

C. FINDINGS

1. MAPS.

The Preliminary Report included several maps illustrating findings of the report (Appendix B in *Preliminary Report* as revised). Public comments from the Cambria Community Services District noted that there were inaccuracies on Map 2-B showing the boundaries of East-West Ranch and depicting the proposed school site on East-West Ranch as a subdivision. In fact, Map 2-B did not depict any boundaries for East-West Ranch; however, on the revised version of the *Preliminary Report* a boundary has been added. Also, the proposed school site is no longer depicted as an approved subdivision.

2. NEW DEVELOPMENT AND PUBLIC SERVICES

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. The Preliminary Report evaluated three major LCP implementation issues related to this policy: (1) maintaining stable urban-rural boundaries; (2) preventing cumulative impacts to rural lands; and (3) assuring environmentally-sustainable urban development.

A. Concentration of Urban Development: Stable Urban-Rural Boundaries *(Recommendations 2.1 – 2.6)*

1. Summary of Preliminary Periodic Review Findings (Exhibit A, pp.17-27)

In terms of the physical location of new development, the *Preliminary Report* concluded that San Luis Obispo County LCP has, in a general sense, met the Coastal Act objective of concentrating development. Over 90% of new single family homes approved in the San Luis Obispo coastal zone between 1988 and 1998 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 communities and the town of Avila Beach. To the extent that a significant amount of new development has been located within urbanized areas, the distinction between urban and rural areas of the coastal zone has been maintained, consistent with Coastal Act section 30250.

The *Preliminary Report*, though, also evaluated development patterns on the urban edges of Cambria and Los Osos that did not strictly meet the Coastal Act and LCP requirements to concentrate development. In particular, numerous subdivisions and other residential projects outside of the USL were either approved or considered by the County. In some cases these approvals did not observe the existing LCP requirement to not allow development beyond the

USL absent findings of sufficient infrastructure for development within the USL. In other cases, urban services were provided beyond the USL, contrary to the LCP requirement to concentrate development and prioritize urban infill.

Despite these implementation problems, the *Preliminary Report* also acknowledges that the potential for urban sprawl in the Cambria area is now much diminished, due to surrounding public lands, the public purchase of the East/West Ranch, and a recently acquired conservation easement north of Cambria. Still, pressures for urban edge residential development will continue, particularly in Los Osos, and other types of development, such as the proposed new school facility outside of the USL of Cambria, will continue to raise challenges with respect to the Coastal Act and LCP requirements to concentrate urban development. Overall, the report concludes that the LCP has not been carried out in full conformance with Coastal Act section 30250 (Findings incorporated herein by reference; see Exhibit A).

To address the identified implementation issues, the *Preliminary Report* discussed six recommendations addressing the need for: (1) improved analysis and findings of urban service line issues; (2) better coordination between the Commission and the County on projects outside of the urban services line; (3) clarification of LCP legal authority with respect to development outside of the USL and the role of Service Districts; (4) reduction of development potential on the urban edges of Cambria and Los Osos; (5) policies and programs to support Greenbelt formation and maintenance; and (6) encouraging redevelopment options inside the USL (see Preliminary Recommendations 2.1 – 2.6 on pp. 28-29 of Exhibit A).

2. Comments Raised

SLO County Response (Exhibit C)

The County is in general agreement with Preliminary Recommendations 2.1-2.6, with the understanding that (1) additional analysis will be needed to appropriately specify LCP amendments concerning the implementation of the Urban Service Line requirements of the LCP; and (2) the area plan updates provide an appropriate process to evaluate possible LCP amendments that would reduce development potential on the urban edges of Cambria and Los Osos.

Public Comments (see Exhibit D)

Public comments on the issue of concentrating urban development were generally supportive of the preliminary recommendations, but included such concerns as: that Cambria growth and private property should not be further restricted; that the recommendations were overly broad and vague; that the development potential of land should be determined on a parcel-by-parcel basis; that changes in the USLs of both Cambria and Cayucos should be allowed to support needed school facilities; that the USL should be expanded to include certain parcels on the southwest edge of Los Osos; and alternatively that the USL in Los Osos should be further constricted and that development should be clustered, to support habitat protection, buildout reduction, and preservation of limited groundwater.

Specific Clarifications/Errata (to be incorporated into Final Report)

Comments from the Walter H. Leimert Co. raise questions about the discussion of the Leimert Tract 1804 subdivision (3-SLO-97-130) on pages 22-24 of the Preliminary Recommendations (see Exhibit D pp. D-424). These comments correctly observe that Commission staff commented 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.” The Leimert comments also correctly observe that 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. In response to the Leimert comments concerning the provision of urban water services to Tract 1804, the *Preliminary Report* observed that while the approval of this subdivision “appear[ed]” to conflict with the LCP policies prohibiting extension of urban services, it raised 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, leading to recommendations to clarify the LCP standards for such situations. Finally, concerning the clustering of new development, it may be the case that the County and others considered the design of Tract 1804 to be a “cluster” subdivision. The *Preliminary Report* intended to observe that 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).

3. Analysis

Based on further review, discussions with County staff, and analysis of the public comments received on the *Preliminary Report*, minor changes to preliminary recommendations 2.1-2.6 are proposed as follows:

Recommendation 2.1.

The prospect for required coastal development permit findings for service extensions beyond the USL will be improved by adding, to Public Works Policy 1, a reference to existing LCP ordinances 23.04.430-432 as the appropriate implementing ordinances for Policy 1. These certified ordinances prohibit development that would require the extension of urban services across the USL and, in communities with limited water and service capacities, do not allow development with urban services outside the USL unless there are sufficient services for all existing development and vacant lots eligible for development within the USL. As suggested by the County, additional LCP ordinance amendments should be developed to clarify the necessary studies and permit findings to support the extension of urban services across the USL. Changes to Preliminary Recommendation 2.1 are as follows:

Preliminary Recommendation 2.1: Improve Required Coastal Development Permit 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 of ~~established by~~ Public Works Policy 1 and corresponding ordinances can be made. Amend Policy 1 by adding reference to CZLUO 23.04.430-432 as appropriate implementing ordinances. Add new implementing ordinance(s) to clarify required information and findings to support Public Works Policy 1. ~~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.~~

Recommendation 2.2

The County agrees with the recommendation to improve County/Commission coordination on development proposals outside of the USL. County and Commission staff will need to work together to identify opportunities for new coordination mechanisms or improved coordination in existing processes. Increased staff resources for the County and the Commission certainly would be an important component of providing for improved coordination. The only change to Preliminary Recommendation 2.2 is to delete unnecessary text:

~~**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.~~

Recommendation 2.3

This recommendation is intended to address situations like the Leimert subdivision development, and other cases in Los Osos, where the location of the certified USL did not coincide with the boundaries of various service providers, which then led to conflicts between approved developments and the LCP's prohibition against providing urban services outside the USL. Based on discussion with the County and the public concerning the preliminary recommendation, it is clear that amendments to the LCP, including amendments to the various Area Plans, clarifying where and under what circumstances the provision of urban services might be appropriate, would improve implementation consistency with Coastal Act 30250. The content of these amendments, though, should be based on more specific assessment of existing service district boundaries, the location of existing services (e.g. mapping of trunk-lines), evaluation of other development location and intensity issues (e.g. habitat protection), etc. In addition, both the North Coast Area Plan Project Description and the draft Estero Area Update include proposed standards that would allow the extension of services to new development beyond the USL in special circumstances.⁴ The proposed standards may not be appropriate in light the 30250 requirement to concentrate urban development and they will need further evaluation through the Area Plan updates. Also, the County has commented that amendments to the LCP's

⁴ Currently, the LCP only allows such extension between the USL and the URL, and then only to existing parcels adjacent to the USL, for development of a single family home that would not require a trunk line extension (i.e. lateral connections only). See CZLUO 23.04.430(b).

Framework for Planning, which provides general discussion of how the LCP works, may be needed to clarify the function of the USL. In addition to deleting unnecessary text, Preliminary Recommendation 2.3 is therefore amended as follows:

~~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. Amend LCP (Framework, Policies, Ordinances, Area Plans) as necessary to clarify where and under what circumstances the provision of urban services to new development outside of the USL is appropriate.~~

Recommendation 2.4

This recommendation complements Recommendation 2.3 and focuses more specifically on the need to reduce development on the urban edges of Cambria and Los Osos. The County does not disagree with this recommendation and has commented that potential amendments to reduce development potential should be evaluated through the Area Plan update process. As noted above, public comment has focused on including specific parcels in Los Osos within the USL; on further limiting general development potential in Los Osos, and on the need to provide for needed school sites through the planning process. The Area Plan Update process is an appropriate mechanism for evaluating and implementing specific changes in the USL. In addition, the County likely will be submitting an LCP amendment to the Commission to adjust the USL in Cambria to accommodate a proposed school, which will require further review, particularly a thorough alternative site analysis, for consistency with the Coastal Act policies to maintain urban-rural boundaries and protect agricultural lands. As suggested in the Public Comments, the Area Plan updates should specifically evaluate the need for future schools or other public facilities and provide for these in the Area Plan. Thus, additional school site planning may be needed for both Cambria and Cayucos. The Estero Update also proposes numerous changes to the USL which will need specific evaluation, particularly in light of on-going evaluation and development of the Habitat Conservation Plan for Los Osos (see below). Finally, as discussed in the *Preliminary Report*, land use designations outside of the USL should be reevaluated for consistency with the Section 30250 requirement that subdivisions not be allowed if 50% of the usable parcels in the area have not been developed. At one time this policy was directly incorporated in Public Works Policy 1 and perhaps should be revisited as an appropriate policy to maintain urban-rural boundaries and concentrate development. Preliminary Recommendation 2.4 is amended slightly, including deletion of unnecessary text:

~~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, and evaluating consistency of such with Coastal Act section 30250. ~~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.~~

Recommendation 2.5

The County agrees with this recommendation, and has suggested that mitigation banking be considered as an implementation mechanism to protect habitat. Commission staff are currently working with the Los Osos CSD, the County, U.S. Fish and Wildlife, the Department of Fish and Game, the Greenbelt Alliance, and others to develop a multi-species HCP that includes planning and implementation mechanisms for incorporation into the LCP. Preliminary Recommendation 2.5 is amended to incorporate the County's suggestions.

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. Mitigation banking should be further evaluated as a potential implementation mechanism.

Recommendation 2.6

The County agrees with this recommendation with the understanding that the Commission was not recommending that a Redevelopment Agency be established but rather, that policies, programs, changes in land use designation and zonings, and implementing mechanisms be considered that would encourage redevelopment in the urban core rather than development outside the USL. Other strategies to promote concentration of development in urban areas might include transportation management, evaluating the jobs-housing balance, etc. More detailed evaluation of possible mechanisms will be necessary, particularly in light of on-going HCP planning in Los Osos. Changes to Preliminary Recommendation 2.6 clarify the intent of the recommendation.

~~**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.~~ **Encourage Concentration of Development in Urban Areas.** Amend the LCP to provide incentives for development, including broad redevelopment strategies, within the USL. For example, the County should consider developing planning and regulatory mechanisms to transfer development potential from outside the USL to inside the USL.

4. Conclusion

The *Preliminary Report* presented evidence and analysis showing that the San Luis Obispo County LCP has not been effectively implemented in conformance with the Coastal Act section

30250 requirement to concentrate urban development by maintaining stable urban-rural boundaries (see Exhibit A, Findings incorporated herein by reference). After further evaluation and consideration of public comments, pursuant to Coastal Act section 30519.5, the Commission adopts Final Recommendations 2.1- 2.6 as appropriate corrective actions for submission to the County.

B. Concentration of Development: Preventing Cumulative Impacts to Rural Lands
(Recommendations 2.7 – 2.11)

1. Summary of Preliminary Periodic Review Findings (Exhibit A, pp. 29-38)

In addition to evaluating urban-rural boundary issues, the *Preliminary Report* evaluated cumulative development patterns in the non-urban areas of the County, LCP implementation since 1988, and the existing policies, ordinances, and land use designations of the LCP, in order to assess conformance with the Coastal Act 30250 policies that require concentration of development in existing developed areas and that assure that development will not have significant adverse effects, either individually or cumulatively, on coastal resources. The report observed that while coastal development in rural areas accounted for only about 10% of the total development approved since LCP certification, that this development was nonetheless significant in raising concerns about protection of coastal resources in rural areas, such as scenic landscapes, sensitive habitats, and agricultural lands. In particular, approximately 260 permits for coastal development in rural areas were approved since certification, including 54 residential projects, a variety of commercial developments, visitor-serving development, and lot-line adjustments or subdivisions.

More detailed analysis in the *Preliminary Report* focused on the issue of concentration of development in the North Coast Planning Area, and cumulative impacts in rural areas generally. The report discussed the increasing significance of the relatively undeveloped North Coast coastal environment, particularly the need to continue to focus on planning for and concentrating new development only in appropriate existing development nodes. Acknowledging newly identified sensitive species, improved knowledge about limited resources such as riparian habitat and groundwater supplies, and growing public appreciation of the relatively undeveloped scenic landscapes of the North Coast, the report highlighted the County's current Project Description alternative for the North Coast Area Plan update that would rezone Hearst Ranch lands currently zoned for recreation, back to Agriculture, and establish a specific plan and environmental review process to better evaluate appropriate types, locations, and intensities on non-agricultural development on the Hearst Ranch. The report also touched on continuing pressures on coastal resources exerted by visitor-serving activities associated with Hearst Castle, other State parks, and coastal recreation generally. This included concern for the traffic capacity of Highway One which, under Coastal Act section 30254, must remain a two-lane rural highway.

The *Preliminary Report* also analyzed cumulative development patterns along the Harmony Coast of the North Coast planning area. The report discussed an emerging trend of development

of non-agricultural estates that, over the long run, may drive out agricultural and farm activities in rural coastal areas, contrary to the Coastal Act policy to protect agriculture. Because of their generally larger scale and character, these developments also present distinct challenges with respect to potential impacts to scenic views, sensitive habitats, and other coastal resources. This trend was also analyzed in the Agriculture chapter of the *Preliminary Report*, particularly the role that Certificates of Compliance and subsequent lot-line adjustments can play in facilitating the incremental conversion of agricultural lands to rural residential areas that may no longer be conducive to on-going agricultural activities.

Overall, the *Preliminary Report* concludes that the LCP does not contain sufficient programs, policies, and standards to address the requirements of Coastal Act section 30250 and 30254, particularly in light of continuing development trends approved under the certified LCP (Findings incorporated herein by reference). In response, the *Preliminary Report* discussed five recommendations addressing the need for: (1) strengthened standards to address development potential on non-conforming lots; (2) evaluation of options for processing non-conforming lots in single ownerships; (3) further concentrating development at limited existing nodes; (4) requiring resource capacity studies prior to considering major development proposals; and (5) updating the LCP to address large residential developments. (see Preliminary Recommendations 2.7 – 2.11 on pp. 38-40 of Exhibit A).

2. Comments Raised

SLO County Response (Exhibit C)

Overall, the County does not disagree with Preliminary Recommendations 2.7-2.11, but has suggested various modifications to language and implementation approaches, discussed in more detail below. Particular comments include modifying Preliminary Recommendation 2.9 to consider potential visitor-serving uses at the Hearst Castle Visitor Center, and to address house size limitations to protect coastal resources through performance standards rather than specific size limits on disturbance or square footage.

Summary of Public Comment (Exhibit D)

As in 1998, when the Commission considered amendments to the North Coast Area Plan of the SLO LCP, general comments have been received from the public concerning potential visitor-serving development on the Hearst Ranch. Concerns include potential impacts to sensitive habitats and viewsheds, and whether there are sufficient resources, particularly water supply, to support new visitor-serving development. Comments also raised the issue of the agricultural easement requirement that was included in the originally certified North Coast Area Plan and subsequently removed through an LCP amendment (see below for detail). The Hearst Corporation has provided a comprehensive response to the Preliminary Report which, among things, includes a general request that the Periodic Review not recommend any changes to the zoning on the Hearst Ranch at this time, as opposed to evaluating such changes through the North Coast Area Plan update process (see Exhibit D, D-357). More specific comments from the Corporation are addressed below.

3. Analysis

Based on further review, discussions with County staff, and analysis of the public comments received on the *Preliminary Report*, changes to preliminary recommendations 2.7-2.11 are proposed as follows:

Recommendation 2.7

This recommendation overlaps with Agricultural recommendation 5.4 which provides more comprehensive and specific discussion of recommended changes to address cumulative impacts in rural and agricultural areas. The County does not disagree with this recommendation but does propose modifications that would limit the recommendation to consideration of amendments to lot-line adjustment criteria to assure conformance of lot-line adjustments with the coastal resource protection standards of the LCP. The Preliminary Recommendation is modified to delete unnecessary text and to refer to Agricultural Recommendation 5-4.

~~**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. See Agriculture Final Recommendation 5.4. More detailed discussion of policy options is discussed in the Agriculture chapter.~~

Recommendation 2.8

The County has agreed to consider this recommendation, including exploring legal options for maximizing the protection of Agricultural land. Some members of the public have commented that the question of lot merger is the province of the Subdivision Map Act. Further discussion with County staff also has focused on providing incentives for voluntary merger of non-conforming parcels rather than developing an ordinance pursuant to the California Subdivision Map Act that would require merger of substandard parcels in a common ownership.⁵ In light of

⁵ PR 2.8 is amended to replace single ownership with “common ownership,” which is a more precise term for purposes of this issue. It should be noted that there are several cases that have held that two or more contiguous, commonly owned parcels can, under certain circumstances (i.e. when the owner has treated them as a single unit for purposes of purchase, development, or financing) be treated by regulatory bodies as comprising a single parcel. See

the Map Act's primary role in circumscribing local merger processes, the problem of non-conforming lots in rural areas of the coastal zone may be effectively addressed through amendments to the Subdivision Map Act, similar to the exemption provided for Napa County.⁶ With respect to the LCP, though, the County could begin a process of assessment, to at least identify those non-conforming parcels that might qualify for merger under the SMA (see Agriculture discussion for more detail). Finally, the last part of PR 2.8 is struck, as the issue of lot-line adjustments is addressed through Agricultural Recommendation 5.4.

~~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 common ownership, including identification of non-conforming parcels and legal options for lot merger, to maximize protection of agricultural lands. As part of this effort, the County and Commission should consider policy, ordinance, and program options, including those that would provide incentives to encourage voluntary merger of non-conforming parcels. ~~Proposals to adjust or development single parcels of larger agricultural holdings should not be allowed without comprehensive evaluation of the entire agricultural holding.~~

Recommendations 2.9/2.10

These recommendations address appropriate land use designations and resource planning for the North Coast rural areas, primarily the Hearst Ranch. The County has indicated that recommendation 2.9 should be modified to consider potential visitor-serving uses at the Hearst Castle Visitor Center, and to state that zoning changes will be addressed through the North Coast Area Plan Update process. For recommendation 2.10, the County suggested requiring a detailed resource assessment not a capacity study (which is a term associated with the RMS program), prior to major developments, as well as clarifying what constitutes a "major development."

As mentioned in the overview above, the Hearst Corporation has requested that no recommendations concerning land use zoning on the Hearst Ranch be made through the Periodic

District Intown Properties LP v. Dist. of Columbia (D.C. Cir. 1999) 198 F.3d 874, cert. den. 121 S.Ct. 34; *Forest Properties, Inc. v. U.S.* (Fed. Cir. 1999) 177 F.3d 1360, cert. den. 120 S.Ct. 373; *K&K Construction Co. v. Dept. of Natural Resources* (Mich. 1998) 575 N.W.2d 531, cert. den. 525 U.S. 819, 1034; and *Ciampitti v. U.S.* (1991) 23 Cl.Ct. 310.

⁶ The Subdivision Map Act currently provides, in part:

66451.22. (a) The Legislature hereby finds and declares that: (1) The agricultural area of Napa County has become extremely important over the last 25 years as a premier wine grape growing region of worldwide importance and should thereby be protected from parcelization.

....

(b) Notwithstanding any other provision of law, the County of Napa may adopt ordinances to require, as a condition of the issuance of any permit or the grant of any approval necessary to develop any real property which includes in whole or in part an undeveloped substandard parcel, that the undeveloped substandard parcel be merged into any other parcel or parcels that are contiguous to it and were held in common ownership on or after the effective date of this act, whether or not the contiguous parcels are a part of the development application, except as otherwise provided in subdivisions (d) and (e).

Review. In addition, the Corporation has commented that “[n]o showing has been made in the Staff Report that reducing zoning for visitor-serving uses on Hearst Ranch is necessary to make the existing certified LCP consistent with the Coastal Act.” Other comments include observations that the existing NCAP zoning is located consistent with Coastal Act section 30250. Overall, the Hearst Corporation recommends that this recommendation be removed and concludes:

Locating visitor-serving uses on the Hearst Ranch is best accomplished with community and property owner participation in the NCAP update process. This is a local government decision that requires community input. (Exhibit D, pp. D-357)

The Commission has also received general public comment raising concerns about future visitor-serving development and potential impacts to coastal resources on the Hearst Ranch. This includes concern for inadequate water supply and impacts to habitats and viewsheds. In addition, some comments have raised the issue of the originally certified LCP standard that would have required an agricultural easement on the Ranch in conjunction with any approved visitor-serving development (amended out of the LCP in 1988). The Cambria CSD has specifically requested that the scale and local service and housing impacts of potential Hearst Resort development be addressed in the Periodic Review.

In addition to the public comments received on this issue, the Hearst Corporation has been involved in discussions with different organizations about various conservation options for the Ranch that would also maintain the potential for compatible visitor-serving facilities. The Corporation has also submitted an application to the County of San Luis Obispo for 274 certificates of compliance on the Ranch, and has also provided the Commission with copies of these applications. Commission staff have been in close communication with the County to facilitate a coordinated review of the materials. As of this writing, the County has not completed its review, and has expressed an interest in working with Commission staff to more closely coordinate on development applications in the coastal zone.⁷ To this end, Commission staff will continue to pursue full consultation with the County on the Hearst COC application prior to any final decisions concerning issuance of any certificates of compliance. As discussed in the Preliminary Report, Certificates of Compliance are often the precursor to development proposals, or to lot-line adjustment proposals to facilitate development, that may ultimately conflict with existing land uses, particularly in agriculturally-zoned areas.

As with other recommendations in the Preliminary Report, Preliminary Recommendations 2.9 and 2.10 were developed to address the Coastal Act 30519.5 Periodic Review task of proposing corrective actions to the County that will assure that its LCP is adequate to implement the Coastal Act in light of current circumstances and knowledge about coastal resources on the Hearst Ranch. The recommendations also are consistent with, and build on the LCP modifications and policy direction adopted by the Coastal Commission in its 1998 approval with

⁷ Letter from Vic Holanda, County Planning Director, to Tami Grove, Central Coast Deputy Director, June 15, 2001.

modifications of the North Coast Area Plan Update, which included a lengthy discussion of the question of agricultural resource protection on the Ranch. Finally, the recommendation reflects more recent comments of Commission staff on land use on the Hearst Ranch that refine 1998 policy direction, and that highlight the importance of scenic resource protection along the North Coast (see Exhibit A, Appendix E).

To better understand the context of Preliminary Recommendations 2.9 and 2.10, it is important to understand the history of coastal land use zoning and agricultural issues on the Hearst Ranch. In particular, as discussed in the Commission's 1998 Adopted Findings for the North Coast Update, it is important to understand the policy gap that currently exists concerning the question of an agricultural easement. This discussion is quoted in full on the following pages.

1998 Adopted Commission Findings on North Coast Area Plan Update:

1. Hearst Ranch Non-Agricultural Development

Non-agricultural development on the Hearst Ranch has been a controversial issue since the early 1960s. Prior to the Coastal Act, a proposal was made to develop 20,000 homes on the Hearst Ranch that would have housed approximately 60,000 people. This proposal remained a real possibility until 1975, when the County of San Luis Obispo voted to rescind the so-called "Piedras Blancas plan".¹ After the passage of the Coastal Act in 1976, attention turned to the designation of recreational lands in and around San Simeon Point.

The next significant action occurred after the passage of the Coastal Act. The Land Use Plan portion of the San Luis Obispo County LCP was initially submitted for Commission review in 1982. At that time the Plan provided for the designation of five Commercial/Visitor Serving sites on the Hearst Ranch (900 hotel units, two golf courses, and a variety of commercial uses). During the Plan hearings at both the County and Coastal Commission levels, there was substantial local opposition to the level of non-agricultural development proposed on the Hearst Ranch. The Commission determined that a reduced amount of Commercial/Visitor Serving Uses could be accommodated on the ranch, but only if such non-agricultural development was adequately mitigated by an agricultural/open space easement over the remainder of the ranch lands in the coastal zone. The easement, which was included in the original certified NCAP in 1983 as a development standard for the Hearst Ranch, required the following:

Hearst Ranch - Agricultural/Open Space Easement. Concurrent with the development of the Staging Area, the applicant shall grant an easement to the county over all land designated Agricultural on the Land Use Element maps. This easement shall remain in effect for the life of the visitor-serving developments approved on the ranch unless modified by an amendment to the LUP and shall limit the use of the land covered by the easement to agriculture, non-residential use customarily considered accessory to agriculture, farm labor housing and a single family home accessory to agricultural use. All lands unsuitable for agriculture because of habitat and resource protection or soils characteristic reasons shall be limited to non-structural, non-agricultural, open spaces uses. The county shall consult with the Department of Fish and Game and the Hearst Corporation to establish standards which shall be incorporated into the easement to protect environmentally sensitive habitats of the Arroyo de la Cruz and San Carpoforo Creek watersheds.

This easement standard provided for the dedication of Agricultural and Open Space Easements over all ranch land designated for agricultural use at the time of development of the visitor serving facilities at the "Staging Area" located on the east side of Highway 1 near the State Park entrance facilities. The purpose of the easement was to protect agriculture and habitat values on the Hearst Ranch outside of the four areas designated for visitor serving uses in the LCP. The easement requirement would have applied to the roughly 50,000 acres of the Hearst Ranch within the coastal zone. More important, the standard was developed and adopted by the Commission as an essential adjunct to the designation of more than 300 acres of viable ranch land for visitor serving uses (650 hotel units, commercial uses, employee units, golf course and equestrian center).

However, both the County and representatives for the Hearst Corporation opposed the easement requirement and the 1983 Commission approval of the LUP with modifications was not accepted.

The San Luis Obispo County LUP was resubmitted in 1984. Again controversy surrounded the issue of development on the Hearst Ranch and the easement requirement. Once again the Commission approved the LUP with a reduced level of Commercial/Visitor Serving development if modified to include the easement requirement. This time, the County accepted the Commission's approval as modified but indicated that an amendment to delete the Agricultural/Open Space Easement would be sought at a later date.

An amendment requesting deletion of the Easement requirement was submitted by the County in late 1984. In February of 1985, the Commission again found that the easement requirement was necessary to mitigate the impacts of the Commercial/Visitor Serving uses on identified Coastal Resources. The Amendment request was denied. The Commission directed staff to continue discussions with the County in order to determine whether a mutually acceptable alternative method of protecting coastal resources on the ranch could be found.

Another request to delete the easement provision was submitted later in 1985. In November of 1985, the Commission found that the easement was required, but that it could be phased as the individual nodes of non-agricultural development were built-out. The easement language was thus modified to reflect the Commission's decision. The Hearst Corporation Representatives indicated the suggested modification was unacceptable. The County declined to accept the modifying language with the effect that the original policy language providing for the entire easement at the time of development of the first project at the Staging Area remained.

Finally, in 1987, the Planning staff at San Luis Obispo County offered alternatives to the Board of Supervisors including the use of Agriculture Preserve contracts and a combination of agriculture/open space easements adjacent to proposed development nodes plus Agriculture Preserve contracts. County staff recommended the combination easement/ag contract alternative. A single hearing was held on this item at the Board of Supervisors meeting of December 15, 1987. A review of the complete transcript of the hearing, indicates that the controversy continued. Several members of the public spoke both in favor and against deletion of the easement requirement. Representatives of the Hearst Corporation argued against both the existing easement requirement and the alternative proposed by staff. Hearst contended that the easement was excessive, not required and would likely expose the County to lawsuits as a result of the recent Nollan decision concerning the question of appropriate land use exactions and nexus. The Board voted 4-1 to delete the easement.

The deleted easement came before the Commission in LCP major amendment #2-88. Commission staff again recommended that the easement requirement be retained, but also that it

be reduced in size to make it more consistent with County standards in the certified LCP. These standards require that when any non-agricultural uses are proposed for agricultural lands, that agricultural and open space easements be granted for all remaining agricultural lands shown on site plans and that non-agricultural development be limited to 2% of the entire site (see Policy 3; CZLUO 23.04.050). Using a similar logic, staff recommended that the easement cover only 15,000 acres of the ranch, which was proportional to the 300 acres of non-agricultural development being allowed. The Commission ultimately went against the staff recommendation and voted 7-5 to delete the easement, on the grounds that the remainder of agricultural lands on the Hearst Ranch would be adequately protected by existing LCP policies concerning the conversion of agricultural lands.[#] This finding, though, did not address or make a finding concerning the initial conversion agricultural lands to non-agricultural use but merely considered the protection of agriculture beyond the Hearst resort conversion (see below for more detail)

With the deletion of the agricultural easement standard, potential non-agricultural development on the remainder of the Hearst Ranch is governed by two standards in the NCAP and the more general agricultural conversion policies and ordinances of the LCP. The existing NCAP requires that any land divisions of the Hearst Ranch agricultural lands must result in parcels that constitute individually viable agricultural units. In the alternative, agricultural land divisions may be acceptable if they improve the viability of adjacent holdings (see 7-12 of NCAP update).

The general agricultural policies and ordinances of the LCP also govern proposed land divisions and non-agricultural uses. Policy 1, for example, requires the maintenance of prime agricultural lands, similar to section 30241 of the Coastal Act. It also requires that other agricultural lands be maintained as such unless this is not feasible; or unless conversions would preserve prime agricultural land or concentrate urban development within or contiguous to existing urban areas that have adequate public services.

Coastal Plan Policy 2 governs the division of agricultural land. In effect, land divisions for prime soils are prohibited unless certain findings of continued agricultural viability are made. Divisions of non-prime lands are prohibited "unless it can be demonstrated that existing or potential agricultural productivity of any resulting parcel determined to be feasible for agriculture would not be diminished." This policy is implemented as a standard, not through a specific ordinance. As such, the Coastal Plan Policy document notes that Policy 2 may lead to "substantially larger minimum parcel size for non-prime lands than identified in the Coastal Zone Land Use Ordinance."

Policy 3 sets forth specific standards for allowable supplemental non-agricultural uses. The most important part of this policy, is the requirement that non-agricultural development may not exceed 2% of the gross area of the parcel(s) at issue; and that an agricultural/open space easement must be placed over the remaining 98% lands. Other Agricultural policies govern the siting of structures, the urban-rural boundary, lot consolidation, water supplies, agricultural practices, and other miscellaneous agricultural requirements (Policies 4 through 12).

Finally, certain Coastal Zone Land Use Ordinances regulate agricultural lands as well. Minimum parcel sizes for land divisions are regulated by ordinance 23.04.024, which defines two separate methods for determining parcel size. One method is based on the existing use of a parcel. For example, land used for grazing has a minimum parcel size 320 acres, as opposed to 20 acres for irrigated row crops, nurseries, orchards, and vineyards. The other method for determining minimum parcel size uses land capability based on the Soil Conservation Service classification system. For example, Class I lands have an allowable minimum of 20 acres, whereas Class VII-VIII have a minimum of 320 acres. Proposed minimum parcel sizes must meet both tests to be approved. Ordinance 23.04.050 governs supplemental non-agricultural uses to implement Policy

3. Finally, ordinance 23.04.432 prohibits the extension of services beyond the urban services line, to minimize conflicts between agricultural and urban land uses.

The County has made several limited changes to NCAP agricultural policies that affect the Hearst Ranch agricultural lands. The County has added a provision that requires an "Ag-viability report" to be submitted with any applications for land divisions and lot line adjustments to the Agriculture and Rural Lands categories (7-8). In addition, standards have been added that (1) require parcel configuration to maintain and enhance agricultural viability; and (2) require findings to be made that resulting parcels will maintain and enhance agriculture and that potential non-agricultural uses will not have an adverse impact on surrounding agricultural uses (7-9).

The County has also updated the specific Agriculture category standards (7-12). First, the standards are revised to apply to all agricultural lands, not simply the Hearst Ranch. Second, the County has exempted land divisions necessary for public works or services from the agricultural criteria. Finally, the County has repeated the requirement for an Agriculture viability report that evaluates the effects of proposed land divisions.

Conformance with Coastal Act

The Coastal Act establishes a clear mandate for the preservation of agricultural lands, including non-prime soil lands suitable for grazing and other non-crop agricultural activities. Except for lands where agricultural viability is already "severely limited" by conflicts with existing urban uses (e.g. "in-holdings" and on the urban periphery), the standard for conversion of agricultural lands under Sections 30241 and 30242 is extremely high. The conversion of prime agricultural lands is effectively prohibited; the conversion of all other agricultural lands is prohibited unless it is shown that: "continued or renewed agricultural use is not feasible, or . . . [that] such conversion would preserve prime agricultural land or concentrate development consistent with section 30250."

As discussed in the Development findings, a limited amount of visitor-serving development (100 units) is allowable within the existing development node at Old San Simeon under the visitor-serving exception of Section 30250(c). However, any development beyond this limited envelope would require the conversion of agricultural lands currently used or available for grazing. Each of the other proposed areas for visitor-serving development -- the Staging Area, the lands around Old San Simeon, the proposed golf course lands, as well as the site for the proposed Pine Forest facility -- either are or have been used for cattle grazing recently. A recent evaluation of agricultural viability on the Hearst Ranch, as well as recent staff visits to the vicinity, have documented cattle grazing uses on Phase One, Three, and Four lands.ⁱⁱⁱ A 1988 review of Agricultural uses on the Ranch documented the following uses in the areas proposed for non-agricultural visitor-serving development:^{iv}

The Staging Area:	Seasonal Holding Field for Cattle Being Shipped
Between Old San Simeon and Highway	Small Pasture for 6 cows and calves
One:	
San Simeon Point and Proposed Golf	Used for 120 cows and calves
Course:	
Pine Forest Resort Envelope:	Part of larger cow and calf pasture

In this comprehensive planning update of the NCAP, the Commission is obliged to consider anew whether the non-agricultural development proposed by the Hearst Corporation and incorporated into the updated NCAP is consistent with Coastal Act Section 30242. Indeed, such an analysis is particularly warranted considering the history of proposed non-agricultural uses on the Ranch and the agricultural easement standard originally adopted by the Commission. Technically speaking, a

finding that agriculture (namely grazing) was not feasible on the Hearst Ranch has never been made. As discussed briefly above, the original conversion of 300 acres or more of the Hearst Ranch to non-agricultural lands was allowed only because the Commission consolidated and limited the scale of non-agricultural development, and, because of the guarantee provided by the agricultural easement that no further non-agricultural development would occur on the ranch. The easement requirement effectively retired the remaining non-agricultural development potential on the Ranch. The Commission, therefore, was able to find that on balance, the Hearst resort proposal was consistent with sections 30241 and 30242.^v

However, because the agricultural easement standard is no longer part of the NCAP, the question of the conversion of agricultural lands on the Ranch must be revisited. In particular, when the Commission approved the deletion of the easement requirement in 1988, the question of the initial conversion of the agricultural lands required for the Hearst Corporation's non-agricultural visitor-serving uses was not reevaluated. Rather, the adopted findings focused on the remaining agricultural grazing lands and whether existing County policies were sufficient to protect these lands from future non-agricultural development.^{vi} This oversight in the 1988 amendment to the NCAP effectively leaves a policy gap that must be considered in this comprehensive update of the NCAP. As discussed in more detail below, the lack of a finding on the initial conversion of agricultural land on the Hearst Ranch leaves a significant inconsistency with Coastal Act section 30242, and effectively gives the Hearst Ranch agricultural lands special treatment relative to other agricultural lands in the North Coast. Overall, sound public policy requires a comprehensive reevaluation of the proposed conversion of agricultural lands on the Hearst Ranch.

After these findings, the Commission went on to find in its 1998 action that the Hearst Ranch was a viable agricultural operation, based in part on an agricultural feasibility study submitted by the Corporation.⁸ This included findings that areas targeted for visitor-serving development were viable grazing lands. The Commission concluded:

Overall, it is clear that the conversion of grazing lands by the proposed visitor-serving development is not allowable under the first test of Section 30242. The Ranch is a viable, in fact, increasingly viable agricultural operation⁹.

ⁱ The Cambrian, December 3, 1987, 5.

ⁱⁱ San Luis Obispo County Major LCP Amendment 2-88, Adopted Findings, August 25, 1988.

ⁱⁱⁱ Comments of the Hearst Corporation, Tab G.

^{iv} Sage Associates, *The Hearst Ranch Agricultural Compatibility Study Visitor Serving Facilities*, July 1988, 4.

^v The Commission found that "an easement . . . over the remaining property [was] necessary in order to find that the development proposed on the Ranch [could] be balanced with the maintenance of the existing agricultural uses . . . protected by Sections . . . 30241 and 30242 of the Coastal Act." CCC, Revised Findings for Suggested Modifications for Resubmittal, Oct. 10, 1983.

^{vi} See California Coastal Commission, Adopted Findings, San Luis Obispo County Major LCP Amendment, 2-88, August 25, 1988.

⁸ Sage Associates, *The Hearst Ranch Agricultural Compatibility Study Visitor Serving Facilities*, July 1988.

⁹ *North Coast Area Plan Update Adopted Findings*, California Coastal Commission (1998).

Based in part of these findings of viability, and the policy inconsistency with the Agricultural conversion policies of the Coastal Act, the Commission adopted, in 1998, modifications to the North Coast Area Plan that would limit non-agricultural development on the Hearst Ranch to a 100 acre development envelope in and around San Simeon Village, buffered with a more limited 1000 foot agricultural easement; all other land on the Ranch would be zoned back to Agriculture with the exception of San Simeon Point, which would be placed in Open Space zoning. The Commission also specified that 375 visitor-serving units, as opposed to the contemplated 650, was the absolute maximum number of visitor-serving rooms that could be accommodated. This development location and intensity was derived by concentrating the estimated development potential of the Ranch within the identified development node. In addition, the Commission found that no golf course could be allowed. These modifications were necessary to achieve consistency with the 30250 and 30242 requirement to concentrate development in order to convert agricultural lands to non-agricultural land uses.¹⁰ Finally, future land uses on the remainder agriculturally-zoned lands would be strictly limited to agricultural uses only, to protect against future non-agriculture development outside of the one visitor-serving node at San Simeon Village.

Because San Luis Obispo County did not accept the Commission's modifications to the LCP, the policy gap concerning consistency with the Agricultural protection policies of Coastal Act section 30242 remains in the North Coast Area Plan. In addition, since 1998 and the County's preparation of a new Project Description for the North Coast Update, debate has continued about the appropriate zoning and planning processes to put into place in order to address both potential coastal resource constraints (such as lack of water), and future intensive visitor-serving development on the Ranch. The Hearst Corporation has indicated in its comments that studies will be necessary to ensure that any development would be self-sustaining, but has also stated that there are numerous water sources on the Hearst property.¹¹ In the 1998 NCAP findings, the Commission adopted modifications to the LCP that emphasized the need for adequate resource studies prior to considering development proposals, including improved water monitoring and application of in-stream study methods to protect steelhead. These modifications were found to be necessary in part because of the lack of good monitoring data, and significant uncertainty about the safe-yield of the Arroyo de la Cruz and San Carpoforo groundwater basins.

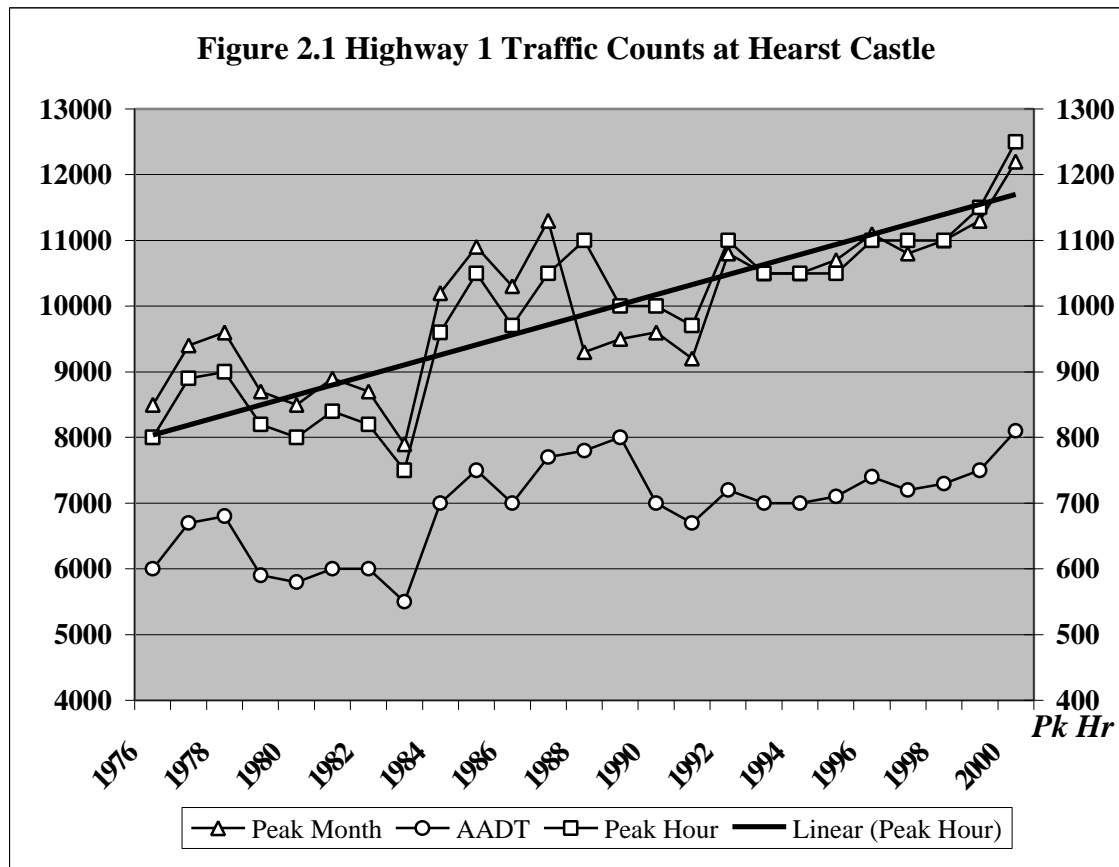
As discussed in the *Preliminary Report*, the capacity of Highway One also is a serious continuing concern related to the environmental constraints on future development on the Hearst Ranch. The currently certified NCAP contains a planning standard that states that inadequate road capacity shall be grounds for denial of future development projects on the Hearst Ranch, unless mitigation measures are incorporated to provide adequate capacity without increasing traffic lanes or using traffic signals.¹² As discussed, Highway One in the vicinity of the Hearst Castle Visitor Center is currently at Level of Service (LOS) D. Figure 2.1 illustrates the steady increase in traffic counts at the Visitor Center since 1976 when the Coastal Act was adopted

¹⁰ The total maximum number of units under the Commission's modifications would have been 535, including 375 visitor rooms, a 60 bed hostel or 50 unit campground, and 100 units of employee housing.

¹¹ The Corporation cites the County's Water Master Plan but it is not clear what water sources are being referenced.

¹² North Coast Area Plan, 8-11, Std. 10.

(56% peak hour; 35% Average Annual Daily Traffic). Since certification of the current LCP road capacity policy, peak hour traffic counts at the Visitor Center have increased more than 40%. In 1998, the Commission found that LOS D, while “marginally acceptable,” should be the very worst service that Highway One should be allowed to reach here, in order to protect and provide maximum public access and recreation along the North Coast. North of the Visitor Center, on the way to Big Sur, the Commission adopted a proposed standard of LOS C. Maintaining Highway One capacity for visitors to Big Sur has been an on-going concern since adoption of the Coastal Act.



Also, in August of 2000, Commission staff provided comments to the County on the Project Description for the new NCAP (See Exhibit A, Appendix E). These comments highlighted the significant changed circumstances even since 1998, including the designation of Highway One between San Luis Obispo and the County line as a State Scenic Highway, and increased visitors to the rural North Coast. The comments also observe:

There is growing recognition in California that highly scenic, unbuilt, natural landscapes are vanishing at an alarming rate and there is no geographic region of the State where this threat is more acute than on the coast. Further,. . . there is perhaps no other reach of coast in California that is more deserving of the

strongest possible protections than the southern gateway to Big Sur, . . . The North Coast is at once a powerful landscape of incomparable and stunning beauty and yet is extremely vulnerable to degradation by development. This precarious situation demands bold and timely action by the county for the benefit of current and future generations.

The comments go on to recommend that the County amend the North Coast Area Plan to include:

*. . . progressive measures to prevent new development outside of existing urban areas that would be visible from public areas, including public roads, parks, trails, and state ocean waters. The two minor exceptions to this standard that might be considered are **small-scale infill development within Old San Simeon Village** that will enhance coastal recreation opportunities and be consistent with the scale, character and tradition of existing structures; and minor structures ancillary to, and necessary for, the continuation of a viable agricultural use [emphasis added].*

Preliminary Recommendations 2.9 and 2.10 also partly reflect the County's current Project Description for the North Coast Area Plan Update that would rezone Recreational lands on the Ranch to Agriculture, and then establish a specific planning process for consideration of future visitor-serving development in a particular area (see Exhibit A, pp. 33-34). This area includes the 100-acre development envelope identified by the Commission in 1998, as well as additional surrounding lands. This type of amendment to the North Coast Area Plan would at once acknowledge the possibility of some future visitor-serving development in a general area, while bracketing the specific questions of the appropriate locations and intensity of development depending on future environmental resource studies.

Finally, comments have been received from the both the SLO Visitor's Conference Bureau and the Hearst Corporation questioning the *Preliminary Report's* discussion of visitor-serving demand for overnight accommodations such as those contemplated in the certified NCAP. In 1998, the Commission's NCAP findings for the Hearst Ranch included an analysis of the need for such accommodations and, based on evidence of a 55% occupancy rate in the North Coast Area, concluded that it was "by no means clear that certain types of middle range visitor-serving development [were] needed along the North Coast."¹³ The Commission ultimately concluded that limiting visitor-serving development to the San Simeon Village area, eliminating any golf course development, and requiring a low-cost component was "more in keeping with the preferences of the Coastal Act for public visitor-serving experiences."¹⁴

¹³ North Coast Area Plan Adopted Findings, p. 93.

¹⁴ *Id.*, p. 94.

3. Analysis

Under the Coastal Act, new development must be concentrated in existing developed areas or selected points of visitor attraction that are able to accommodate it, and where it will not have adverse individual or cumulative impacts to coastal resources (30250). In addition, the maximum amount of prime agricultural lands (in this case mostly grazing lands) must be maintained, and non-prime lands must not be converted unless such lands are no longer feasibly used for agriculture, or such conversion would preserve prime land or concentrate development (30241; 30242). Also, Highway One must remain a two-lane scenic road in rural areas such as the North Coast (30254); the scenic and visual qualities of coastal areas shall be protected and new development must be compatible with the scenic character of an area (30251); and environmentally sensitive habitats and coastal water quality must be protected (30240; 30230; 30231). Other Coastal Act policies include the need to maximize public access, avoid coastal hazards, protect cultural resources, and enhance public coastal recreation (30210; 30253; 30244; 30222). Finally, oceanfront land should be reserved for recreational uses unless the demand for such activities is already being met (30221).

In light of the various issues, public comment, current environmental circumstances, and the Corporation's recent activities concerning potential non-agricultural development on the Hearst Ranch, Preliminary Recommendations 2.9 and 2.10 should be revised to be more specific about the appropriate LCP land use designations and planning processes that are necessary corrective actions for the San Luis Obispo County LCP to conform with the above Coastal Act requirements. Lacking such changes, the County's LCP is not being carried out in conformance with the Act.

First, overall the recommendations are reframed to be clear that the current LCP zoning and standards for potential large-scale visitor-serving development (up to 650 units) on the Hearst Ranch are not appropriate. More specifically, any recreational zoning on the Hearst Ranch should be changed to agricultural zoning, except for San Simeon Point, where open space/resource conservation zoning is more appropriate in order to protect scenic resources and the other sensitive resources currently identified in the LCP's SRA combining designation for the Point.¹⁵ This zone change is required in part to maximize protection of lands that are currently used for, and part of, a viable agricultural operation. This zone change will also address the Coastal Act requirement to not convert agricultural land to other land uses absent the required findings of sections 30241 and 30242 to assure that only non-viable agricultural lands or lands threatened or surrounded by urban development are converted, that development is concentrated, that the conversion would preserve prime lands, and that surrounding agricultural lands are protected. The LCP has failed to meet these tests, and lacked the supporting findings

¹⁵ As discussed in the ESHA chapter, combining designation overlays for other areas of the Ranch should be identified and updated where necessary, including areas such as the Pine Forest, which currently has a terrestrial habitat ESHA overlay. Other sensitive resource overlays may be needed as well, such as the scenic resource protection discussed in the Scenic Resources chapter, and hazardous areas.

for the recreational zoning at least since 1988, when the agricultural easement standard was removed from the LCP by the County and the Commission.

Rezoning recreational lands would reestablish the requirement to assure that conversions of agricultural land to facilitate non-agricultural development are in fact consistent with the Coastal Act, rather than presuppose, through recreational zoning, that such development is appropriate. Future planning analyses will then need to be focused first on protection of the agricultural capacity and of the Hearst Ranch, by carefully examining the feasibility of continued agricultural use -- a fundamental Coastal Act policy. In light of previous Commission actions and staff analysis, the County also should not identify a study area for future non-agricultural development but rather, limit such development to the existing developed node of San Simeon Acres and the commercial zoning of San Simeon Village. Such locations are likely consistent with Coastal Act policy 30250, as well as 30242 (protection of agriculture). They would also better address the Coastal Act 30251, which requires that new development be sited and designed to protect views to and along the ocean and scenic coastal areas. In particular, large-scale visitor-serving development in public view outside of these areas would not be visually compatible with the character of the area. Consistent with the Commission's 1998 NCAP findings, a golf course in the public view, anywhere along the North Coast, would not be consistent with 30251.

In terms of planning process, the Coastal Act, and a comprehensive approach to coastal resource protection, require that resource constraints be fully analyzed before identifying options for potential development. The County has acknowledged this in the Project Description for the North Coast Area Plan (January, 2000) by presenting an approach that would require that a Specific Plan be prepared, subject to full environmental analysis under CEQA prior to considering LCP amendments to allow visitor-serving development on the Hearst Ranch. Given the considerable uncertainty about the capability of the rural North Coast lands to sustain future non-agricultural development, this planning approach should be strengthened to be clear that what is necessary for the North Coast of San Luis Obispo is a full analysis of resource constraints, not only a CEQA analysis of environmental impacts. Thus, prior to defining any project alternatives for non-agricultural development, including proposed locations, types, and intensity, a land use capacity analysis should be completed. This analysis should include at least the following:

- a comprehensive agricultural viability analysis for any agricultural areas proposed for non-agricultural development;
- a visitor-serving development supply and demand analysis to identify what types and intensities of visitor-serving development, might be appropriate and might best meet the Coastal Act's preferences for public, low-cost coastal recreation;
- a comprehensive environmental constraints analysis, including evaluation of sensitive habitats, in-stream flow habitat values, water availability, groundwater basins, highway capacity, cultural resources, scenic resources, hazardous areas, community character, and so forth.

In addition, specific performance standards that address the concerns raised by the Coastal Commission's 1998 NCAP Findings, such as required water monitoring, and highway capacity limits, should be incorporated into the NCAP, consistent with current knowledge and circumstances about coastal resources on the Ranch.¹⁶ Following a comprehensive evaluation of coastal resource constraints, and an assessment of whether the Coastal Act agricultural conversion tests can be met, it then may be appropriate to identify potentially compatible non-agricultural development scenarios for environmental review under CEQA, and to identify possible LCP amendments to facilitate such development. This would include required mitigations such as agricultural easements (see following), provision of public access and low-cost visitor-serving amenities, habitat protection, preservation of community character, etc.

In terms of future agricultural conservation easements, both the currently certified LCP for San Luis Obispo County and the Coastal Act would support the placement of protective easements over remaining agricultural lands in the unlikely event that a significant conversion of agricultural lands was found to be consistent with the LCP or Coastal Act. As discussed in the Commission's 1998 NCAP Update findings, and in the Agriculture section of this report, the certified LCP currently allows non-agricultural visitor-serving uses in Agriculturally-zoned areas only if needed as a supplemental use to support an on-going operation (Ag Policy 3, CZLUO 23.04.050). If found to be necessary, the use must be limited to a maximum of 2% of the property in question, and the remainder must be placed under an agricultural or open space conservation easement. Of course, Table O of the certified LCP does not currently allow for hotels, motels, or golf courses in agricultural zoning (which would require an LCP amendment), but does allow Bed and Breakfasts and "Rural Recreation and Camping – a category that includes "dude and guest ranches" incidental to a working ranch and "health resorts" dependent on an on-site natural resource such as a lake or hot springs. As discussed in the Agriculture Chapter, the Commission is recommending that Table O be updated both to further limit appropriate land uses in the Agriculture category and to clarify that certain uses are only allowed as supplemental when proposed on Agricultural land, subject to the agricultural easement standard. The Commission also notes that in the event that easements over the Hearst Ranch were not found to be appropriate, Table O limitations, if amended by the County, could provide some protections against future non-agricultural development on the remainder of the Ranch.

Under the proposed approach of Recommendation 2.9/10, an LCP amendment (as opposed to a proposed supplemental use) would be the most likely avenue for pursuing non-agricultural development on the Hearst Ranch. Under the Coastal Act, if a conversion of agricultural land was somehow found to be consistent with the sections 30241 and 30242, the conversion would need to maintain the maximum amount of agricultural land in production to assure the protection of the area's agricultural economy, not impair agricultural viability or diminish the productivity of adjacent prime lands, concentrate development, and be compatible with continued agricultural use on surrounding lands. Thus, the logic of the previous Hearst Ranch easement standard of the County's LCP is clear inasmuch as an agricultural conservation easement over the remaining

¹⁶ *North Coast Area Plan Update*, California Coastal Commission, Modifications 77-98 (1998).

lands not converted would help to assure that these statewide policies are met. It may also be the appropriate mitigation for the impacts to surrounding agricultural uses, depending on the scale and intensity of any approved visitor-serving development.

Finally, in response to comments about whether to address the questions discussed above in this Periodic Review, it should be emphasized that revised Recommendations 2.9 and 2.10 explicitly acknowledge that the North Coast Area Plan is the relevant planning document for implementing changes to the land use designations and planning for the Hearst Ranch. Thus, any changes to the NCAP will need to be evaluated through the local LCP amendment process, including public hearings, community input, and more specific Coastal Commission review and approval. Moreover, the purpose of a Periodic Review, in part, is to provide Coastal Commission feedback to local governments about how an LCP should be improved and updated to meet the Coastal Act. Such feedback also contributes to the Coastal Act's goal of assuring maximum public participation and understanding of the complex coastal resource issues of the North Coast.¹⁷ Overall, although there are many factors to consider in evaluating potential land uses on the Hearst Ranch, any future development in the coastal zone must ultimately be consistent with the Local Coastal Program, which itself must conform to the policies of the California Coastal Act, which is the controlling state law for protection of resources in California's coastal zone. To address the preceding analysis, Preliminary Recommendations 2.9 and 2.10 are revised as follows:

~~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.~~
Update North Coast Area Plan to Protect Coastal Resources of the Hearst Ranch. Rezone Recreational lands on the Hearst Ranch to Agriculture, update combining designations, and establish LCP standards that require a Land Use Capacity Analysis prior to consideration of any development proposals and LCP amendments for non-agricultural development on the Hearst Ranch. The County should limit the location of such development to concentration in or immediately adjacent to San Simeon Acres if feasible or, if not feasible, to small-scale infill development within the commercial zoning of San Simeon Village. Other than these two locations, no new visitor-serving or other non-agricultural development should be allowed in the public viewshed except for underground utility placement, restoration, public access improvements and intensification, demolitions, resubdivisions, and temporary events.

A Land Use Capacity Analysis should include at least the following: a comprehensive agricultural viability analysis for any areas proposed for non-agricultural development; a visitor-serving development supply and demand analysis; a comprehensive environmental constraints analysis, including evaluation of sensitive habitats, in-stream flow habitat values, water

¹⁷ Coastal Act Section 30006 states: The Legislature further finds and declares that the public has a right to fully participate in decisions affecting coastal planning, conservation, and development; that achievement of sound coastal conservation and development is dependent upon public understanding and support; and that the continuing planning and implementation of programs for coastal conservation and development should include the widest opportunity for public participation.

availability, groundwater basins, highway capacity, cultural resources, scenic resources, community character and hazardous areas. Specific performance standards that address the concerns raised by the Coastal Commission's 1998 NCAP Findings, such as required water monitoring and highway capacity limits, should be incorporated into the NCAP. Standards for protection of agricultural lands and mitigation of development impacts should be developed, including provision for agricultural conservation easements.

~~**Preliminary Recommendation 2.10. Require Resource Capacity Studies prior to Major Development Proposals.** See Recommendation 2.9. 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.~~

Recommendation 2.11

This recommendation overlaps with recommendations in the Agriculture Chapter and is thus deleted and integrated with Agricultural Recommendation 5-8.

~~**Preliminary Recommendation 2.11. Update LCP to address Large Residential Development.** See Ag Recommendation 5-8. 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.~~

4. Conclusion

The *Preliminary Report* presented evidence and analysis showing that the San Luis Obispo County LCP has not been effectively implemented in conformance with the Coastal Act policies concerning prevention of cumulative impacts to rural lands (see Exhibit A, Findings incorporated herein by reference). In addition, further evaluation and consideration of public comments, including analysis of existing LCP policies and land use designations, changed circumstances and current resource conditions, has identified further necessary corrective actions for the San Luis Obispo County LCP to conform with the Coastal Act requirements of sections 30250, 30254, 30241, 30242, 30251, 30240, 30230, 30231, 30253, 30244, and 30221. Lacking such changes, the County's LCP is not being carried out in conformance with the Act. Pursuant to Coastal Act section 30519.5, the Commission adopts Final Recommendations 2.7- 2.11 as appropriate corrective actions for submission to the County.

C. Environmentally-sustainable urban development (Recommendations 2.12 – 2.20)

1. Summary of Preliminary Periodic Review Findings (Exhibit A, pp. 40-70)

The third major issue evaluated in the Development chapter of the *Preliminary Report* was the Coastal Act requirement for environmentally-sustainable urban development. The report presented an overview of water supply and wastewater treatment for the urban areas in the San

Luis Obispo County coastal zone, and discussed the LCP policies and procedures designed to assure that new urban development had adequate public infrastructure to support it, including water, wastewater treatment, roads, schools, etc. The report evaluated the Resource Management System (RMS) of the LCP, which is designed to be an early warning system and provide the framework for proactive response by the County to situations where resources may not be adequate to support new development. The report also presented a more detailed review of each urban area in the SLO coastal zone, including an overview of LCP implementation in these communities.

Perhaps the most important general finding of the *Preliminary Report* was the conclusion that the RMS system is not providing the proactive management originally envisioned, in large part due to lack of County management responses to identified resource deficiencies. Cambria, for example, has been at Level of Service (LOS) II or III with respect to water supply and distribution since 1990. Once identified, these LOS findings are supposed to be the precursor to further resource study and management action. In Cambria, although a 1990 RMS report recommended that a development moratorium be considered by the Board of Supervisors, no specific action to curb new development in Cambria has been taken until this last year, when a 1% growth rate was adopted by the Board.

Another important general finding of the *Preliminary Report* is that the County has not followed the existing LCP requirements to allow development only in areas able to accommodate it. The County has approved some significant new subdivisions in Los Osos without proper attention to the LCP requirements concerning sustainability, particularly the Interim Service Capacity Allocation (ISCA) policy certified by the Commission that is designed to protect water supplies for agriculture and urban infill development. One major subdivision was approved as a matter of law, not only without proper consideration of the LOS III for water distribution, but without any explicit Board of Supervisor's decision making concerning consistency with the LCP or the specific requirements of the ISCA.

In terms of specific findings, the *Preliminary Report* discussed the problems of short and long-term growth in Cambria and Los Osos. Both of these communities have serious concerns related to groundwater supply; and Los Osos is still grappling with the need to provide a community wastewater treatment system to protect public health and the resources of the Morro Bay estuary. Sensitive habitat is also a concern in both communities, since new endangered and threatened species have been listed since certification of the LCP. In Cambria, the need to protect the sensitive Monterey Pine forest habitat continues to be a concern in relation to the potential development of existing legal lots. Although the County has been successful in implementing a lot consolidation policy and a Transfer of Development Credit program in Cambria, both of these efforts have been too limited to deal meaningfully with the need for long-term buildout reduction in Cambria.

Overall, the report concludes that the LCP has not been carried out in full conformance with Coastal Act section 30250 concerning the sustainability of new development, or section 30231 concerning the protection of groundwater supplies. (Findings incorporated herein by reference).

To address the identified implementation issues, the *Preliminary Report* discussed nine recommendations addressing the need for: (1) strengthening the RMS and the ISCA programs; (2) responding to short-term growth in Cambria; (3) establishing watershed/groundwater basin management; (4) water conservation; (5) reducing buildout in Cambria; (6) prohibiting new development potential in Cambria and Los Osos; (7) cumulative impacts to urban design in Cambria; (8) responding to short-term growth in Los Osos; and (9) management of long-term growth patterns in Los Osos (see Preliminary Recommendations 2.12 – 2.19 on pp. 70-72 of Exhibit A).

2. Comments Raised

SLO County Response (Exhibit C)

The County is in general agreement with the recommendations of this section, and has proposed modifying only two of the recommendations. The County has raised concerns with the difficulty of implementing the current ISCA program but agrees that the RMS task force should be expanded to include Commission staff. With respect to growth management in Cambria and Los Osos, the County has agreed to consider the preliminary recommendations but has also identified factors that need to be developed further, such as the safe-yield study for Los Osos, and a resource capacity study for Cambria.

Public Comments (see Exhibit D)

Considerable public comment has been received concerning new development issues in both Cambria and Los Osos. The Cambria CSD has provided detailed comments, including specific concerns about the need to more fully incorporate existing information and discussion of recent CCSD actions into the water supply discussion (see below for detailed discussion). Although the Los Osos CSD did not provide written comments, Commission staff met with the representatives of the CSD and the Los Osos Community Advisory Council (LOCAC) to discuss Periodic Review issues. The LOCSD did submit a draft water supply analysis for the Los Osos Valley groundwater basin and has recently completed the final study, although Commission staff have not yet had an opportunity to review it. The LOCAC submitted comments addressing various aspects of the Review, including the need for improved comprehensive planning and importance of bringing the Estero Update to fruition. Other comments were received on the question of buildout and water supply in Cambria, including a submittal by the United Lot Owners of Cambria (UNLOC) and a specific County response to these UNLOC comments. A detailed memorandum on North Coast Water Supply issues from the Supervisor for this area (Shirley Bianchi) was included in the County's response materials (see Exhibit C).

Specific Clarifications/Errata (to be incorporated into Final Report)

The Cambria CSD has provided a number of helpful comments and corrections that are acknowledged and will be addressed in the Final Periodic Review document where necessary (see Exhibit D, pp. D-542).

3. Analysis

Based on further review, discussions with County staff, and analysis of the public comments received on the *Preliminary Report*, changes to preliminary recommendations 2.12-20 are proposed as follows:

Recommendation 2.12

As mentioned, the County agrees with the recommendation to include the Coastal Commission in the RMS process and has proposed including Commission staff in the review process for Resource Capacity Studies as well. With respect to the Interim Service Capacity Allocation (ISCA) policy currently in the LCP, the County has raised questions about the legalities of implementing the identified priorities through development reviews. The current draft of the Estero Area Plan Update proposes to delete the ISCA policy and replace it with new interim standards (reliance on LCP Public Works Policy 1 and the RMS system e.g.) until a definitive study is completed to assure that the Los Osos groundwater basin can safely support the buildout population of Los Osos and agricultural uses; and to allow extension of urban services to areas beyond the USL in certain circumstances, including new land divisions where the parent parcel is adjacent to the USL. In response to Commission staff comments on this issue, the Los Osos Community Advisory Council has suggested new planning standards for the Estero Area Plan that may provide the basis for resolution of this issue through the next phase of the Estero Area Plan Update process (see Correspondence from LOCAC, Exhibit x, Appendix E). More detail on Los Osos short and long-term development issues is presented below. Preliminary Recommendation 2.12 is amended to reflect the general agreements with the County, clarify the need to implement ISCA until the amended EAP is adopted by the Commission and the County, and to remove unnecessary language.

~~Preliminary Recommendation 2.12. Strengthen Implementation of the RMS System and ISCA.~~ Implement Phase 2 of RMS contemplated in the Framework for Planning: establish an expanded RMS task force that includes Coastal Commission staff and other resource agencies; include CCC staff in review process for Resource Capacity Studies. The ISCA program currently in the LCP needs to be followed in evaluating new development proposals for Los Osos until such time as the Estero Area Plan is updated to address groundwater management issues and the protection of water supply for Agriculture in the Los Osos groundwater basin. ~~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.~~

Recommendation 2.13

The County agrees with portions of this recommendation, including the proposed 1% growth rate in Cambria until January 1, 2002; and the need to coordinate with the Commission and the Cambria CSD to complete necessary studies and to pursue more proactive management of the water supply problem in Cambria. The County, though, proposes to defer RMS action to enact a development moratorium until a resource capacity study is completed. As mentioned, the Cambria CSD has also submitted comments, and with respect to the water supply issue, has emphasized the on-going and prior efforts of the CSD to address this problem (see Exhibit D, pp. D-542). The CSD has also met with Commission staff twice since the February hearing on the *Preliminary Report*, and has provided additional information for Commission consideration. The United Lot Owners of Cambria (UNLOC) have also provided extensive comments, including submitting an independent review of existing water supply information for Cambria. Others have expressed concern about the property rights of lot owners on the CSD water waiting list.

Preliminary Recommendation 2.13 framed out a number of alternative approaches to the Cambria water supply problem to help move the discussion of potential resource management responses forward. As mentioned, Commission staff have met with the County and the CCSD, and considered the current state of information, management actions taken by the County and the CSD, and other matters related to this problem. Although progress is being made, there still remains considerable uncertainty as to when more aggressive action will be taken to curb new development approvals in light of the limited water supply for Cambria. Over three years have past since the Commission's finding in the 1998 NCAP Update that aggressive action was needed to address the inadequate water supply for urban development in Cambria. In that action, the Commission recommended that the County's LCP be modified to include a requirement that if certain performance standards to address habitat protection, development of a water management strategy, and buildout reduction in Cambria weren't met by January 1, 2001, that no further development that would draw on Santa Rosa and San Simeon Creeks be allowed. These standards have yet to be met.

It should be acknowledged, though, that since 1998 the CCSD has made progress on a number of fronts to address both short and long-term water supply issues in Cambria. First and foremost, a Baseline Water Supply Analysis has been completed that provides a report on the capacities of Santa Rosa and San Simeon Creeks (see below). The CSD is also moving forward with the development of a Water Master Plan, including a build-out reduction analysis, to identify long run strategies for providing a reliable water supply to Cambria. Last year the CSD also adopted two updated ordinances (3-2000; 4-2000) establishing an emergency water conservation program and strengthening prohibitions against water waste. The CSD has also been pursuing a revised

desalination plant proposal (the Commission's previous coastal development permit approval for a plant has expired), and the Congress has authorized (but not yet appropriated) \$10 million to begin the initial studies and environmental review. In terms of denying new water connections, though, the CCSO has stated that it is constrained under California Water Code sections 350-59 to first declare a water shortage emergency (based on "insufficient water for human consumption, sanitation, and fire protection") before adopting restrictions on water use. Under Water Code 356, such restrictions may include denial of new service connections.¹⁸

Even a brief review of the current water situation and recent information makes it apparent that serious action must be taken immediately to assure that new development in Cambria is sustainable. As described in the *Preliminary Report*, a recent Baseline Water Supply Analysis conducted for the CCSO has concluded that the District's current water supplies are "marginal to inadequate to provide a 90 percent level of reliability" (in one of ten years there may not be enough water for current customers).¹⁹ When all of the foreseeable water commitments of the CSD are considered, including pending construction permits, intent to serve letters previously issued, and the CSD's water waiting list, the report concludes that the water supply is "inadequate to provide either a 90 or 95 percent level of reliability." This is consistent with the Commission's 1998 NCAP Update findings that the North Coast Area Plan, as proposed for amendment by the County, was inconsistent with the Coastal Act because it provided for continued urban development that could not be supported by existing water supplies.²⁰ Of particular note in that action was the emphasis on the potential for another drought similar to the 1975-77 period when the Santa Rosa Creek groundwater basin was damaged through subsidence.

In terms of this Periodic Review, the new water supply study also supports a finding that the standards of the certified LCP to assure sustainable new development are not being met. Specifically, Public Works Policy 1 requires that:

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

At face value, the conclusion that the existing water supply for Cambria is inadequate to provide either a 90 or 95 percent level of reliability for foreseeable water commitments does not meet this LCP requirement for sufficiency. Moreover, there is considerable uncertainty, and a variety

¹⁸ Water Code 350 states:

The governing body of a distributor of a public water supply, whether publicly or privately owned and including a mutual water company, may declare a water shortage emergency condition to prevail within the area served by such distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection .

¹⁹ *Baseline Water Supply Analysis*, Cambria Community Services District, December 8, 2000, p. ES-1.

²⁰ *North Coast Area Plan Update, Adopted Findings*, California Coastal Commission (1998) p. 51.

of assumptions underlying the Baseline Supply study, that cast even more doubt on the sustainability of Cambria's current water supply.

First, the Baseline Water Supply analysis was based on 3,796 existing connections in December of 1999 (3,586 residential and 210 commercial). As of April, 2001, there are now 3891 connections (3,678 residential, 213 commercial), an increase of 2.5%. In addition, according to the CSD, there are an additional 150 outstanding will-serve commitment letters, including 45 with connection permits. Assuming these all result in new water connections, the total number of water connections in Cambria will have increased by 6.5% since the Baseline Water Supply Analysis. This also does not account for the 650 remaining CSD customers on the waiting list for a water connection.

Second, and critical to the County's and Commission's responsibilities to protect sensitive coastal habitats, the Baseline Water Supply Analysis does not address the question of whether there are sufficient in-stream flows to maintain and protect sensitive species and their habitats. The study states:

*The District intends to evaluate the appropriate minimum groundwater levels to avoid adverse environmental impacts to downgradient habitats. Accordingly, it is recommended that the assumed minimum groundwater levels be reviewed when these evaluations have been completed.*²¹

In addition, the California Department of Fish and Game has asserted that prior dry season pumping of the Santa Rosa creek wells has had negative impacts on habitats for sensitive species, including tidewater goby, red-legged frog, and steelhead trout.²² In more recent months, the U.S. Fish and Wildlife has initiated discussions with the CCSD about preparing a multi-species Habitat Conservation Plan for sensitive habitats of the North Coast, including steelhead and red-legged frog.

One of the NCAP performance standards adopted by the Commission in 1998, but not accepted by the County, was a requirement to conduct in-stream flow studies of both San Simeon and Santa Rosa creeks to assure that continued and future water withdrawals would not adversely impact sensitive riparian habitats. This modification adopted by the Commission mirrors an existing condition of the CCSD permit for water withdrawals from Santa Rosa Creek that required that instream flow study be initiated to determine necessary water levels to protect steelhead.²³ As mentioned above, instream flow studies have not been completed for either Santa Rosa or San Simeon creek.

The CCSD has funded a study that examined steelhead and habitat trends in San Simeon Creek. Nonetheless, this study does not directly address the relationship between the pumping of San

²¹ *Id.*, 2-5.

²² *Id.*, A-6.

²³ CSD Water Diversion and Use Permit 20387, Condition 18.

Simeon Creek underflows and steelhead and other sensitive species habitats.²⁴ The study, though, does show correlations between reduced base stream flows and sedimentation on one hand, and reduced relative abundances of juvenile steelhead on the other. The study is also a limited time series (six years), making it difficult to draw firm conclusions about the impact of CSD municipal withdrawals on instream habitats. Even so, the study concludes:

*The persistence of the San Simeon Creek steelhead population has become more tenuous, with the further deterioration of non-streamflow related aspects of habitat from sedimentation . . . , combined with reduced summer baseflow and likely increased streamflow diversion from well pumping by new streamside development in the heretofore perennial reaches.*²⁵

Again, this conclusion does not speak directly to the question of how Cambria's urban water withdrawals may be impacting in-stream habitats. It also indicates that the habitat values of the coastal creeks in San Luis Obispo are impacted by multiple uses up and downstream. Nonetheless, until more systematic habitat and in-stream flow study is completed, it is difficult to conclude that the County's approval of new development that relies on water withdrawals from San Simon and Santa Rosa creeks are consistent either with Coastal Act (sections 30250, 30240, 30231) or the certified LCP.

Third, the sustainability of the current Cambria water situation with respect to Coastal Act concerns is also drawn into question when one considers that the certified LCP requires that 20% of Cambria's water and sewer capacity be reserved for visitor-serving and commercial uses. In terms of actual water consumption, the CSD appears to be meeting this goal, due to the high level of water consumption per commercial connection compared to residential connections. Thus, of the approximate 800 acre-feet of water produced in 2000, less losses to the system, nearly 25% was delivered to non-residential (primarily visitor-serving) with 75% going to residential uses. However, in order to meet the 20% visitor-serving reservation standard in new development approvals, a finding would need to be made that the actual water available at the time of a residential permit approval is 25% higher than that normally required for a residential use. In other words, the conclusion of the Baseline Water Supply Analysis underestimates the actual water needed for urban sustainability in Cambria if one takes into account Coastal Act priority uses in the approval of new developments.

Fourth, to implement the Coastal Act priority for agriculture, the LCP also requires that water extractions, consistent with habitat protection, give highest priority to preserving available supplies for existing or expanded agricultural uses (Agriculture Policy 7). No systematic monitoring or data is available concerning agricultural production water needs or pumping in the Santa Rosa and San Simeon Creek Basins. Although State Water Resources Control Board water permits require the CSD to deliver water to upstream riparian users if their wells become

²⁴ Alley, D. W. and Associates, *Comparison of Juvenile Steelhead Production in 1994-99 for San Simeon Creek, San Luis Obispo County, California, With Habitat Analysis and an Index of Adult Returns* (August, 2000).

²⁵ *Id.*, p. 36.

unusable, it is unclear whether Agriculture will be protected if withdrawals for urban uses continue, particularly during severe drought years. Moreover, the findings of the Baseline Water Supply study are based on an assumption that agricultural water use remains similar to historical volumes and patterns. As discussed in the Agricultural chapter of the *Preliminary Report*, water use for agricultural land uses can vary and change quickly, depending on agricultural markets, weather, etc. When current and potential urban and agricultural water needs are combined, it is by no means clear that groundwater basins are being protected. In fact, as discussed by the Commission in 1998, there is some data that shows that past combined withdrawals have exceeded the supposed safe annual yield of San Simeon Creek.²⁶

Fifth, as discussed in the Preliminary Report, the CCSO has also been responding to an MTBE emergency contamination situation near its Santa Rosa Creek wells, which has placed severe stress on its ability to meet Cambria's water needs. The District is currently unable to pump from its Santa Rosa wells due to the proximity of the MTBE plume. Although the CSD has drilled an emergency supply well further upstream, this well is not yet ready for use, and in any event will only provide an emergency water supply. The unavailability of the Santa Rosa Creek wells puts additional stress on San Simeon Creek. The Baseline Water Supply study concludes that without Santa Rosa Creek, the CSD's current water supplies are inadequate to meet current demands.²⁷

Sixth, although visitor-serving uses are a priority use under the Coastal Act, the potential for increases in visitor-serving water use through existing connections adds still more uncertainty to the conclusions about available supply. Current water demand in Cambria peaks in the summer months, due to both increased visitors in the commercial sector (restaurants and overnight accommodations), and increased residential landscape irrigation. It is unclear as to how future increases in visitors to Cambria may lead to actual increases in water pumpage from San Simeon and Santa Rosa Creeks, notwithstanding that no new connections may be added. This point has been made by many concerned about the State Park's effort to increase off-season visitation to Hearst Castle, which would no doubt place added demands on Cambria's infrastructure. In addition, many of Cambria's existing residences are not occupied by full-time residents but rather, serve as vacation rentals to weekend or summer visitors. There is some indication, though, that there is a trend away from vacation rentals, as more Cambria homeowners take up full-time residence. This, too, will mean an increase in actual water withdrawals without any real increase in water connections.²⁸

Finally, it should be noted that the United Lot Owners of Cambria have submitted an independent analysis of existing water information from Navigant that concludes that water supply in Cambria "can be managed to support an approximate 10 percent increase in use."²⁹

²⁶ *North Coast Area Plan Update Findings*, p. 47.

²⁷ *Baseline Water Supply Analysis*, p. 3-4.

²⁸ The County's recent LCP amendment submittal states that there is no reliable survey data as to the exact number of vacation rentals in Cambria, although some data has been presented from the industry suggest at least 150 rentals producing 5000 days per year or approximately 33 days a year per unit.

²⁹ See Correspondence from Navigant, 11/28/00, Exhibit D, p. 227-228.

Although every detailed comment of the Navigant review cannot be analyzed here, a few observations are needed. First, even if the Navigant study is correct its 10 percent estimated buffer, there are currently 3891 connections and 800 outstanding commitments (150 will-serve letters and 650 on the waiting list). Thus, an increase of over 20% in supply would be needed to serve outstanding commitments.

Second, the overall conclusion of this independent analysis relies heavily on a recently published U.S. Geological Survey analysis of Santa Rosa and San Simeon Creek groundwater basins.³⁰ The USGS report presents a simulated water budget for the two creeks for the period April 1988 through March 1989. This budget shows that the net water flow into each basin is negative (-50 acre feet for Santa Rosa and -10 for San Simeon), meaning that more water is flowing out of the basin through withdrawals and creek seepage than is flowing back into the basin through rainfall, seepage, irrigation return-flows, etc. The USGS study is careful to point out that the water budget is simulated for a "dry year", and has a certain margin of error, and thus should not be interpreted as necessarily showing a long-term deficit or imbalance in the groundwater basins.

The Navigant review analyzes the USGS water budget analysis, but it does so by aggregating the data for the two creeks, and by substituting a 760 acre-foot municipal pumpage number for the 800 acre-foot number of actual pumpage in 1988. In aggregate, this analysis shows a total deficit of only 10 acre-feet. Factoring in error, the Navigant study asserts that "from a groundwater management standpoint, an increase in municipal pumpage of approximately ten percent is considered reasonable, and should have a minimal impact on the local hydrologic system." The USGS model, though, actually shows a deficit of 50 acre-feet for Santa Rosa Creek and 10 acre-feet for San Simeon Creek (60 acre-feet if aggregated). Moreover, the USGS model was simulated for a year when the CSD was withdrawing water from both creeks (250 afy from Santa Rosa and 550 afy from San Simeon). In more recent years, the CSD has been pumping mostly from San Simeon Creek, with recent production exceeding 700 afy from San Simeon Creek alone. Although this could be better for Santa Rosa Creek, it raises significant uncertainty for San Simeon Creek, particularly concerning the protection of in-stream habitats. In addition, the CSD again reached 800 afy of pumping in 2000. As discussed in the Preliminary Report, although significant gains in efficiency of use have been made since 1988, aggregate water use has continued to rise with the steady increase in new connections.

The Navigant review cites other findings of the USGS report to support a more optimistic view of Cambria's water supply, including analyses that show the likelihood of consecutive "extremely dry years" to be very low (e.g. one every 430 years in San Simeon Creek basin). These citations, though, are selective and indeed, do not address the various factors discussed above that create additional uncertainty about the available supply. In particular, groundwater basin damage from excessive withdrawals can occur, as they did in 1976, in dry years that do not meet the USGS study definition of an extremely dry year (2 or more consecutive years with incomplete basing

³⁰ *Hydrogeology, Water Quality, Water Budgets, and Simulated Responses to Hydrologic Changes in Santa Rosa and San Simeon Creek Ground-Water Basins, San Luis Obispo County, California, U.S.G.S., Report 98-4061 (1998).*

recharge).³¹ Nor do they directly address the Coastal Act policy requirements of protecting groundwater basins and sensitive habitats. Moreover, the USGS report itself draws overall conclusions that at best are neutral with respect to available supply and at worst, support the finding that there is inadequate water to support new development. These conclusions include the following:

- The most significant long-term trend in water levels has been a gradual increase in the amount of dry-season water-level decline in the San Simeon Basin. This change is the result of increases in municipal and agricultural pumping during the dry season (p. 98). [As shown in the Baseline Water Supply Analysis, since 1988 (the last data year of the USGS study), dry-season water levels in San Simeon Creek have continued to be drawn down to near sea-level. At these levels, damage to the groundwater basin and seawater intrusion become an issue, to say nothing of threats to instream habitats.]
- Municipal pumpage affects water levels throughout the San Simeon Basin (100).
- Simulations indicated that at 1988 agricultural and municipal pumping rates, water levels decline almost to the threshold at which some subsidence could occur in the Santa Rosa Basin even during dry seasons with a recurrence interval of only 5 years (101).
- Incomplete basin recharge was estimated at every 18 years for Santa Rosa and every 25 years for San Simeon. In light of the "considerable uncertainty" with these estimates, though, these recurrence levels are short enough to warrant consideration during water-supply planning (101).
- Simulated effects of a winter without streamflows showed wells in both basins going dry, subsidence in Santa Rosa, and seawater intrusion in San Simeon Creek basin (101).

Overall, the weight of the evidence, including analysis of water use trends and available information about safe-yields of the two creeks, still supports a finding that there is currently insufficient water supply to support new development served by the Cambria CSD, particularly given the uncertainty in weather patterns and critical shortages that may occur in dry years. Indeed, based on interpretation of the 127 year rainfall record for San Luis Obispo County, one local water expert has concluded that the current demand for water would have exceeded the carrying capacity of San Simeon Creek four times (see Exhibit C Attachment from Shirley Bianchi). Although the Navigant review finds that from a "groundwater management standpoint" there is a 10% buffer in available supply, this finding appears to be based not only on aggregate data (as opposed to individual groundwater basin analysis), but also on assumptions

³¹ *Id.*, p. 86: "Land subsidence and ground deformation occurred in Cambria in the summer of 1976 and could occur again if the minimum dry-season water is close to or less than the record low level reached that year."

about the error inherent in the available data.³² The Navigant review does not explain what is meant by a "groundwater management standpoint," although presumably it means that additional water to support new development could be squeezed out of the system through better management and conservation. Again, the Navigant study does not address sensitive habitat concerns.

But the uncertainty inherent in the water supply questions for Cambria, coupled with a focus on improving management, underscores the importance of curbing new water extractions until the many questions can be answered, and until meaningful management decisions are made. As previously mentioned, in December of 2000, the Board of Supervisors adopted a 1% growth rate for 2001, and directed that a Resource Capacity Study be completed for review by the Board in the Spring of 2001. The County has suggested that further restrictions on new water connections await the completion of this RMS study. Although the County has initiated the scoping for the study, is unclear when such a study would be completed. More important, the burden of the uncertainty in the water supply must not be placed on coastal resources. Rather, a precautionary approach should be taken until such time as better knowledge is gained about both the capacity of San Simeon and Santa Rosa Creeks, including the needs of instream habitats, and about additional water supplies (e.g. a desalination plant) that might support new development. For example, without completion of instream flow studies and the newly-launched HCP to address sensitive species, the capacity of San Simeon Creek to support new development cannot be known. Fundamentally, this approach is necessary to meet the Coastal Act requirement that new development be environmentally-sustainable. It cannot reasonably be concluded at this time that new development in Cambria is currently sustainable.

Nonetheless, in order to provide reasonable notice to property owners in Cambria contemplating beginning the development review process, or that may not yet have received basic land use approvals, it is reasonable to allow the completion of the 1% percent growth rate for the remainder of 2001 (approximately 37 connections for the year). In the meantime, new applications for development should not be accepted for filing until certain water management objectives are met. Developments approved in Cambria after January 1, 2002, that rely on new water withdrawals from the CSD system, may be subject to appeal to the Coastal Commission on the basis of inconsistency with LCP Public Works Policy 1.

In summary, Preliminary Recommendation 2.13 is amended to confirm the application of a 1% growth rate in Cambria until 1/1/02, but to also make clear that no new development that relies on a Cambria CSD water connection should be approved after that date, unless findings can be made that (1) water withdrawals are limited to assure protection of instream flows that support sensitive species and habitats; (2) there is adequate water supply reserved for the Coastal Act priority uses of agricultural production, and increased visitors and new visitor-serving development; (3) a water management implementation plan is incorporated into the LCP, including measures for water conservation (see discussion of Recommendation 2.15 below also),

³² Moreover, if the intent is to simply identify a margin of error in the analyses of available supply, it is just as likely that the error is in the other direction also – i.e. 10% less water than identified.

reuse of wastewater, alternative water supplies, etc., that will assure adequate water supply for the planned build-out of Cambria or that will guarantee no net increase in water usage through new water connections (e.g. by actual retrofitting or retirement of existing water use); (4) substantial progress has been made by the County and the CCSO on achieving implementation of buildout reduction plan for Cambria; and (5) there is adequate water supply and distribution capacity to provide emergency response for existing development.³³

Preliminary—Recommendation 2.13. Address Cambria Short-term Development Constraints. ~~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. Continue implementation of the 1% growth rate in Cambria until 1/1/02, after which time coastal development permits for new development that would require a new water connection or that would otherwise create additional water withdrawals from Santa Rosa or San Simeon Creeks should not be approved unless the Board of Supervisors can make findings that (1) water withdrawals are limited to assure protection of instream flows that support sensitive species and habitats; (2) there is adequate water supply reserved for the Coastal Act priority uses of agricultural production, and increased visitors and new visitor-serving development; (3) a water management implementation plan is incorporated into the LCP, including measures for water conservation, reuse of wastewater, alternative water supplies, etc., that will assure adequate water supply for the planned build-out of Cambria or that will guarantee no net increase in water usage through new water connections (e.g. by actual retrofitting or retirement of existing water use); (4) substantial progress has been made by the County and the CCSO on achieving implementation of buildout reduction plan for Cambria; and (5) there is adequate water supply and distribution capacity to provide emergency response for existing development.~~

Recommendation 2.14

The County agrees with this recommendation and has suggested that a CRMP could be established as part of the CSD's Master Water Plan update. As discussed in the Watershed chapter, the County should support and pursue watershed management throughout the coastal zone. For watershed management to be successful, though, additional funding will be necessary

³³ Although emergency response capacity is more a function of water distribution capacity, it is an additional uncertainty in the Cambria system. Currently the CSD has approximately 980,000 gallons of storage for fire – fighting – enough water to fight 8-9 houses burning simultaneously for two hours.

to support research, monitoring, and staff for implementation. Preliminary Recommendation 2.14 is amended slightly to be more specific and to identify the Estero Area groundwater basins as appropriate locations for such efforts as well.

~~Preliminary Recommendation 2.14. Establish Watershed/Basin Management Programs.~~
~~The current NCAP project description discusses establishing a Coordinated Resource Management Programs (CRMP) to promote watershed management, including resource identification and water quality monitoring, and to address competing rural and urban uses in North Coast and Estero Area groundwater basins. See also, Recommendation 3.7b. Such an approach would help to establish consensus as well as promote watershed inventorying and monitoring (NCAP, 3-12).~~

Recommendation 2.15

The County agrees with this recommendation and has suggested that additional policies and standards could be considered in the Area Plan update processes. For Cambria, development of these policies should be coordinated with the Water Master Plan of the CCSD, but also pursued by the County expeditiously. Currently, the LCP includes standards to address landscaping, but they do not directly address the need to reduce summer landscape irrigation demands, do not require water conservation for all new development (residential is mostly excluded), and only "encourage" planting of native species and drought tolerant species (see 23.04.186). There is considerable detail, though, on what should be included in a landscape plan, including an irrigation plan that must meet water flow efficiency standards. In light of the severity of the water supply situation in Cambria, and perhaps in other communities, the County should consider a comprehensive amendment to this ordinance that would require, in communities subject to water supply constraints, xeriscaping and limiting landscape irrigation to that necessary to establish native plantings and drought tolerant plants. Such an amendment should also evaluate other water conservation requirements, such as the use of recycled water for landscaping. No changes are proposed to the recommendation except to delete unnecessary language.

~~Preliminary Recommendation 2.15. Consider Additional Options for Water Conservation.~~
~~As discussed, the CSD has implemented a variety 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.~~

Recommendation 2.16

The County has agreed to consider the various pieces of this recommendation. Considerable public comment has been received on the question of build-out in Cambria, including an extensive set of comments from the United Lot Owners of Cambria (UNLOC), and a subsequent response these comments by the County. As discussed under Recommendation 2.13, buildout reduction in Cambria is one component of a comprehensive strategy to assure that future urban development in Cambria is environmentally-sustainable, particularly with respect to available water supplies. But buildout reduction would also address existing constraints in traffic capacity, schools, forest protection, etc. The debate between the County and UNLOC essentially revolves around what is a realistic estimate of, and/or proper methodology for identifying, the buildout

potential in Cambria. The Commission has relied on the County projections in previous discussions. The County projects potential future development through an analysis of existing legal lots that could conceivably be developed to the level allowed under current zoning (the "absorption capacity"). UNLOC has suggested that if more realistic assessment of lot characteristics and ownership patterns is completed, that the actual buildout potential for Cambria is much less (See correspondence in Exhibit D, pp. D-119).

Although there are many details to be considered in understanding the buildout analysis for Cambria, the critical issue is not so much what the projected buildout is, precisely, but rather, the coastal management measures that will be put in place to assure that the buildout of Cambria is reduced sufficiently to be environmentally-sustainable. Most people concerned with growth in Cambria agree that a reduction in the theoretical capacity for Cambria to grow is necessary if Cambria is to be a sustainable, livable community that protects its coastal environment. Many have cited the population target of 8000-8500 – far less than the population theoretically attained under full buildout of existing legal lots under current zoning (26,327). As discussed in the *Preliminary Report*, economic studies conducted for the NCAP Update have concluded that a 37% reduction in buildout capacity would be the most effective strategy for the community in terms of minimizing infrastructure costs.

Another critical point is that the North Coast Area Plan should contain policies and programs that support an environmentally-sustainable buildout objective for Cambria, regardless of what the theoretical maximum buildout for the community may be. This was the point behind the Commission's 1998 NCAP modification to encourage that a ballot measure to promote buildout reduction through an open space district be supported by the County and the CSD. There are many other possible strategies to reduce the potential development in Cambria as well, some discussed in the *Preliminary Report*. Ultimately, the NCAP and LCP must work in such a way as to assure that the buildout of Cambria is environmentally-sustainable, which includes having adequate infrastructure to support the identified buildout goal. For example, in any future discussions of a new desalination plant for Cambria, it will be important to match up the sizing of the capacity of this potential new water source to the buildout objective for Cambria, assuming other coastal resource policies can be addressed.

As discussed under Recommendation 2.13, the Cambria CSD is developing a GIS system to facilitate more precise buildout analysis. In its comments on the Periodic Review, the CSD has recommended that the Commission encourage a cooperative build-out/service demand reduction strategy with the County. The debate between the County and UNLOC highlights the need to promote more proactive dialogue and identification of management actions for the community. It may be useful for the County to establish a task force, under the auspices of its RMS program, to begin more serious discussion of this question. With this additional suggestion, Preliminary Recommendation 2.16 is amended as follows:

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. As part of this process, the County should establish a task force charged with identifying management options and strategies for reducing buildout in Cambria by a specific deadline.

Recommendation 2.17 (misnumbered 2.15 in the *Preliminary Report*)

The County agrees with this recommendation and has suggested handling this change through the NCAP and EAP updates. The County also notes that a Habitat Conservation Plan is underway for Los Osos. As discussed below, determination of the buildout potential of Los Osos, as reflected through land use designations, zoning, the location of the USL, etc. will need to be integrated with the on-going evaluation of groundwater supply, wastewater treatment, and habitat protection. No changes are recommended except to correct the numbering and remove unnecessary text.

~~**Preliminary Recommendation 2.1517. 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.~~

Recommendation 2.18 (misnumbered 2.17 in the *Preliminary Report*)

The County agrees with this recommendation and is addressing this issue in the proposed Cambria Residential Design Guidelines. These should be submitted to the Commission as an LCP amendment later this year. Public comments have been received that underscore the need to address this problem. No changes are proposed to the recommendation except to change the number from 2.17 to 2.18.

~~**Preliminary Recommendation 2.1718. 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.~~

Recommendation 2.19 and 2.20 (misnumbered 2.18 and 2.19 in the *Preliminary Report*)

The County agrees with these recommendations but would modify them to take into account the recently completed safe yield study for Los Osos Valley groundwater basin, and to integrate future planning with respect to the pending wastewater treatment plant and the Habitat Conservation Plan being developed for Los Osos. The new study of the Los Osos Valley groundwater basin (Water Master Plan, June 2001) concludes that the overall safe yield of the

basin is 3500 afy, as opposed to the 1800 afy figure acknowledged currently in the LCP or the 2200 afy figure from the 1989 DWR study. The study also concludes, however, that notwithstanding this higher safe-yield estimate, that the basin has been in overdraft in 8 of the last 15 years. The study also addresses the fact that the groundwater basin appears to be made of different shallow and deep aquifers, and that depending on the withdrawals from particular wells, these distinct aquifers may be vulnerable to overdraft and, in locations closer to the ocean, susceptible to seawater intrusion. The study concludes that the safe yield of the basin may be increased through proper disposal from the anticipated community wastewater treatment plant. The study also projects supply and demand for the basin with a projected buildout population of 19,692, and estimates a 100 afy basin deficit.

Although the Commission has not had an opportunity to fully review the new supply study, preliminary indications are that the study suggests that improved basin-wide water management is needed to assure that new development is environmentally-sustainable and that water capacity will be reserved for agriculture and other priority uses. This is particularly true in the urban area, where there are three separate purveyors (LOCSD, California Cities, and S&T Mutual) that have been self-managing, except for County oversight of development approvals. There is a 1994 water basin agreement that provides a framework for joint management such as the recent supply study, and the CSD is currently negotiating with the other two purveyors to update this agreement to provide more coordinated basin management.³⁴

In light of on-going efforts to complete the community wastewater treatment plant, as well the development of the HCP that will necessarily shape buildout scenarios for Los Osos, it remains incumbent on the County, water providers, and the Commission to identify the proper level of future development and water supply alternatives so that groundwater resources are not depleted and so that priority uses are protected. The Commission will continue to participate in the on-going efforts to define the parameters of a community-wide HCP, and to help identify enforceable policies and mechanisms for incorporation into the Estero Area Plan Update. Preliminary Recommendations 2.18 and 2.19 are amended as follows:

Preliminary Recommendation 2.4819. 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. Policies and mechanisms to ensure basin-wide management of groundwater supplies should be considered.

~~Preliminary Recommendation 2.4920. Los Osos Long-term development.~~ Amend Estero Area Plan, including changes to support a reduction in buildout, to reflect an updated Buildout analysis, preservation of groundwater basins, and sensitive habitat protection needs identified through the HCP. 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

³⁴ In the FEIR for the wastewater treatment plant, the CSD has committed to participate in the management agreement in order to provide for optimization of groundwater basin yield.

~~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).

Other Recommendations

The Commission received comments from the San Luis Harbor District raising concerns about the reservation of capacity on Avila Valley Road for coastal dependent and related development that might occur in the vicinity of the Harbor. Avila Valley Road can be constrained at peak periods, and the LCP should be updated to reserve capacity for priority Coastal Act uses. Therefore, recommendation 11.3 is amended to address this concern.

4. Conclusion

The *Preliminary Report* presented evidence and analysis showing that the San Luis Obispo County LCP has not been effectively implemented in conformance with the Coastal Act policies concerning environmentally-sustainable urban development, including section 30250 (see Exhibit A, Findings incorporated herein by reference). In addition, further evaluation, and consideration of public comments, has identified further necessary corrective actions for the San Luis Obispo County LCP to conform with the above Coastal Act requirements. Lacking such changes, the County's LCP is not being carried out in conformance with the Act. Pursuant to Coastal Act section 30519.5, the Commission adopts Final Recommendations 2.12-2.20 as appropriate corrective actions for submission to the County.

*Adopted Report
San Luis Obispo County LCP Periodic Review
July 12, 2001
As revised August 24, 2001 to incorporate changes from
the addendum and hearing of July 12, 2001*