area.

In rural areas, water supply tends to be governed by both appropriative rights and riparian rights. In contrast to appropriations from groundwater or surface waters to lands located elsewhere, lands within the watershed of a natural watercourse, which are traversed thereby or border thereon, have riparian rights to withdraw water. Entities wishing to exercise their riparian rights, must submit a statement to the DWR reporting the amount of water to be diverted and stored. Currently the DWR has a record of 31 appropriative rights and 62 riparian rights within the coastal zone of San Luis Obispo.¹⁹

Although the water allocation and use from all private entities combined may not seem significant, it must be noted that senior, riparian users have priority over appropriators such as the services districts. They may also divert additional water if fallow, riparian fields are brought into production. For example, according to Table 3-2 of the North Coast Update, agricultural uses that rely on water from Santa Rosa, San Simeon and Pico Creeks withdraw a total of 1356 afy for irrigation and stockwatering.

Community services districts or other entities wishing to withdraw groundwater *not* flowing through known and definite channels, must record the location and number of wells they construct with the Environmental Health Division of the County Health Agency. The Health Agency neither requires a requested allocation amount from the users, nor has the authority to set allocations. Water extractors are also not required to report actual extraction amounts. From 1988 through 1998, the Health Agency has a record of 260 well drill reports within the coastal zone. However, because no recordation of water extraction exists, there is no way to ascertain the

¹⁹ State Water Resources Control Board, Division of Water Rights, 8/8/2000. These figures do not include stockpond permits or statements due to their size limitation (i.e. less than 10 afy).

overall effect these wells have on the groundwater basins. Los Osos is the only urban community within the coastal zone which receives its water in this manner.²⁰

As discussed in more detail later in this chapter, water supplies are under severe stress in the communities of San Simeon Acres, Cambria, and Los Osos. Cayucos also has limited supply. There is considerable uncertainty about the safe yield of many coastal groundwater basins, particularly in light of the lack of developed information about the habitat and other natural resource values of the creeks that supply these basins. This uncertainty leaves the resources highly vulnerable to over-use, and raises questions about the ultimate ability to support new development. Finally, in recent years urban areas have been coming to terms with groundwater contamination from MTBE, which places even great stress on the reliability of coastal creeks as water supplies. In recent months, Morro Bay, Cambria, and Los Osos have been responding to MTBE contamination on an emergency basis.

Wastewater Disposal Capacity. Six sewage treatment facilities serve communities within the coastal zone. Los Osos is the only urban area not currently served by a treatment facility. As shown in Table 2-9, all facilities are operating well under full capacity. The Regional Water Quality Control Board (RWQCB) regulates the operation of Sewage Treatment Plants and usually requires a moratoria on new hook-ups when a plant reaches 80-85% of its rated capacity. The 2000 RMS projects that wastewater capacity for Cambria, Avila Beach and Oceano should be sufficient for the foreseeable future. Although no community serviced by a treatment plant has a recommended LOS, factors exist in Cayucos and San Simeon that may affect service for the projected buildout population.

Table 2-9. Wastewater Treatment Facilities

Facility	Capacity ⁽¹⁾	ADWF ^(1,2)	Percent Capacity	1999 Population	Est. Population at 100% Capacity ⁽³⁾	LOS ⁽⁴⁾
San Simeon CSD	0.20	0.070	35.0	250	714	OK
Cambria CSD	1.00	0.546	54.6	6,549	9,936 ⁽⁵⁾	OK
Morro Bay Treatment Plant (Cayucos)	0.944	0.328	34.7	3,225	9,293	OK
Avila Beach CSD	0.20	0.033	16.7	N/A	N/A	OK
So. SLO County Sanitary Dist. (Oceano)	7.50	2.810	37.5	25,100	93,600	OK

- (1) In Millions of gallons per day
- (2) Average Dry-Weather Flow
- (3) 100% Capacity of Treatment Facility only.
- (4) RMS Level of Severity
- (5) The North Coast Update estimates that the treatment plant could accommodate about 8,000 persons for the permanent population, leaving 27% of plant capacity for the tourist population using local commercial facilities. This computation is based on the seasonal increases of approximately 30% that result during the summer peak period of recreation use. 100 gpcd is used as a conservative estimate for planning purposes.

²⁰ In their capacity as services districts, the water purveyors in Los Osos are required to report annual water production to the County Department of Building and Planning.

Road Capacity. Road capacity for new development is important to maintain, particularly in areas where public shoreline access is especially valuable. The availability of streets and roads to carry vehicular traffic depends upon several factors: number of traffic lanes, surrounding terrain, existence of roadway shoulders, and number of other vehicles. The 1985 Highway Capacity Manual, published by the Transportation Research Board, sets standards for these and other factors which determine traffic “levels of service” ranging from level “A” to “F.”

Table 2-10. Road Capacity, Levels of Service

Level of Service	Corresponding Traffic Flow Conditions
A	Free flow. Unlimited freedom to maneuver and select desired speed.
B	Stable flow. Slight decline in freedom to maneuver.
C	Stable flow. Speed and maneuverability somewhat restricted.
D	Stable flow. Speed and maneuverability restricted. Small increases in volume cause operational problems.
E	Unstable flow. Speeds are low; freedom to maneuver is extremely difficult. Frustration is high.
F	Forced flow. Stoppages for long periods.

The RMS uses the Highway Capacity level of service ratings to base its level of severity alerts. LOS I is defined when traffic projections indicate that roadway level of service “D” will occur within five years. LOS II is for indications that roadway level of service “D” will occur within two years, and LOS III is given when calculation of existing traffic flows indicated a level of service “D”. The Resource Management System only considers roads under county jurisdiction. Information on state highways is provided by the Regional CalTrans office. Private roads are not evaluated in this report.

Since the time of certification there have been only four communities that have had recommended levels of severity placed on them by the RMS: Avila, Los Osos, Cambria and Cayucos. Avila and Cayucos no longer have LOS designations; both Cambria and Los Osos have retained a LOS III recommendation since the 1990 RMS report.

For the San Luis Obispo coastline, road capacity is important to maintain for both general public access and for supporting visitor-serving activity. However, as discussed in Issue 2, Highway One must also remain a two-lane road under Coastal Act 30354. Ultimately, this road capacity may be a key limiting factor in determining future growth potential along the SLO coast.

LCP Implementation: Each community in SLO County has distinct issues concerning availability of public services for new development. In some cases, the RMS system has worked to support the development of new resources for coastal development. The County has also produced regular RMS reports and the Board of Supervisors has directed that some Resource Capacity studies be done based on the results of the RMS. More often than not, though, the RMS system has not been used to its full advantage in communities where there are inadequate water and sewer supplies. Each community is discussed in the following section.

SAN SIMEON ACRES

Originally part of the old Rancho San Simeon, the community of San Simeon Acres lies along the Pacific Ocean overlooking San Simeon Bay. The Village Reserve Line (equivalent to the USL) of San Simeon Acres contains about 80 acres. San Simeon is a small commercial village developed to provide tourist/recreation services along the central coast. There are 706 visitor-serving hotels and motel rooms currently in San Simeon Acres. Because of the large number of second homes and resulting high vacancy rates, the actual permanent population of San Simeon Acres is difficult to estimate. According to the 1990 U.S. census, San Simeon Acres had a

TABLE 2-11. RMS REPORTED LEVELS OF SERVICE FOR SAN SIMEON ACRES

	90	91	92	93	94	95	96	97	98	99	00
Water Supply	3	3	3	3	3	3	3	3	3	3	3
Water Distribution	0	0	0	0	0	0	0	3	3	3	3
Sewer Capacity	3	3	0	0	0	0	0	0	0	0	0
Roads	0	0	0	0	0	0	0	0	0	0	0

permanent population of 128. Recent County estimates place the current population at approximately 248 and list a total of 330 dwellings.

As summarized earlier, San Simeon Acres currently has adequate wastewater disposal capacity, provided by a treatment facility in the town itself. In addition, there no significant road capacity issues, other than the question of available capacity on Highway One in light of projected growth and visitor-serving activities in the planning area. Like the rest of the North Coast Planning Area, however, water supply is tenuous in San Simeon. The San Simeon Community Services District (SSCSD) provides the community with water from two wells along Pico Creek. Although its existing permit from the State Water Resources Control Board (SWRCB) allows total production of 140 acre-feet per year (afy), the North Coast Area Plan Update estimates dependable yield from this groundwater source to be only in the vicinity of 120-130 afy. In the production year ending in 1999, the SSCSD reported production of 107 af from Pico Creek. The County reports that another 16 af was withdrawn from the creek for livestock watering.

Due to water consumption approaching and exceeding the basins' identified safe yield, San Simeon has been under a SSCSD building moratorium since January 1986. The RMS has recommended a LOS III for San Simeon's water supply in recent years and the most recent County North Coast Update submittal indicates that the community has passed beyond LOS III. Although there is compelling evidence of this resource incapacity, including a self-imposed moratorium by the CSD in 1986, the Board of Supervisors has not certified the LOS III for San Simeon Acres. Subsequent to the moratorium, SSCSD Board imposed conservation measures, a retrofit program and prohibitions on outdoor water use have been necessary to maintain *existing* levels of development.

The SSCSD moratorium has been effective in preventing new significant withdrawals from Pico Creek. Since certification of the LCP in 1988, only 17 coastal development permits have been reported to the Commission. No new homes have been approved and development has been limited to such things as tree removal, condominium conversion, and minor commercial development. The most significant development approved between 1988 and 1998 was for a

water pipeline to connect to the planned Cambria Desalination Plant (see below), and for expansion of Pico Creek Bridge. Finally, the NCAP submittal from the County identifies the proliferation of commercial signs along Highway One as a growing concern for visual resources and community character protection.

The County estimates maximum buildout at 862 dwellings with a population of 1,207 at 100% occupancy rate. According to the County, at current residential water use rates, 240 afy of water would be needed to serve the buildout population. As shown in Table 2-12, total buildout will create a substantial deficit over the sustainable yield of Pico Creek. Of course, the Pico basin may already be in overdraft when combined urban and agricultural use is considered. It also should be noted that the balance of water in the system is highly dependent on the assumptions one makes about actual water usage. In the table below, two different water use assumptions are presented that are derived from actual use numbers and assumptions about residential and hotel uses. Thus, if the typical use per resident is 120 gpd, the hotel/motel use would be approximately 133 gpud based on actual consumption for 1999. These assumptions may not be adequate for assessing the actual available water supply in Pico Creek.

Table 2-12. San Simeon Acres/Pico Creek Water Supply

Demands	Assumed Use Rate	Acre Feet/Year	Total Withdrawals	Safe Yield	Balance
Existing Development					
248 Permanent Residents	120 gpd	33	110 (2000 actual urban use) <u>+ 16 Ag</u> 126 acre feet	120-130	-6 to 4 af
	173 gpd	48			
706 Hotel/motel Units	133 gpud	58			
	100 gpud	43			
Agriculture Withdrawals	-	16			
Buildout Projections					
1229 Permanent Residents	120 gpd	165	267-319 293 avg.	120-130	163-173 deficit
	173 gpd	238			
1055 Hotel/motel Units	133 gpud	86			
	100 gpud	65			
Agriculture Withdrawals	-	16			

Currently San Simeon’s certified Land Use Plan is poorly matched with the water supply available to support it. Water supply is severely strained by existing levels of development, not to mention potential buildout. The community has explored the possibility of additional water sources, including desalination, surface storage, wastewater reclamation and a cooperative arrangement with the Cambria CSD involving groundwater recharge. The SSCSD also

considered the importation of supplemental water from Lake Nacimiento, but dropped out of the project due to its high projected cost. More recently, the SSCSD has been participating in efforts to develop a desalination plant in Cambria.

In the recent NCAP project description, the County has proposed several standards for San Simeon Acres that would, among other things, reserve 75% of available water and sewer capacity for visitor-serving uses; and that would prohibit new development that relies on water from Pico Creek until a study of instream flow and habitat impacts is completed for the creek (NCAP, 7-120).

CAMBRIA

The town of Cambria was established in the late 1860s. The town provides many visitor-serving amenities and is an attractive residential center along the North Coast. One of the great recent highlights for land use planning in Cambria was the acquisition of East-West Ranch. This community-wide effort removes this tremendous open space property in the middle of Cambria from potential development. Cambria, though, still has many coastal planning challenges ahead of it. There are approximately 1,935 acres of land within the URL of Cambria. Unfortunately, in the 1920s the Cambria Development Company subdivided huge tracts of hillside land surrounding the commercial center of the town into a grid of small lots—typically 25’ x 70’—regardless of slope, the need for services or the effects on the natural environment. According to the County, there are approximately 3783 existing residential units in Cambria, supporting a population of 6,242. The County also estimates 11,701 units at build-out (pop. 26,327), meaning that only one third (32%) of the legally-available development potential of Cambria is built.²¹

TABLE 2-13. RMS REPORTED LEVELS OF SERVICE FOR CAMBRIA

	90	91	92	93	94	95	96	97	98	99	00
Water Supply	2	2	2	2	2	2	2	2	2	3	3
Water Distribution	3	3	3	3	3	3	3	3	3	3	3
Sewer Capacity	0	0	0	0	0	0	0	0	0	0	0
Roads	3	3	3	3	0	3	3	1	3	3	3
Schools	2	3	3	3	3	3	3	3	3	3	3

The thousands of vacant lots remaining in Cambria raise a variety of coastal resource planning issues. First and

foremost is the challenge of reducing the build-out potential of the many small lots within the Urban Services Line. As discussed below, the County currently has a Transfer of Development Credit program in place in an effort to reduce the number of potential building sites in Cambria. Such reduction is necessary particularly in light of limited water supplies from Santa Rosa and San Simeon Creeks. In its 1998 review of the NCAP, the Commission found that existing development (1997) may be overdrafting these creeks, and adversely affecting wetlands and riparian habitats.

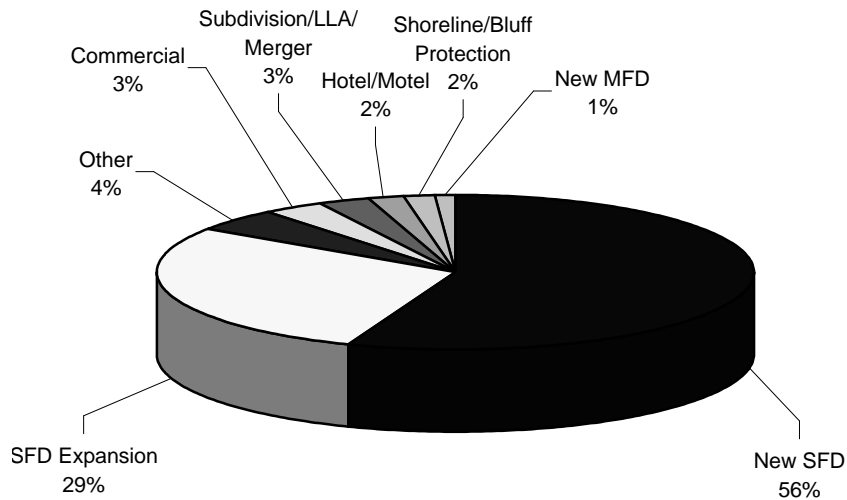
²¹ This assumes full vacancy rate. At the current vacancy rate, buildout would be 19,305. *NCAP Update—Revised Buildout Estimates; Background Report September 1999.*

The existing and planned build-out for Cambria also raises serious concerns about a number of issues, including preservation of the native Monterey Pine Forest stand within Cambria, increased withdrawals from San Simeon and Santa Rosa Creeks, erosion and nonpoint source pollution from development on steep slopes, road and school capacity and other urban planning issues. Indeed, as shown in Table 2-13, Cambria has been facing resource limitations in multiple areas since certification of the LCP. The density and size of Cambria’s residential lots has also raised concerns about community design, including the appropriate scale of new homes. Finally, like most urban areas in California, Cambria faces issues related to shoreline erosion and preservation of natural shorelines. This section will focus on the development issues of available services and development potential. Other Cambria issues are addressed in other chapters of this report.

Residential Development in Cambria

As previously discussed, since the 1988 certification of the SLO LCP most of the County’s reported coastal zone development has been for residential related development in Cambria. As shown in Figure 2-6, within Cambria, reported approvals for new single family residences or improvements from 1988-1998 overwhelm over types of development, accounting for approximately 85% of 1067 permits.

Figure 2-6. Cambria Coastal Development Permit Distribution, 1988-1998



Creation of new residential development potential in Cambria has not been significant since certification of the LCP. As discussed previously, only five subdivisions were approved in or around Cambria under the LCP between 1988 and 1998, and three of these did not create any new development potential per se. Only the subdivision of Leimert (3-SLO-97-130, 18 lots) added new residential building potential.²² Another subdivision for 25 condominium units

²² 3-SLO-96-105 was a lot split of a parcel with an existing church and motel; 3-SLO-96-127 was to create a school site on the East-West Ranch; and 5-SLO-88-355 created 21 lots for existing former Air Force Housing.

(Vadnais 3-SLO-96-056) was denied on appeal by the Commission; however, recent court decisions bring into question the final outcome of this proposal.

It should also be noted that with the recent acquisition of East/West Ranch, which may eventually go to the CCSD, the last opportunity for significant potential subdivision—a maximum of 265 lots on the western portion of the Ranch—has been eliminated. Not only does this acquisition remove future development potential, it will also provide a great public benefit for the community of Cambria, particularly with respect to public access and resource protection.

In addition to the Public Works Policies cited earlier, the County's LCP has a variety of mechanisms in place to address residential development and buildout. The North Coast Area Plan currently limits the maximum annual number of residential permits to 125, of which 30% must be reserved for multi-family residential.²³ The County has also been using its Growth Management ordinance, which is not part of the LCP, to allocate development approvals. As discussed earlier, this ordinance establishes a County-wide growth rate of 2.3% for new dwelling units, which are allocated across communities depending on the RMS evaluation of available resources. In the last year, the County reduced the allowable growth rate in Cambria to 1% in recognition of continuing limited water supplies (see below).

Since certification, the County has remained well under the 125 LCP limit for Cambria in any given year. Since 1988, a total of approximately 713 new units were reported approved through 2000 -- an average of almost 55 new residential units per year. As shown in Figure 2-7, though, until recently the trend of approvals showed a steady increase in approvals since a low of 17 in 1991. In the last year the Board of Supervisors put a 1% growth limitation in place.

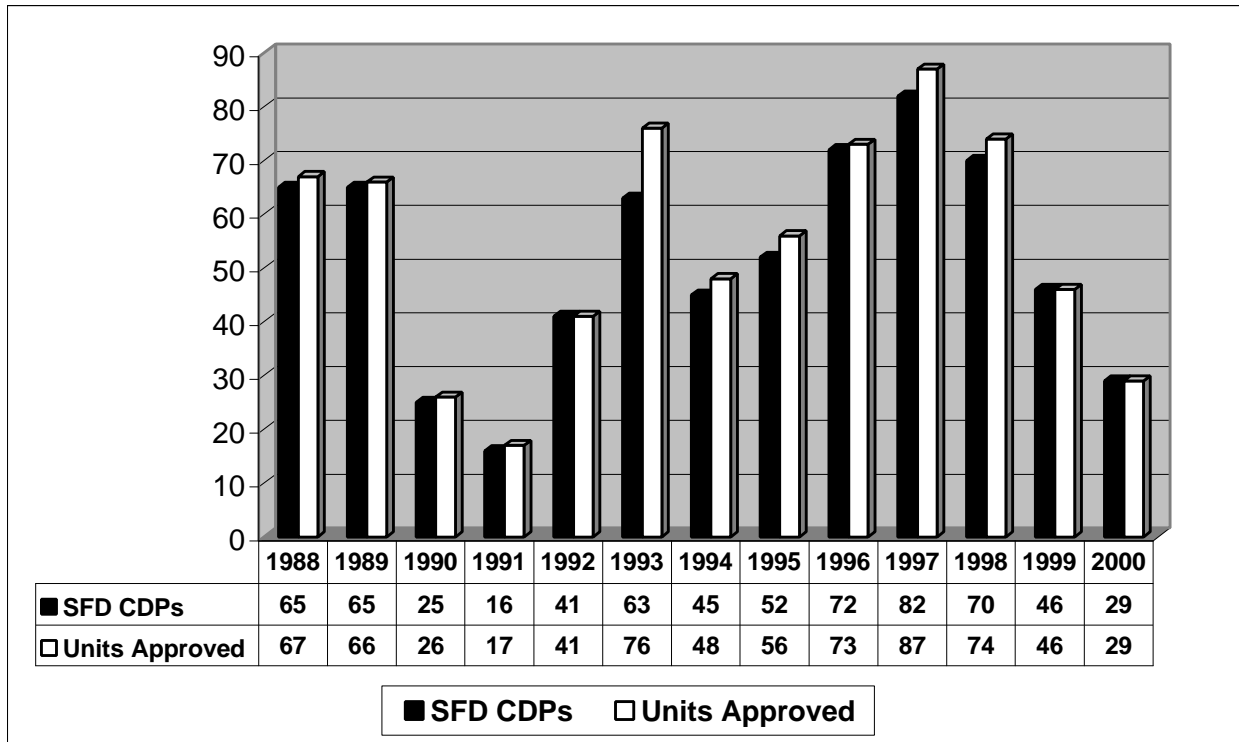
As discussed later in this section, the continuing approval of new single family homes raises concerns about the availability of public services such as roads and water to support this development. The SLO LCP, though, does have several policies designed to work in conjunction with new residential development so as to reduce buildout potential. The most important of these is the framework of what constitutes a buildable parcel in those areas of Cambria subdivided into the 25'x70' foot lots (primarily Lodge Hill).

In conjunction with Ordinance 23.04.048, the North Coast Area Plan requires that adjacent 25'x70' lots (1750 sq. ft.) be consolidated into a minimum lot size of 3500 square feet or a "double lot" when they are in a single ownership. Three lots must also be consolidated into one (a "triple lot"), but four adjacent lots in a single ownership can create two developable lots. The NCAP also specifies limits on height, building footprint and gross structural area (GSA) for new homes in the Lodge Hill Area, which is where the majority of these substandard lots are located. For a single lot, the maximum allowable GSA is 1000 square feet on an unconstrained lot. On forested lots or steep lots the GSA restriction may be as much as 600 square feet maximum.

²³ This standard originated from a coastal development permit for expansion of the Cambria wastewater treatment facility and an EPA condition to address future development potential.

Overall, these policies are designed to discourage the development of the single 1750 square foot lot.

Figure 2-7. Cambria SFD CDPs/Units Report Approved, 1988-2000



Data collected from reported CDPs shows that average lot size for single family homes approved in Cambria on less than one acre was 6320 square feet.²⁴ There were at least 38 approvals of residential development on lots less than 3500 square feet.

Reported CDP data also shows that the County’s permit process has reduced the buildout potential in Cambria by 83 lots through the consolidation or voluntary merger of residential lots. With the addition of 18 units from the one significant subdivision in Cambria since 1988, though, the net lot reduction for all of Cambria would be 65 lots.²⁵ This equates to an average reduction of approximately 5.5 lots per year since certification. When compared to the approximately 8000 units of buildout potential, it is clear that the lot consolidation program has not generated a significant amount of lot reduction relative to the larger problem of buildout potential in Cambria.

²⁴ Of reported CDPs for Cambria, 427 out of 596 residential projects had lot size data. This data is not controlled for the Lodge Hill location.

²⁵ Reported data shows 34 CDPs involving lot reduction. A total of 138 existing lots were reduced to 55 lots.

The TDC Program

The LCP also has a Transfer of Development Credits (TDC) Program to address the problem of existing small lots (CZLUO §23.04.440). The objective of the TDC program is to reduce potential buildout in sensitive areas of Cambria/Lodge Hill identified as “Special Project Areas.” The program allows the transfer of development credits within special project areas to more suitable sites within Lodge Hill.

In conjunction with the other building restrictions of the LCP, the TDC program provides an incentive to transfer building potential from sensitive lots (the sending site) to less sensitive lots (the receiving site). One TDC is equal to one square foot of building area. For example, a lot with 2500 square feet of building potential would generate 2500 TDCs. A sending site may have its development potential retired through recordation of a permanent conservation easement or other instrument over the lot. A site receiving TDCs may be developed with a larger dwelling than otherwise allowed under the LCP, as long as other building standards remain unchanged (height limitations, setbacks, parking requirements, etc.).

To effect these TDC transfers, the LCP requires a non-profit organization or public agency, approved by the Director of Planning and Building, to serve as the TDC broker. The Land Conservancy of San Luis Obispo County has administered the TDC program in Cambria on behalf of the county since the onset of the program in 1984. To date, it is the only organization that has sought Director approval to administer the program.

The Land Conservancy purchases lots in the sending area to retire through conservation easement, applies for TDCs from the County, sells TDCs to applicants, and provides a receipt of sale to the County.²⁶ The County uses this receipt as part of its permit process to approve building permits. The non-profit organization does not make decisions on whether a landowner is eligible to use TDCs or how many may be used for any one project; the County governs this process through the LCP.

TDC Implementation

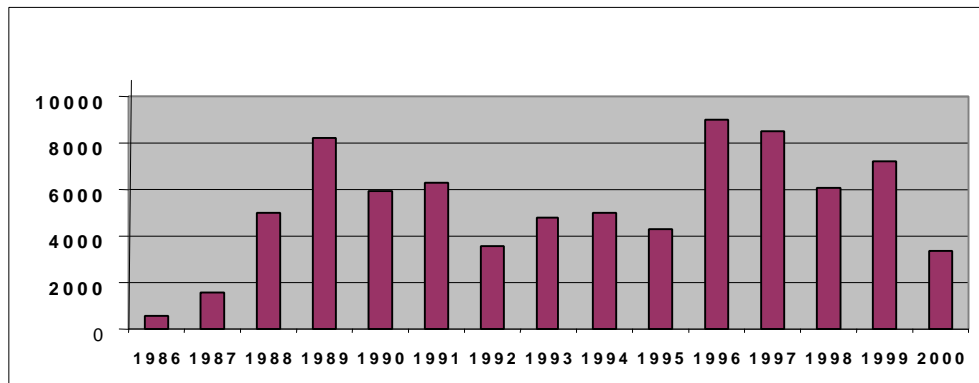
As originally established by the Land Conservancy and through Coastal Conservancy grants, the primary purpose of the TDC program was to protect sensitive lots with Fern Canyon, with particularly focus on preserving contiguous lots of sensitive habitat. Overall, the TDC program has been successful in achieving this goal. Since the program’s inception, the Land Conservancy has purchased over 125 lots encompassing over 250 separate small lots. Currently, the Land Conservancy holds in fee approximately 10 acres of land in the critical habitat at the bottom of Fern Canyon (Special Project Area #1; see Map 2-B). The Conservancy has purchased a variety of lots, and the average parcel size retired is just over 1750 square feet (1760), indicating that the TDC program also has been successful in targeting the substandard lot of Cambria. In conjunction with the County’s general efforts to consolidate lots, this means that nearly 300 lots

²⁶ The Land Conservancy of San Luis Obispo County sets the price of TDCs based on a 100% markup on the average cost per square foot, thereby allowing it to purchase two lots with the sale of one TDC lot. Currently the price is \$15.00 per square foot.

have been retired in Cambria. Although still not a significant amount relative to the 1,935 acres within the URL of Cambria, this lot retirement is significant in this sensitive area, which has extremely steep, forested slopes. Again, in terms of the Land Conservancy's goal of preserving contiguous habitat, the program has been successful.

The benefits of the TDC program for the problem of lot reduction, though, are small relative to the scale of the problem. There are also a number of issues that should be addressed if the program is going to remain successful. The Land Conservancy has conducted over 317 TDC sales comprising over 79,000 individual TDCs. The Conservancy has more than 50,000 TDCs for sale in its current inventory. As shown in Figure 2-8, TDC sales picked up rapidly after program startup, and have remained strong through the 1990s.

Figure 2-8. TDCs Sold (Square Feet)



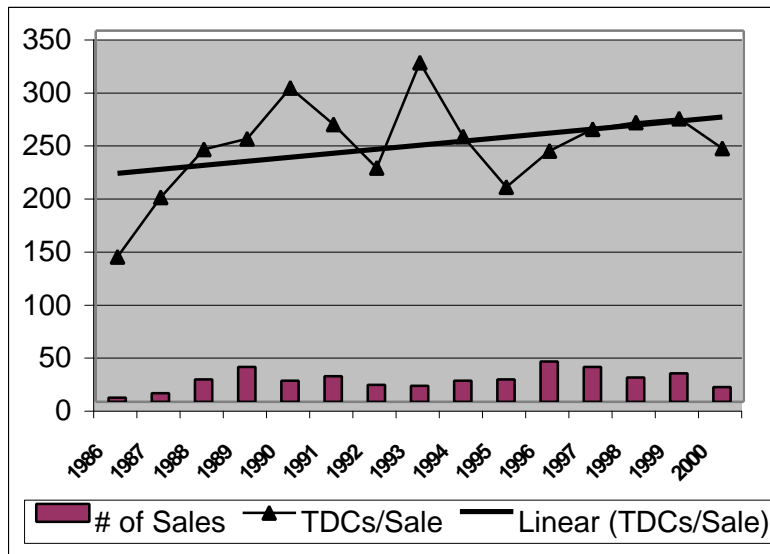
The Land Conservancy, though, has expressed concern that continued success of the program may depend on expansion into other areas of Cambria. While funds are available to purchase additional lots, this funding originally made available by the Coastal Conservancy is currently restricted to the purchase of lots within the Special Project Area #1 only; the Land Conservancy is having a difficult time finding sellers for the remaining sites within Fern Canyon.

Success of the TDC program is also dependent on the long-term preservation and management of the lots retired through the program. To date, the Land Conservancy has not been successful in transferring land title to any public agency. This places the burden of land maintenance on the non-profit, which impacts the ability of the agency to focus on land acquisition. Currently, the Land Conservancy is having discussions with Cambria Community Services District about transfer of title of the retired lots.

Another concern raised by the TDC program is the impact of TDCs on the sending site lots. The transfer of this building potential to other areas of Cambria raises concerns about the cumulative impacts of increased development in these receiving areas, including issues of community character and nonpoint source pollution control. As shown in Figure 2-9, the average TDC sale increased steadily in the initial years of the program. The average transfer since program inception is 250 square feet per property. This average shows a slight increase over time as well.

The location of TDC receiving sites has been described as a shotgun pattern by the Land Conservancy (see Map 2-B), making it difficult to assess cumulative impacts. A community design review committee has been evaluating this problem recently, and there may be an opportunity to address this concern through submittal of a Design Plan for Cambria as an LCP amendment. The details of these issues are discussed in other sections of this report.²⁷ Inasmuch as the TDC program may be having unintended effects, it may be necessary to revise the allowable development standards downward for small lots in Cambria. This would have the dual effect of addressing potential impacts from larger development, and provide a greater incentive to use the TDC program and or consolidate more small lots.

Figure 2-9. Average TDC Sales in Cambria



Other Programs

As part of its on-going North Coast Area Plan Update process, the County has evaluated various levels of lot retirement through establishment of an Open Space Assessment District to provide

²⁷ The TDC program allows the creation of homes larger than what would otherwise be allowed under the current land use category or planning area standards. Community concern has arisen regarding the visual impacts of these large houses and their detrimental impact on the character of the small-scale neighborhood. Another concern is the scale of development that should be allowed on any given property versus the property's ability to absorb and drain water. Although buildings that have used TDCs are distributed widely throughout Lodge Hill, there are a few areas where TDC use has been concentrated. The more concentrated the TDC use, the greater the impact may be on water absorption and erosion. Currently, however, the LCP contains no policy limiting the quantity of TDC use in any one area. It is becoming evident that hard scape on small lots is contributing to increased gully and sheet erosion throughout the Monterey Pine forest. This is especially true in natural drainage areas and on the marine terrace. TDCs may exacerbate erosion and increase velocity of runoff by curtailing absorption of water on the subject property and channeling it into areas that can neither handle the increased amounts nor the increased velocity of the water. Most construction practices evacuate water from the property to public streets. Many drainage culverts are installed without any velocity deflectors and have caused tons of soil to be eroded and carried into Santa Rosa Creek.

the funding to acquire lots. Four levels of lot retirement have been studied, including a 17%, 29%, 37% and 56% reduction in lots. The current submittal of the NCAP includes a program calling for such a district and targeting Alternative III, which has a goal of 7,421 dwelling units at buildout (NCAP pp. 6-17). This would represent a reduction of 4,280 units from current buildout of 11,701. An economic analysis of various alternatives has concluded that this reduction would have the lowest total costs for the community.²⁸

Cambria Water Supply

Like San Simeon Acres, Cambria relies on local creeks for water supply: San Simeon and Santa Rosa. These streams are small and have limited storage basins. The water supply is extremely vulnerable to drought, as well as prone to occurrences of seawater intrusion caused by groundwater overdraft. The town often experiences periods of water shortage toward the end of the dry season.

The Coastal Commission has been concerned with the lack of water to support new development since the adoption of the Coastal Act. As early as 1977, in a coastal permit to allow the Cambria Community Services District (CCSD) to begin drawing water from San Simeon Creek, the Commission expressed concern about overdrafting this groundwater basin. In that permit, the Commission limited the urban service areas for this new water supply and identified the maximum number of dwelling units that could be served as 3800²⁹. When the Land Use Plan of the County's LCP was certified in 1983, the concern remained that there was inadequate water to serve existing parcels within Cambria.

Most recently, the Commission evaluated available water supply for Cambria in its review of the County's North Coast Area Plan update. After evaluating the availability of water in San Simeon and Santa Rosa Creek, the Coastal Commission adopted findings and a suggested modification that would require completion of three performance standards prior to January 1, 2001: completion of an instream flow management study for Santa Rosa and San Simeon Creek; completion of a water management strategy which includes water conservation, reuse of wastewater, alternative water supply, and potential off stream impoundments; and cooperation of the County and CCSD to place a lot reduction ballot measure before the Cambria electorate. If these standards were not performed by January 1, 2001, the modification required a moratorium on further withdrawals from San Simeon and Santa Rosa Creeks.

Although the County never accepted the modified amendment and is therefore not subject to the moratorium provision, the severity of the measures proposed reflects the gravity of the community's future if development continues to be permitted at its existing rate. More important, since the 1998 Commission action, the water supply situation has been further constrained by MTBE contamination.

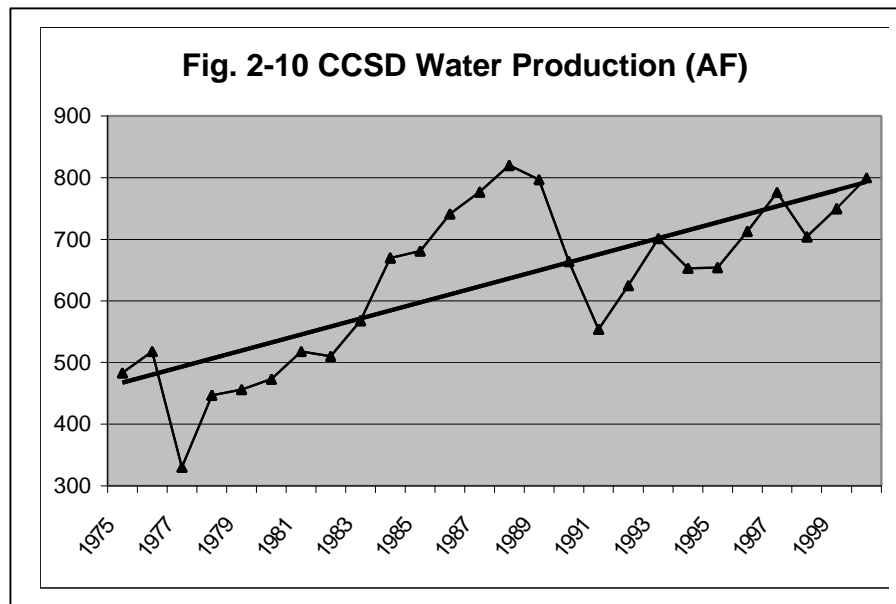
²⁸ NCAP Fiscal Analysis of Plan Alternatives, May 1997.

²⁹ Application 132-18.

Implementation

As summarized earlier, the RMS system has recommended a LOS II or III for Cambria’s water supply almost since LCP certification. Since 1990, the RMS has also recommended various conservation measures, including consideration of a moratorium on development. In recognition of the LOS III for 1999, the Board of Supervisors reduced the allowable growth rate in Cambria to 1% or approximately 37 units/year.

The Cambria Community Services District (CCSD) has a permit from the State Water Resources Control Board (WRB) to extract a total of 1,230 acre-feet per year (afy) from San Simeon Creek, but there are more specific limitations on withdrawals during the summer season.³⁰ In order to alleviate the water crisis in Cambria, the CCSD has implemented an off-site retrofit program since 1990. The retrofit program requires new units to be constructed with low water use fixtures and provide low water-use plumbing fixtures in existing dwellings. Under this program over 500 hookups were added to the CCSD system and over 2,500 existing homes were retrofitted with



low water use fixtures. While the retrofit program has been somewhat successful in reducing per capita demand, it has been less effective than originally envisioned, because it allows the payment of an “in-lieu” fee rather than an actual retrofit of older existing development; and because it was not designed to reduce the amount of water used to irrigate residential landscapes. Additionally, the program provides no

long-term solutions for the continued disparity between water sources and ultimate buildout because the existing development available for retro-fits will be exhausted long before buildout.

The CCSD also sponsors an agricultural retrofit program, through which agricultural water users are provided with drip irrigation systems and lower capacity water pumps. Because these systems use water more efficiently, some water is conserved, which then becomes available to the community. For example, in 1993, 99 acres of sugar peas were converted to drip irrigation

³⁰ The WRB permit allows withdrawal of 1,230 afy from San Simeon Creek with the stipulation that only 350 afy may be withdrawn when streamflow ceases at the Palmer Flats Gauging Station until October 31st of each year. The CCSD may withdraw 518 afy from Santa Rosa Creek, with the safeguard that withdrawal from May 1st through October 31st is not to exceed 260 afy.

under the agricultural retrofit program for an estimated water saving of 30 afy. Another program provides reclaimed water in exchange for potable water. Water savings from such conservation measures, however, are difficult to estimate with a high degree of accuracy. In addition, if more agricultural land is brought into production, or if crop changes intensify water use, these savings may disappear. One way to better assess this would be to establish basin wide water monitoring of all withdrawals.

Over the years, the CCSD has investigated various potential additional water supplies, including importing water from Nacimiento Reservoir, building dams on coastal streams in the Cambria vicinity, and utilizing groundwater recharge. All of these were rejected, due to environmental, financial, or engineering concerns. In 1993, the district began investigating the possibility of desalination of seawater. The CCSD applied for a permit (FLAN 3-SLO-95-037) in 1995 to construct a desalination plant, which would supply 1129 afy water at full capacity. Although the County approved the permit as well as a subsequent permit for the construction of connecting pipe to San Simeon, to date the plant has not yet been built. The CCSD is still pursuing the desalination plant and has recently received grant funding toward that end.

In addition, the CCSD has been aggressively pursuing other water conservation measures, including requiring onsite cisterns for larger residential developments. Most recently, the CSD funded and completed a Baseline Water Supply Analysis that concludes that the District's water supply is marginal to inadequate to provide 90% reliability (in one of ten years there may not be enough water for current customers). In addition, if the recent discovery of MTBE in groundwater near the District's Santa Rosa wells prevents use of this source, the report concludes that the District's supplies are inadequate.³¹

Notwithstanding the efforts being made by the CSD, water production in Cambria continues to increase. As shown in Figure 2-10, while the rate of increase since 1990 is not as great as previous years, water withdrawals from San Simeon and Santa Rosa Creeks nonetheless are still climbing. The County projects the need for more than a doubling of current water production (approx. 1500 AFY) in Cambria by 2020 (3-24 NCAP).³²

As mentioned, the RMS system has consistently identified water supply as a serious concern in Cambria. In 1990, the Report recommended that the Board of Supervisors (BOS) consider a development moratorium. However, the BOS has never certified any LOS for Cambria. Most recently, RMS again recommends an LOS III. It also, though, presents three major options for action: maintaining a 1% growth rate; resuming the 2.3% rate; or adopting a 0% growth rate. Although the BOS still did not certify the LOS III, it did adopt the 1% option in December of 2000 for the time being.

³¹ As of this writing, an emergency well was being installed upstream of the contamination point to alleviate this situation.

³² Taking into account the Cambria Area Plan Standard established by the Coastal Commission requiring 20% of water supply to be reserved for priority uses (e.g. non-residential), the County has estimated that the CCSD could serve a total of 4,120 dwelling units with its current water supply—only 35% of total buildout (NCAP 3-26).

Roads

Road capacity is another strained resource in Cambria. Main Street Cambria, from Cambria Drive to Burton Drive, essentially has been at LOS III since 1990. Although dropped from the list in 1994, due to a reduction in traffic growth compared to previous years, Main Street was once again added at a LOS III the following year. Aside from a brief drop to a LOS I in 1997, Main Street Cambria has remained at a LOS III alert. In 1998, an improvement project began, which included widening to three lanes with a bike lane on each side. Nevertheless, at buildout, the RMS predicts that unacceptable levels of service will exist. Similar to water supply, the RMS system has functioned as an effective monitoring mechanism for road capacity in Cambria.

TABLE 2-14. RMS REPORTED LEVELS OF SERVICE FOR CAYUCOS

	90	91	92	93	94	95	96	97	98	99	00
Water Supply	3	3	2	2	2	2	2	2	2	2	2
Water Distribution	0	0	0	0	0	0	0	0	2	2	2
Sewer Capacity	0	0	0	0	0	0	0	0	0	0	0
Roads	0	0	0	0	0	0	0	0	0	0	0
Schools	3	3	3	3	3	3	3	3	3	3	3

However, it does not appear to have been implemented as envisioned in the certified LCP. For example, since no LOS for

roads has been certified by the Board of Supervisors, it is possible that approved development may overrun road capacity.³³

CAYUCOS

The Cayucos urban area—totaling some 321 acres—lies on a coastal terrace closely bordered by steep hillsides on the north and east, and the Pacific Ocean on the west. Due to its geographic location, both the URL and USL are drawn fairly tightly around the community. There is no room for expansion outside the URL and no major blocks of vacant land are available for subdivision within the URL. Currently, approximately 4,734 people live in Cayucos. This is more than double the population at the time of LCP certification. The Estero Area Plan Update reports Cayucos’ potential buildout population to be 6,078, an approximate 28% growth over the current population.

Cayucos is the only community that has a County Board certified level of severity for a resource other than air quality-- a certified LOS II for water supply.³⁴ Between 1988 and 1998, the County has approved a substantial amount of development within Cayucos, including 14 commercial projects and 92 residential projects creating a net total of 117 new units. Only one subdivision was approved creating only one additional lot. As shown in the Table 2-15,

³³ A good example of how Board certification matters in the planning process occurred with the Vadnais subdivision, which would add 25 condominiums on Main Street. At the time of approval of this subdivision, Main Street was operating at LOS III. However, mandatory action to eliminate this level of severity was not required because, as summarized by a staff memorandum for the project: "... as long as it [the RMS LOS III] remains a 'recommended' level of severity, no prohibition of additional traffic impacts is required" (FLAN 3-SLO-96-056).

³⁴ The Board of Supervisors has certified LOS II for air quality in all communities. This review, however, is not analyzing air quality issues.

Table 2-15. Cayucos Development Types, 1988-1998

DEVELOPMENT TYPE	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	TOTALS
Commercial	8	1	1	1				1	1	2	2	14
Condo Conversion		2	1		1							4
Grading						1	2	1			2	6
Hotel/Motel Expansion						1				1		2
Lot Merger	1		3								1	5
Lot-line Adjustment		1			1	1			1	2		6
MFD Expansion						1						1
New Hotel/Motel	1						4			1	2	8
New MFD								1	1		1	3
New SFD	3	4	2			4	9	25	10	17	19	93
Other								1		1		2
Public Recreation Facility	1		1									2
Public Works		1	1					1			1	4
SFD Expansion	14	10	26	10	17	7	8	12	6	6	6	122
Shoreline/Bluff Protection	1	3	5		3	3	2	3	5	2	2	29
Stream / River Alteration											1	1
Subdivision	1											1
Tree Removal				1		4						5
Water Well		1		1			1	1			1	5
TOTALS	30	23	40	13	22	22	26	46	24	32	38	316

new residential activity was limited while Cayucos was under a water moratorium. Significant numbers of new homes, though, began to be approved after the moratorium was lifted in 1993. Cayucos receives all of its water from the Whale Rock Reservoir. The community's three local purveyors—Morro Rock Mutual Water Company (MRM), Paso Robles Beach Water Company (PRB) and County Service Area #10-A (CSA 10A)—have cooperated to form the Cayucos Area Water Organization (CAWO). The CAWO, along with the Cayucos Cemetery District, has a 600 acre-feet per year entitlement from Whale Rock Reservoir.³⁵

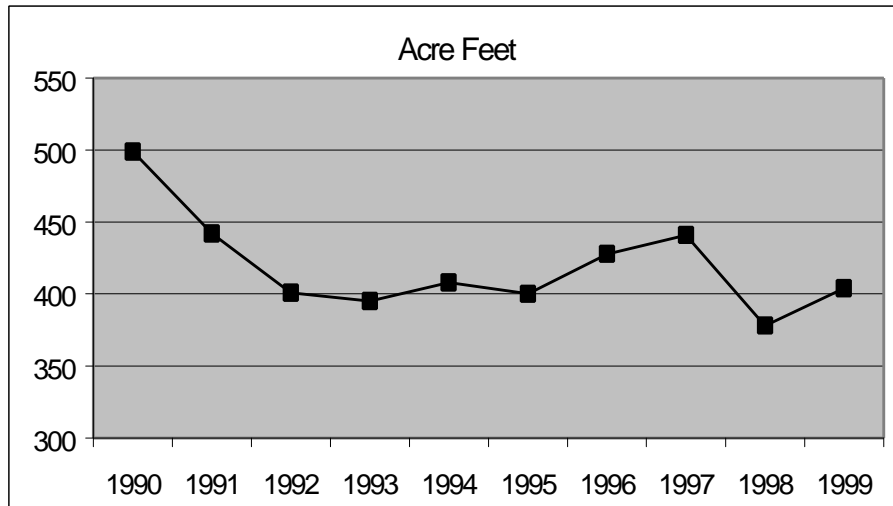
In 1985, the Board of Supervisors imposed a building moratorium on the community because water use had reached its available supply. This continuing moratorium led to a Board certified LOS III in 1990, the first year of the RMS system. Subsequent metering, line replacement and water conservation have substantially reduced water use and have kept Cayucos within its allocation, even after the Board lifted the moratorium in 1993. The Estero Area Plan Update reports that total water production for the community has been in the 400 afy range since 1992.

The 1996 CAWO Water Management Plan revealed that CSA #10A had issued will-serves which over-allocated its 190-afy entitlement. To enable the CSA to continue issuing will-serve letters, a plumbing-fixture retrofit program has been adopted which requires the provision of ultra low-flow fixtures in existing structures as a condition of receiving a will-serve letter for new construction. Fifteen applicants have received conditional will-serves under this program.

³⁵ The Cemetery District has a water allotment of 18 afy, leaving 582 afy for residential, commercial and recreational uses.

The Cayucos Area Water Organization projects total demand for existing Cayucos users, including an adjustment for outstanding will-serves and a 10% cushion for water planning purposes, to amount to 589 afy. PRB and MRM have supply available for additional will-serves within their Whale Rock entitlements; CSA 10A does not. CSA 10A is, however, in the final year of a program to replace water mains. This program should result in a reduction in the amount of water lost through leakage in the distribution system.

Figure 2-11. Cayucos Water Production



CSA 10A and Morro Rock View Mutual Water Company are actively pursuing supplemental water through the Lake Nacimiento water project to enable the community to support adopted General Plan land uses (i.e. buildout population). The total supplemental water request is for 124 afy.

Cayucos does not have a recommended LOS for its sewage system. Wastewater generated in Cayucos is collected in a conventional underground sewer system and conveyed to the Morro Bay treatment plant. Through a joint powers agreement between the city and the Cayucos Sanitary District, Cayucos is entitled to the use of 40 percent of the treatment plant's capacity. The North Coast Area Plan Update estimates future wastewater flow for Cayucos to be approximately 0.376 million gallons per day (mgd).³⁶ This flow estimate is within the community's current entitlement to capacity of the Morro Bay treatment plant, and no additions to the plant would be necessary to serve Cayucos' buildout population. Expansion of the plant will be necessary, however, to handle the increasing flow from the city of Morro Bay.

In February 1999, the County submitted a Public Hearing Draft of the Estero Planning Area Update to the Coastal Commission for review. Updates of the Area Plans are a critical means to redirect future development in order to bring it into line with current and projected levels of

³⁶ This estimate is based on the assumption of 67 percent dwelling unit occupancy and 0.566 mgd at 100 percent occupancy.

public services. Specifically for Cayucos, redirection in future planning could satisfy the policy changes required in the Resource Management System for having a certified Level of Severity II for water supply. Initially, though, the Estero Area Plan Update did not directly address the problem that the currently planned buildout of Cayucos will exceed available supplies. It also did not provide specific discussion of the process of obtaining Lake Nacimiento water, or the fact that even with this supplemental water supply, Cayucos would still have a shortfall of 57 acres feet per year under buildout.³⁷

A recent response to Commission staff from the Advisory Council of Cayucos has proposed a phased approach for approving new development in Cayucos (see Appendix E). These are important issues that must be recognized and addressed by the Area Plan. Measures to reduce buildout to a level that can be sustained by available water supplies must be provided so that new development expectations do not overreach available resources.

LOS OSOS

The Los Osos urban area, encompassing approximately 2,590 acres, consists of several loose-knit neighborhoods, including Los Osos, Baywood Park and Cuesta-by-the-Sea (see Map 2-C). At the time of certification, the County estimated Los Osos’ population to be 10,381. Current County estimates place existing population at 15,189 and full buildout potential at 17,836.³⁸ Similar to Cambria, there are many hundreds of small vacant lots remaining in Los Osos – an artifact of the original subdivision of the area in the late 1800s.

	90	91	92	93	94	95	96	97	98	99	00
Water Supply	2	3	2	2	2	2	2	2	2	2	2
Water Distribution	3	3	2	2	2	2	2	2	2	2	2
Sewer Capacity	0	3	3	3	3	3	3	3	3	3	3
Roads	3	3	3	3	3	3	3	3	3	3	3
Schools	2	2	3	3	1	3	2	3	3	3	2

From groundwater contamination to over-draft and seawater intrusion, the groundwater basin serving

Los Osos has been strained for decades. Due to water quality degradation of the Bay and the groundwater basin from septic disposal, the Regional Water Quality Control Board (RWQCB) imposed a septic tank discharge moratorium in January 1988. The RWQCB established a prohibition zone—which comprises most of the USL (see Map 2-C)—within which new residential construction or major expansions of existing buildings has been effectively halted until the County provides a solution to the water degradation problem.³⁹

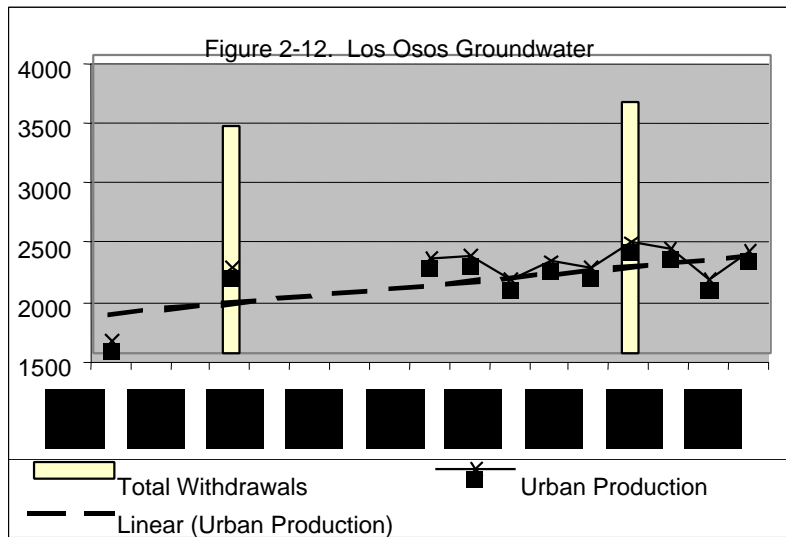
³⁷ CCC Comments of Estero Area Update and DEIR findings, assuming 89 percent occupancy rate for existing units and 95% for new units (current occupancy rates are estimated to be 64%).

³⁸ This estimate assumes full occupancy rates.

³⁹ In May 1999, the RWQCB adopted revisions to previously approved guidelines that allows a limited amount of new development in the prohibition area.

Water Supply

Since its inception, the Resource Management System has recommended a LOS of either II or III for water supply and distribution in Los Osos; again, the Board of Supervisors has not certified the recommendations. There is considerable uncertainty as to the available water supply for the community. Currently, water is drawn from the Los Osos groundwater basin by three water purveyors: the Los Osos Community Services District, California Cities Water Company, and the S&T Mutual Water Company. When the Estero Area Plan of the LCP was certified in 1988, the best estimate of the safe yield of this basin ranged from 1,300 to 1,800 acre-feet per year. At that time, net urban water demand had already exceeded the low end of this range, with estimated urban use at approximately 1600 afy. It was estimated that the 1800 afy figure would be exceeded at a population of 12,600 – well below the current population of 15,189.



In recognition of the limited water supply for Los Osos, the Commission in 1983 recommended that the 1800 afy figure be established as the safe yield for the Los Osos groundwater basin until such time as a detailed hydrologic budget analysis could be completed for the entire basin.⁴⁰ The certified Estero Area Plan also included an Interim Resource Management Program to be applied to new development applications.

Under this program, the County Planning Department was to provide the Board of Supervisors and Planning Commission with a semi-annual report on water projected urban growth. Pending development applications were to be categorized as coastal priority and non-priority uses. The BOS was then to make findings as to whether development of priority uses (e.g. visitor-serving, agriculture, and urban infill) would be affected by non-priority development. Most important, if the Board found that proposed development would result in water demand approaching 1800 afy for the Los Osos Basin, or that proposed priority uses would be affected by water restrictions, all development applications were to be elevated to a higher level of review, with preferences given to priority uses (Estero Area Plan 6-25).

These programmatic requirements were further implemented through standards that established priorities for new development drawing water from the Los Osos basin until a Resource Capacity Study was completed through the RMS process. These standards included reserving 800 afy for agricultural uses, and serving existing urban infill lots prior to new lots or lots outside of the

⁴⁰ Coastal Commission Adopted Revised Findings for the San Luis Obispo County Land Use Plan, October 23, 1983, p.56-7.

urban core. Consistent with general LPC policies, new land divisions would only be permitted if new water sources were identified.

In 1989, the Department of Water Resources completed a study of the Los Osos Basin that revised the safe yield upward to approximately 2,200 afy. However, because withdrawals from the basin in 1986 were about 3,400 afy, the DWR concluded the basin was in overdraft. Based on this information, the RMS for 1991 recommended an LOS III for Los Osos. Well data also indicated potential seawater intrusion, possibly aggravated by the fact that some wells were located close to the coast. The RMS also recommended an LOS III for water distribution, as well as a moratorium on building permits for new development that would rely on groundwater extractions from the Los Osos basin.

As required by the RMS, the County conducted a Resource Capacity Study for Los Osos. After public hearings in 1992, the Board of Supervisors concluded that there was insufficient information in the previous USGS and DWR studies to conclude that the groundwater basin was in overdraft or that seawater intrusion was occurring. The planning staff was directed to revise the findings of the Capacity Study accordingly. RMS levels were moved back to LOS II. The three water purveyors for Los Osos initiated discussions about joint studies and action to respond to the water issues. In addition to new studies, the providers continued to participate in an on-going project to import 600 afy of water to Los Osos from the Nacimiento Reservoir.

More recently debate has continued about the safe yield of the Los Osos groundwater basin, particularly in relation to on-going efforts to develop a wastewater treatment plant for the community that would also serve a groundwater recharge function. In August of 2000, the newly formed Los Osos CSD published a baseline report for the basin that concluded that inflows and outflows to the basin were roughly equal. Specific conclusions about the safe yield of the basin, though, await further analysis concerning the proposed wastewater treatment plant and how recharge from this project would affect groundwater levels. This study is anticipated later this year.

As shown in Figure 2-12, water production in Los Osos has steadily increased since the early 1980s when the Commission first reviewed the Land Use Plan for the community. Current urban demand remains at or above the 2200 afy sustainable yield figure determined by DWR in 1989. Moreover, total water demand from the basin (including agricultural withdrawals) has been placed at well over this safe yield figure, both in the mid-1980s and as recently as 1996.

Wastewater Treatment Capacity

Wastewater treatment capacity has been an issue in Los Osos since at least 1971. There are many substandard lots using septic systems in Los Osos, which has raised concern both about contamination of the groundwater basin, and pollution of Morro Bay, including public health and ecosystem impacts. Because of this concern, a portion of the community has been under septic discharge prohibition from the Regional Water Quality Control Board since 1988. This moratorium on new discharges has remained in place as the County and the community have been working on the development of a community-wide sewer system. In 1998, the community

voted to form a Services District, which took over responsibility for developing such a system from the County. Most recently, the CSD released a draft Environmental Impact Report for a new system. The Commission staff recently provided comments on this DEIR (see Appendix E).

Los Osos Development Trends, 1988-98.

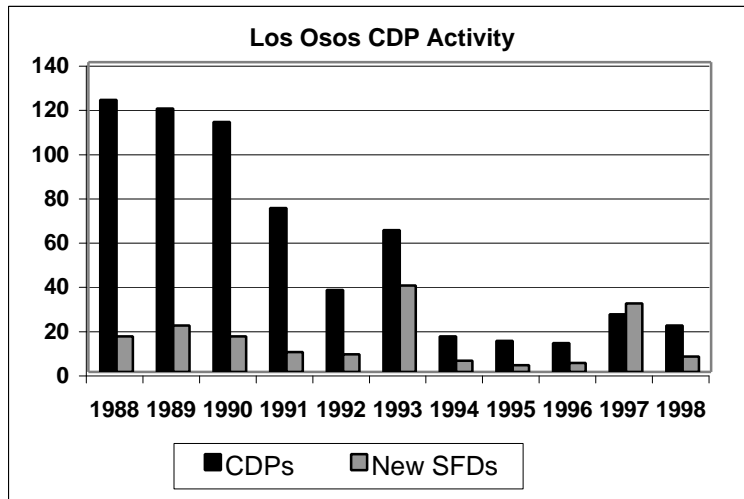
Although Los Osos has been under significant water and sewer capacity constraints, the County has still approved significant amounts of new development. As shown in Table 2-17, between 1988-1998, the County reported approximately 617 coastal development permits for Los Osos. Although more than half of these were some type of residential improvement or expansion, they also included 95 permits for 159 new single family homes, as well as 9 residential subdivisions. Four of these subdivisions were quite large, authorizing a total of 319 new residential lots in and around Los Osos. Due in part to the RWQCB moratorium on septic discharges, new residential and subdivision development has occurred outside the prohibition area. Yet most of this development relies on municipally supplied water from the highly constrained groundwater basin.

Table 2-17. Development Trends in Los Osos

Primary Development Type	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	TOTALS
Commercial	30	9	1	1	1	3	1		1	3		50
Condo Conversion	5	1										6
Grading /Filling of Material	1			1	1						1	4
Industrial / Energy			1	1		1					1	4
Institution / Military	1		2	1	1			1	1	4		11
Lot-line Adjustment/Merger	1	2	3	2	1			1		1		11
New/Expanded Hotel/Motel	1	1					1				1	4
New SFD	14	18	16	9	7	5	5	4	4	7	6	95
Public Works		1	1			2	1	1	1	1	1	9
SFD Expansion	61	82	79	52	16	47	8	4	4	6	9	368
Shoreline/Bluff Protection	1	2	1									4
Stream / River Alteration		1			1							2
Subdivision	1		1		1	2			2	1	1	9
Water Well	3		3	3	4							13
Other	4	2	4	4	4	4		3		1	1	27
TOTALS	123	119	112	74	37	64	16	13	13	24	21	617

A closer examination of development activity in Los Osos, though, also indicates the relatively constrained growth in the community. Except for two major approvals of new homes in two large subdivisions (35 in 1993 and 24 in 1997, new residential development has been minimal through the 1990s. It should be noted that the drop in reported permit activity for Los Osos shown in Figure 2-13 is probably related to the lack of reporting of non-appealable permit decisions. Thus, the significant drop in activity shown in 1994 is driven by a drop in residential improvement projects, which typically receive a lower level of review.

Figure 2-13. Los Osos CDPs



Analysis

As discussed earlier in this chapter, the County has approved a number of subdivisions outside of the Urban Services Line of Los Osos, including the major subdivisions of Cabrillo Associates (3-SLO-98-138) and Monarch Grove (3-SLO-93-083). In addition to the questions these actions raise about concentrating development (see Issue 1 discussion), these subdivisions raise basic concerns with the Coastal Act and LCP requirements to limit new development to areas able to accommodate it.

The Monarch Grove subdivision was approved with a private mini-wastewater treatment plant onsite and water service from Cal Cities. While the use of a private wastewater treatment plant meets the letter of the requirement for development outside the USL to have onsite treatment, it does not comport with the typical application of Coastal Act section 30250, which requires public service capacities for urban development. The Monarch Grove subdivision, now mostly built, is a classical suburban residential tract at urban densities, but served by a private package plant. The problematic nature of this approval is captured in one of the County conditions for the subdivision which required the “community sewage system” to be designed and operated according to County, State, and Federal requirements but that ultimately relied on the Homeowner’s association for maintaining the plant in the event of complications. The condition indicates that the County engineering department would not support County-wide taxpayer support for the facility in such circumstances.

Two other major subdivisions were approved within the USL since certification of the LCP. In 1990, the Holland subdivision of a 20 acre parcel into 100 residential sites was approved as a matter of law due to the failure of the County to act within the time constraints of the Permit Streamlining Act. Although this project was appealed, the Commission failed to obtain jurisdiction over the project when the appellants withdrew their appeal shortly before the

hearing. At the time of this “approval” the RMS was indicating that Los Osos was at an LOS III for water distribution. It also was under severe wastewater treatment capacity constraints. Although this RMS conclusion was not certified by the Board of Supervisors, the LCP would not allow such development unless a finding was made that there was “sufficient services to serve the proposed development” given the outstanding commitment to existing lots within the USL. Although the Holland subdivision has not been constructed yet, the County never adopted adequate findings of water and sewer capacity for this new residential development potential as required by the LCP. It should be noted also that the County recently extended the permit for this subdivision, now ten years old, despite the on-going resource capacity issues in Los Osos.⁴¹ The Commission contested the extension and amendment but was legally challenged and recently lost the case.

In the case of the Morro Shores subdivision, which created 95 residential lots on 54 acres in the middle of Los Osos, the County adopted legal findings that, similar to the Monarch Grove project, allowed the project to rely on an onsite private wastewater plant. The Board of Supervisors found that such reliance would provide for interim sewer treatment until a community-wide system was in place. As for water supply, the Board required the developer to “ensure that potable water source other than the deep aquifer of the Los Osos Groundwater Basin be found” if the interim package plant option was pursued. Thus, no firm source of water was in place at the time of approval, inconsistent with Public Works Policy 1, which requires sufficient services to serve proposed development prior to permitting new development. The Commission did not appeal the County’s action.

The County has also approved a few projects with a condition that itself concluded the future community wastewater system will resolve current water supply limitations and that therefore the uncertainty about water supply in Los Osos was not a serious concern.⁴² Although the planned wastewater treatment facility does include a groundwater injection component, the ability of the yet-to-be-constructed wastewater treatment system to effectively address the area’s water supply needs will be subject to future analyses and a demonstrated ability to effectively recharge the groundwater basin.

Permit approval based on future availability of resources is inconsistent with §23.04.021(c) of the CZLUO. This section requires that in communities with limited water or sewage disposal service capacity as defined by Resource Management System alert level II or III, new land divisions shall not be approved within the urban services line, “unless the approval body first finds that sufficient water and sewage disposal capacities are available to accommodate both existing development and development that would be allowed on presently vacant parcels.” Los Osos has consistently been at LOS II or III according to the RMS system analysis.

⁴¹ This extension decision was appealed to and denied by the Commission. However, the Commission’s decision has not been upheld by the Courts.

⁴² E.g. FLAN 5-SLO-97-072

AVILA BEACH

Avila Beach is a small community located on San Luis Bay. The town is a small seaside recreation/tourist area and has one of the most popular beaches in the County. The town, known for its “eclectic beach funk,” has been host to oil shipments for much of the past century.

The community is currently undergoing the final stages of the massive clean-up to excavate 100,000 cubic yards of sand and soil contaminated by petroleum that leaked for years from underground pipes leading to Unocal’s pier.⁴³ Avila Beach reached a settlement that called for Unocal to excavate the oil beneath the town and beach, pay \$12 million dollars toward restoration projects, and perform other enhancement projects, including the implementation of the Front Street Enhancement Plan. The massive cleanup, which began in November 1998, demolished approximately 20 percent of the town.

On November of 2000, the Coastal Commission effectively certified Major Amendment No. 2-00, which incorporates the Avila Beach Specific Plan into the LCP. The Specific Plan is designed to guide the redevelopment of Avila upon completion of the Unocal cleanup.

	90	91	92	93	94	95	96	97	98	99
Water Supply	3	3	3	3	2	2	2	2	0	0
Water Distribution	0	0	0	0	2	2	2	2	0	0
Sewer Capacity	2	2	2	2	0	0	0	0	0	0
Roads	3	3	3	3	0	0	1	1	1	0

The Specific Plan estimates that the pre-amended LCP would have allowed for the build-out of approximately 667 units in Avila Beach, equating to a population of 1,094.

(The town had a pre-remediation population of 395.) The Specific Plan alters the buildout potential by increasing the area designated for multi-family residential development, and decreasing the development potential in visually sensitive areas (e.g., near the oak woodlands along Avila Drive). The net result of these changes is estimated by the Specific Plan to result in a buildout potential of 657 housing units, and a population of 1,077.

In terms of infrastructure, the Avila Beach Community Services District (CSD) provides the community of Avila Beach with domestic water obtained from Lopez Reservoir and the State Water Project.⁴⁴ In April 1993, the water district’s Board of Directors lifted a 16-year moratorium on the issuance of will-serves letters. Initially placed due to uncertainty on the limits of Avila Beach’s dependable water supply, the 1987-92 drought provided information about the reliability of Lopez Reservoir as a source of supply. The district has a 68-afy entitlement from Lopez Reservoir and began purchasing 108 afy from the State Water Project (SWP) in 1996. The

⁴³ Unocal stopped using the pier in 1996.

⁴⁴ In 1996, the Avila Beach Community Water District was reorganized as the Avila Beach Community Services District.

State Water allocation, along with the existing allocation from the Lopez Reservoir, is expected to be sufficient for 820 total dwelling units, which exceed the estimated buildout of 657 units, and should be adequate to serve the potential visitor-serving development as well.

The Avila Beach CSD also provides sewer service to the community through the Avila Beach Treatment Plant. The facility has a capacity of 200,000 gallons per day and discharges the treated effluent into San Luis Bay via ocean outfall. The plant's capacity is estimated to support 1,435 people, and is expected to be adequate to serve both residential and commercial development until about the year 2010.

Five years of moratorium and one year of Unocal remediation have significantly affected the levels of new development that have been approved and constructed in Avila Beach since the time of LCP certification. Minimal commercial and residential development has been approved within Avila Beach. The most significant development approved has been two major residential subdivisions in Avila Valley, only portions of which are in the coastal zone.

SOUTH COUNTY

The South County Planning Area encompasses approximately 98,910 acres and is almost entirely rural. A small portion of Callender-Garrett, a loosely knit community, falls within the Coastal Zone. At the time of LCP certification South County had an approximate population of 4,630, and an estimated buildout population of 9,842. Aside from a small area of Callender-Garrett that falls within the coastal zone, South County is not residentially zoned.

The entire South County Planning Area uses subsurface systems for sewage disposal. The Area Plan reports that as long as densities do not become too great, these systems should continue to be adequate to meet the needs of South County. The Planning Area draws its water supply from two sub-units of Santa Maria groundwater basin that underlie the planning area: the Arroyo Grande Tri-Cities Mesa and the Nipomo Mesa. The Nipomo Mesa area's major source of recharge is deep percolation of precipitation and is therefore vulnerable to protracted dry periods. The 2000 RMS projects future water needs for the Nipomo Mesa study area will exceed inflow by amounts increasing from 700 afy (base period, 1995) to 2,000 afy in 2020. The projected increase in urban extractions is the major factor contributing to the projected future deficiencies. Although the urban areas fall outside the coastal zone, they will affect the groundwater basin and water resources within the rural portions of the South County Planning Area. The Tri-Cities and Nipomo Mesas have a recommended level of severity II under the RMS.

New development in the South County Planning Area since LCP certification has been relatively minimal. The County approved a total of nine commercial permits and twelve residential projects, all located in Callender-Garrett.

General Conclusions

In implementing the LCP Public Works policies the County has not followed the requirements to allow development only in areas able to accommodate it. Although an effort has been made to require a showing of water or sewer prior to final recordation of a parcel map or issuance of a building map, these type of conditions do not address the more fundamental uncertainties surrounding the basic resource capacities. These “premature” approvals create development expectations that cannot be reversed and that ultimately lead to resource impacts such as overdrafting a groundwater basin. In some cases, such as Cambria and Los Osos, the groundwater basins may already be in overdraft.

Additionally, by prematurely approving development projects without the current availability of resources to support them, the County is, in effect, reserving future capacity of water and sewage for non-priority uses that otherwise may be needed to accommodate priority uses. Public Works Policy 8 of the General Plan requires that, “Where existing or planned public works facilities can accommodate only a limited amount of new development, [coastal-dependent uses and essential public services and basic industries vital to the economic health of the region] shall have priority for services in accordance with the Coastal Act and be provided for in the allocation of services in proportion to their recommended land use with the service area.” Project approval is therefore inconsistent with policies protecting priority uses under the Coastal Act and the LCP.

The RMS of the LCP was, in theory, put in place to assure comprehensive monitoring and wise decisionmaking about new development in light of available resources. In general, the County has done a good job of monitoring and reporting about resources. The difficulty has arisen in translating this technical analysis into action. The current system appears relies on the Board of Supervisors to “certify” RMS levels of severity before action to address resource deficiencies is required. The BOS rarely certifies an identified LOS. This lack of certification inhibits proactive responses to assure that only environmentally-sustainable development is approved.

Moreover, it is not atypical for developments to be approved with conditions to show adequate resource capacity prior to construction. In certain circumstances where there are clearly adequate resources, such an approach may be appropriate. In 1996 the Commission approved an amendment to the RMS system in response to the County’s desire to have more flexibility in responding to resource capacity deficiencies. The amendment added language to the Framework for Planning that would allow the Board of Supervisors to implement “other appropriate measures” other than the required enactment of a moratorium on land development in area found to be at LOS III.

Since 1996, though, the County has not demonstrated that other appropriate actions are adequate to address Coastal Act requirements. More fundamental, the lack of certified LOS renders the procedures outlined in the LCP ineffective; they are neither mandatory, nor have they been implemented voluntarily. The Resource Management Summary annually compiles valuable information on the current status of resources and development within the county. As a planning and decisionmaking tool, however, the RMS has not worked as originally envisioned.

Similarly, the Interim Service Capacity Allocation program intended to address the public service constraints particular to the Los Osos area has not been implemented in a manner that effectively preserves limited water supplies for priority uses.

Improving the implementation of the RMS system will become increasingly important for San Luis Obispo County, particularly in communities such as Los Osos and Cambria. While these communities are currently constrained by resource capacity deficiencies, this could change in the very near future. In Los Osos, a new wastewater treatment plant will bring added pressures to develop in the urban area. It will be important to have a comprehensive evaluation of available water supply and other resource constraints, as well as to have a strategy to support new development and reserve capacities for priority uses, before this time comes. Likewise in Cambria, in the event that desalination comes online as an additional water source, it will be important to have an aggressive buildout reduction program in place in order to address other limitations in Cambria, such as road capacity, Monterey Pine forest protection, and nonpoint source pollution.

Consistency Analysis: County implementation of the Public Works Policies has not been generally consistent with the Coastal Act requirements to approve only environmentally-sustainable development. New development approvals in Cambria and Los Osos raise concerns about water supply and wastewater capacity. Groundwater basins in both communities are under severe stress. Continuing the status quo will not achieve consistency with section 30250 concerning new development or section 30231 concerning protection of groundwater supplies.

Preliminary Policy Alternatives

To improve the ability of the LCP to promote environmentally-sustainable coastal development, a variety of County-wide and community-specific alternatives should be considered. The most significant improvements could be made in the implementation of the RMS system which, while providing timely assessments of available resources, has not ordinarily led to proactive decisionmaking to limit new development in light of limited public services. Policies and programs also need to be considered to address the small-lot buildout potential of Cambria and Los Osos.

Preliminary Recommendation 2.12. Strengthen Implementation of the RMS System and ISCA.

The RMS monitoring reports have not always been translated into decisions about managing development that meet the requirements of the Coastal Act. The theory of the RMS is to base new development levels on scientific assessment of resource capacities to support such development. Alternative approaches are needed to better ensure that this will happen. One possible approach is to move into the second phase of RMS implementation anticipated in the Framework of the current LCP. This phase would establish an expanded RMS task force, including participation by Coastal Commission staff and other resource agencies, to facilitate technical assessment, coordination, and consideration of resource management options. For

example, there is a need for coordinated assessment and action on the part of the County, the Commission, and the Cambria CSD with respect to water supply in Cambria. Without such coordination and responsibility, it is more likely that difficult resource management decisions will not be made, or that they will continue to be debated on an incremental, case-by-case basis, instead of through comprehensive planning and regulatory responses. Enhanced joint decisionmaking and interagency stakeholder problem-solving could advance efforts to address this problem. The ISCA program currently in the LCP needs to be followed in evaluating new development proposals for Los Osos.

Preliminary Recommendation 2.13. Address Cambria Short-term Development.

The short-term problem of water supply in Cambria could be addressed in a number of ways, including limiting short-term growth rates. At a minimum it would seem that the current 1.0% growth should be kept in place, rather than increasing potential new development back to the 2.3% growth rate anticipated by the County's growth management ordinance. However, this would not address the Commission's 1998 findings that would have required a development moratorium by January 2001 unless certain performance standards had been met (which have not). As discussed, the CSD has conducted additional studies, and the County has recently evaluated water supply and demand in Cambria in the NCAP project description. There is a need for the County and CSD to work collaboratively to complete critical information needs. To the extent that this recent study may raise uncertainties about how much water is available, coordination discussion with Commission staff over the next several months would be useful. The habitat and in-stream flow studies that the Commission identified as being necessary in 1998 should be conducted as well. One option, therefore, would be to allow 1.0% until 1/1/02, subject to finishing the resource capacity study. Another option that would be the most precautionary in terms of protecting coastal resources, would be to enact a development moratorium through the RMS system, until such time as the water problems for future development is more definitively resolved.

Preliminary Recommendation 2.14. Establish Watershed/Basin Management Programs

The current NCAP project description discusses establishing a Coordinated Resource Management Program (CRMP) to address competing rural and urban uses in North Coast groundwater basins. Such an approach would help to establish consensus as well as promote watershed inventoring and monitoring (NCAP, 3-12).

Preliminary Recommendation 2.15. Consider Additional Options for Water Conservation

As discussed, the CSD has implemented a variety of water conservation programs. Additional LCP policies and standards should be considered that would strengthen requirements for minimizing water use, such as xeriscaping and native drought-tolerant landscaping requirements.

Preliminary Recommendation 2.16. Cambria Long-term development (Buildout Reduction)

The LCP needs to be amended to address long-term development potential in Cambria. The County should work to expand the TDC program by identifying other sensitive areas that would benefit from transfer of potential development to more suitable locations. Expansion should

include Special Project Area #2, as well as watershed areas, other scenic corridors and other small lot tracts in undeveloped areas that support significant coastal resources, particularly contiguous blocks of sensitive pine forest habitat. More aggressive policy options should be considered as well, including development of an Assessment District to retire lots/create open space and promote forest protection. Other mechanisms should be evaluated such as the ability to use mitigation fees or erosion control fees to address long-term buildout. Further attention could be focused on alternatives for reducing development potential on single and double lots and creating incentives for the minimum lot size of 7000 square feet.

Preliminary Recommendation 2.17. Prohibit Creation of New Development Potential in Cambria and Los Osos.

The County should consider prohibiting subdivisions that create new development potential in the communities of Cambria and Los Osos. Subdivisions that include no net gain in development potential (e.g. includes lot retirement) might be considered. In 1998, the Commission recommended a modification that would have required lot reduction in order to subdivide in Cambria.

Preliminary Recommendation 2.18. Address Cumulative Impacts to Urban Design in Cambria.

Through community planning and LCP amendments, cumulative impacts to urban design should be addressed, particularly concerning the potential role of TDC use. Consider standards to better address the amount of TDCs any one site can use based on the capability of the lot (size, slope, etc.) to handle the increase in square footage. Address minimum area of landscape that must be preserved, regardless of lot size; as well as a maximum footprint area.

Preliminary Recommendation 2.19. Los Osos Short-term Development

Similar to Cambria, focused attention is needed on pending studies concerning the safe yield of the Los Osos groundwater basin and the role that a future wastewater treatment facility might play in determining this yield. The County should consider policies and standards to assure that new development that relies on the groundwater basin is not allowed until a safe-yield or alternative water source is determined.

Preliminary Recommendation 2.20. Los Osos Long-term development

As discussed in the ESHA chapter, buildout reduction or management strategies are needed for future development that may be facilitated by the construction of a new wastewater treatment plant. Options that build on the currently proposed TDC approach for habitat protection should be evaluated and incorporated into the LCP (see Chapter 4 ESHA).