

# **Buildout Reduction Program Citizens' Committee**(BRPCC)

REGULAR MEETING Monday, May 15, 2017 - 10:00 AM 2850 Burton Drive Cambria CA 93428

#### **AGENDA**

- A. CALL TO ORDER
- B. ESTABLISH QUORUM
- C. CHAIRMAN'S REPORT

#### 1. PUBLIC COMMENT

Members of the public may now address the Committee on any item of interest within the jurisdiction of the Committee but not on its agenda today. In compliance with the Brown Act, the Committee cannot discuss or act on items not on the agenda. Each speaker has up to three minutes. Speaker slips (available at the entry) should be submitted to the District Clerk.

#### 2. REGULAR BUSINESS

- A. Consideration to Approve the Minutes from the Regular Meeting held on May 1, 2017.
- B. Report on Subcommittee Review of Lot Retirement Methods:
  - 1. Review of Potential Local Taxes and Fees for Acquisition of Undeveloped Properties
  - 2. Review of Funding Sources Outside of Local Taxes and Fees for Acquisition of Undeveloped Properties
  - 3. Review Potential Organizational Structures to Acquire and Manage Undeveloped Properties
- C. Discussion to Define Process for Valuing Undeveloped Parcels
- D. Discuss and Update the Buildout Reduction Report
- E. Discussion to Estimate the Cost of Maintenance of Acquired Properties

- 3. FUTURE AGENDAITEMS
- 4. ADJOURN



## **Buildout Reduction Program Citizens' Committee**

(BRPCC)

### REGULAR MEETING Monday, May 1, 2017 - 10:00 AM 2850 Burton Drive Cambria CA 93428

#### **MINUTES**

#### A. CALL TO ORDER

Chairman Siegler called the meeting to order at 10:00 a.m.

#### B. ESTABLISH QUORUM

A quorum was established.

Committee Members Present:

Ted Siegler, Crosby Swartz, Laura Swartz, Cindy Steidel, Jerry McKinnon, Mel McColloch, Mark Rochefort, Allison Groves

Committee Members Absent:

Greg Hunter, Bob Sfarzo

CCSD Staff Present:

Haley Dodson, Confidential Administrative Assistant

#### C. CHAIRMAN'S REPORT

No report at this time.

#### 1. PUBLIC COMMENT

None.

#### 2. REGULAR BUSINESS

A. Consideration to Approve the Minutes from the Regular Meeting held on April 17, 2017

Committee Member Crosby Swartz motioned to approve the minutes.

Committee Member Steidel seconded the motion.

Motion was approved unanimously.

#### B. Report on Subcommittee Review of Lot Retirement Methods:

#### 1. Review of Potential Local Taxes and Fees for Acquisition of Undeveloped Properties

Committee Member Crosby Swartz reported one potential organization structure to consider is the state code regarding an open space maintenance district, which was discussed with District Counsel in the past, and he would like to hold another meeting with District Counsel regarding this topic. Chairman Siegler will follow-up with District Counsel on this and asked Mr. Swartz to provide him with dates and times his committee is available.

## 2. Review of Funding Sources Outside of Local Taxes and Fees for Acquisition of Undeveloped Properties

Committee Member Rochefort passed out a handout titled "Additional Assessment on Lodging Businesses" (attached). He gave a brief report on the business improvement district fee.

The committee had an extensive discussion regarding the business improvement district fee.

## 3. Review Potential Organizational Structures to Acquire and Manage Undeveloped Properties

Committee Member McKinnon passed out a handout titled "Water Wait Lists Geographic Locations" (attached). He stated this handout doesn't include multiple family or commercial wait list. Chairman Siegler advised him to work with Committee Member Hunter with his list.

The committee discussed revenue streams.

#### C. Discussion to Define Process for Valuing Undeveloped Parcels

Chairman Siegler stated that Committee Member Hunter wrote a report, titled "Draft Identification and Valuation of Undeveloped Property Subject to Retirement" (attached).

#### D. Discuss and Update the Buildout Reduction Report

Committee Member Steidel passed out a handout titled, "Stakeholders and Beneficiaries Related to Property Retirement and Maintenance of Open Space" (attached). She started an acronym and definition of terms list.

Chairman Siegler provided a handout titled, "Description of Potential Buildout" (attached) to the committee.

Committee Member Rochefort volunteered to make a list of funding mechanisms that were considered and for whatever reason were unavailable to the committee. The committee unanimously agreed to allow him to do the list.

#### E. Discussion to Estimate the Cost of Maintenance of Acquired Properties

No report at this time.

#### 3. FUTURE AGENDA ITEMS

Chairman Siegler asked the committee to continue writing their reports and provide him with a copy when they are done. He will then pass it onto Haley Dodson for distribution.

#### 4. ADJOURN

Committee Member Rochefort motioned to adjourn the meeting.

Committee Member McColloch seconded the motion.

The committee unanimously agreed to adjourn the meeting at 11:27 a.m.

The next BRPCC meeting will be on Monday, May 15, 2017 at 10:00 a.m.

#### ADDITIONAL ASSESSMENT ON LODGING BUSINESSES

The third core revenue stream to fund the Buildout Reduction Program taps into the substantial number of tourists who enjoy, among other local attractions, Cambria's natural beauty, open space and quaint small-town charm. The recommended means to establish this tourist based revenue stream is to levy an assessment on each proprietor of a lodging business, existing and future, located within CCSD's jurisdiction ("lodging operator"). The recommended assessment is one half of one percent (.5%) of the paid rent charged by the lodging operator per occupied room per night for all transient occupations. Based on normal tourist trade in Cambria, this assessment should yield approximately \$200,000 per year.

There are two alternative legislative means to create the assessment. Both require action by the San Luis Obispo County Board of Supervisors. The first alternative would be to amend the current Tourism Business Improvement District Ordinance of San Luis Obispo County. SLO County Code, Title 3, Chapter 3.09. The proposed amendment would change the existing ordinance to create a separate benefit zone for Cambria and would levy an additional .5% assessment on operators within CCSD's jurisdiction. The state legislation authorizing creation of tourism business improvement districts ("TBID") expressly provides for separate local benefit zones that have different assessments than other geographic areas within the TBID. Furthermore, the existing SLO County ordinance broadly defines how TBID assessments may be used and includes uses consistent with the BRP.

The second alternative legislative means to create the assessment is for the County Board of Supervisors to leave the existing ordinance in place but enact a separate ordinance creating a new TBID limited to lodging operators within CCSD's jurisdiction and levy the .5% assessment on all such local operators. Under either legislative means, Cambria's lodging operators could, as they do now under the existing TBID ordinance, pass through the assessment to their transient renters as part of their lodging bill. Thus, the town's tourists would pay a fair share of the cost to preserve Cambria's environmental beauty and cultural charm through the Buildout Reduction Plan.

The proposed tourist based revenue stream has several advantages.

• As noted above, it accomplishes part of the goal to share the cost of the BRP among the various stakeholders, in this case tourists, who enjoy Cambria's beauty, open space and charm.

- Although the assessment requires new or amended legislation, a TBID fee already applies to local lodging operators and the proposed fee increase is relative small; therefore, the fee should not be overly disruptive to the town's tourist industry.
- Under both the state enabling statute and the existing local ordinance, the funds generated by the TBID assessment must be used for the purposes designated in the legislation, in our case only to fund the BRP and for no other purpose.
- While a majority of local lodging operators can defeat the assessment or later rescind it by filing written protests, the incremental amount of the assessed fee is so small that such protests are unlikely. However, in order to assure success, the CCSD and County should reach out to local lodging operators in advance of introducing legislation in order to discuss the assessment, its purpose and importance to the continued viability of Cambria as a viable community and tourist destination in order to gain the support of such operators.

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## **Draft**

## Identification and Valuation of Undeveloped Property Subject to Retirement

A file of all vacant APN lots within Cambria was prepared by the San Luis Obispo County Building and Planning Department, compiled from the County Assessor's records. The file was prepared as of July 13, 2016 and served as the database for the committee's work.

The first step was to identify and remove APNs not subject to retirement from the list of 2,235 residential APNs.<sup>1</sup> The table below summarizes the adjustments made to the base report to arrive at the number of vacant residential APNs subject to the Buildout Reduction Program. The retirement list includes those APNs within Special Districts 1 and 2 which were excluded from the 2006 BRP Report. Therefore, the BRP applies to 1,377 vacant APNs.

### **Summary of Vacant APN Lots**

	RSF	RMF	RS Total
Total Vacant Parcels	2,146	81	8 2,235
Less:			
Greenspace	23	1	24
Land Conservancy of San Luis Obispo	53		<b>5</b> 3
CCSD	78	11	<b>*</b> 89
County of San Luis Obispo	9		<b>•</b> 9
Kingston Bay		7	<b>*</b> 7
Presbyterian Church	5		<b>5</b>
Wait List (666)	649	3	<b>6</b> 52
Grand Fathered Meters	7	3	<b>F</b> 10
Letters of Intent	1	2	<b>F</b> 3
<b>HOA</b> and Common Areas	1	5	6
7	826	32	- 858
Total Vacant Parcels Remaining	1,320	49	8 1,377

To scope the economic feasibility of the BRP, the committee undertook the second step of estimating the value of all undeveloped APNs subject to retirement. It is important to recognize that the valuation information discussed below is not intended as a precise forecast of program cost. Such a precise forecast is impossible given the uncertainty of projecting real estate values twenty or more years into the future. Providing a valuation of

<sup>&</sup>lt;sup>1</sup> The summary table above includes the number of vacant commercial APNs. These are included for context only. The BRP concerns only the reduction of residential APNs and not commercial properties.

all undeveloped APNs covered by the program also assumes that the CCSD will retire all such properties through purchase. By reinvigorating existing programs such as the lot mergers and voluntary donations and initiating additional programs such as encouraging land owners to place conservation or other restrictive easements on properties not intended for development could achieve substantial retirements at little or no cost to the CCSD. Further, by implementing a disciplined BRP program over the next several years Cambria will have eliminated all or nearly all undeveloped APNs in excess of the 4,650 connections established in its Water Master Plan.

Two valuation methodologies were selected to determine the economic feasibility of the BRP. All residential APNs have been considered in the valuation process, understanding that CCSD's standard for issuing a water meter requires a 50' street frontage. There are (Number) APNs in Cambria that do not meet the minimum size requirement.

The first method was to use the SLO County Assessor's property tax valuation as a means to value each APN. The valuation is based upon the original purchase price, subject to annual adjustments and to valuation reductions recognized by sales of like properties within the area. The chart below reflects the Assessor's valuations for the 1,377 residential lots subject to retirement under the program. According to the assessed valuation method the value of undeveloped APNs is approximately \$30M.

#### SUMMARY OF SLO COUNTY ASSESSOR'S VACANT LOT VALUATIONS

VALUATION RANGE	NUMBER OF APN's WITHIN RANGE			TOTAL ASSESSMI VALUATI	ENT	AVERAGE APN VALUATION		TOTAL ACRES	
\$ 0 - \$5,000	311	23%	\$	1,267,858	4%	\$	4,077	23.4	14%
\$5,001 - \$10,000	408	30%	\$	3,152,849	11%	\$	7,728	38.3	23%
\$10,001 - \$15,000	165	12%	\$	2,011,575	7%	\$	12,191	21.6	13%
\$15,001 - \$25,000	200	15%	\$	3,883,153	13%	\$	19,416	27.5	17%
\$25,001 - \$50,000	175	13%	\$	5,981,459	20%	\$	34,180	22.1	13%
\$50,001 - \$100,000	79	6%	\$	5,571,131	19%	\$	70,521	9.6	6%
\$100,001 - \$737,000	39	3%	\$	7,855,113	26%	\$2	201,413	22.1	13%
	1,377	100%	\$	29,723,138	100%	\$3	49,525	164.4	100%

The second method was to value properties using input from realtors and historical MLS recorded transactions. We considered vacant lot sales in Cambria within the last three years, adjusting to cull sales of large value APNs that likely enjoyed a water wait list

position. Using this market based method yielded a total valuation slightly higher but in line with the assessed valuation method above, \$34M. The two valuations discussed above demonstrate that the BRP is economically feasible.

1. I have reconciled most the difference in the wait list 666 and the 652 reflected up above. 10 APN difference are lots that have homes on them. The remaining 4 I cannot find any record. They (APNs) do not exist on any of the files received from the CCSD or the county. They do not appear on the assessor maps. I checked them against the merged lot schedules that I have and cannot see them, so at this point I am at a stopping point. I have forwarded them to Monique thinking she may have the answers.

## Stakeholders and Beneficiaries Related to Property Retirement and Maintenance of Open Space

#### Stakeholders

The most direct BRP stakeholders, within the urban boundaries of Cambria, are owners of those properties not holding a water wait list position.

#### (Expand narrative considering probable stakeholders)

- Property owners who can develop properties because of the communities commitment to limit growth:
  - a. Owners of undeveloped APN's not on the CCSD Water Wait List
  - b. Owners of undeveloped APN's currently on the CCSD Water Wait List
  - c. Owners of undeveloped APN's currently holding Grandfathered Meters
- Owners of existing developed APN's
- 3. Other Cambria Community residents who are not property owners
  - a. Renters, Tenants
- 4. Conservation Entities, Land Trusts (Habitat and Forest Preservation)
- Business Owners, Chamber of Commerce
- 6. Visitors
- 7. Cambria Community Services District
  - a. Administrative
  - b. Maintenance
  - c. Supplemental water during drought or protection for catastrophic fire
- 8. Cambria Community Fire Services (Fire Mitigation)
- 9. San Luis Obispo County

#### Beneficiaries

Cambria is a unique community that has a desirable combination of stunning land and ocean vistas, plentiful habitat and mindful conservation of those attributes. Although not always easy, the community strives to protect and maintain these elements while recognizing the consequence for its residents and business community. Land retirement, and establishment of open space, will sustain the small-town character and quality of life valued by residents and those who visit.

#### Allocation of Burden

To execute the purchase and retirement of properties, the community will share in the financial burden of making it a viable undertaking. Just as there is no one silver bullet to address the financial need, there are multiple phases and contributors to achieve the goal of the BRP.

(expand based on primary recommendations/findings of committee)

	Buildout Reduction Program Acronym List							
ADAL	Accessed Demost Number							
APN	Assessor's Parcel Number							
BRP	Buildout Reduction Program							
BRPCC	Buildout Reduction Program Citizens Committee							
CCC	California Coastal Commission							
CCSD	Cambria Community Services District							
CEQA	California Environmental Quality Act							
EIR	Environmental Impact Report							
EWF	Emergency Water Facility							
GMO	Growth Management Ordinance							
MFR	Multi-Family Residence							
NCAP	North Coast Area Pan							
PEIR	Program-Level Environmental Impact Report							
RWQCB	Regional Water Quality Control Board							
SEIR	Supplemental Environmental Impact Report							
SFR	Single Family Residence							
SLO	San Luis Obispo							
SLOCLC	San Luis Obispo County Land Conservancy							
SPA	Special Projects Area							
SWF	Sustainable Water Facility							
TDC	Transfer Development Credit							
WMP	Water Master Plan							

#### **Definition of Terms**

Account (CCSD)

Assessors Parcel Number (APN)

**Buildable Lot** 

Coastal Conservancy

Connection Fee/Hook Up Fee

Conservation Easement

Consolidation (APNs)

Grandfathered Meter (Right)

Hard Cap

Impact Fee

Intent to Serve (Letter)

Land Use Authority

Lot

Lot Merger

Mello-Roos District

Mitigation Fee Act

Mixed Use

Non-buildable Lot

Open Space District

**Outstanding Service Commitment** 

Parcel

Proposition 218

Retired Lot

Special Projects Area 1 and 2

Transfer of Development Credits

Water Meter (CCSD)

Water Meter Transfer

Water Wait List

#### **Description of Potential Buildout**

The CCSD Water Master Plan caps the number of residential water connections within Cambria's urban boundaries at 4,650. Currently the CCSD serves 3,766 residential connections. As a result, the Plan allows for 884 additional residential connections. The following table summarizes existing connections and commitments:

		Outstanding			
	Active	Intent to Serve	Wait List	Total	
Residential					
Single Family Residence	3631	4	666	4301	
Multi-family Residence	135	3	11	149	
Grandfathered			36	36	
Committed Affordable Housing Ordinance			56	56	CCSD 8.04.110
Subtotal	3766	7	769	4542	
Commercial					
Lodging	47	1		48	
Other Commercial	184	2	10	196	
Subtotal	231	3	10	244	
Approximate Commercial EDUs				1448	Exceeds 20% of total
CCSD Accounts	22			22	

Residential connections include all single-family homes, whether occupied by permanent residents or weekenders, vacation rentals, and multi-family residences. Future multi-family housing will require one water meter per dwelling unit.

All told, the CCSD has made commitments for 769 new water connections. The largest category of unserved commitments is the water wait list, comprised of 666 properties. At present, the County has assigned a growth rate of 0% to Cambria in recognition of the community's persistent water emergency. The BRPCC anticipates that if the water emergency is resolved, the County will increase the growth rate to 1%. At that rate, development of existing commitments could occur at a rate of 38 new homes rising to 45 over a period of approximately 20 years.

There are potentially 115 additional service connections not committed under the 4,650 cap. At present, the CCSD does not have a plan for how those connections would be allocated, if at all.

To complete the picture of potential water uses within Cambria's urban boundaries, commercial connections must also be considered. Consistent with the mandates of the Coastal Act, the North Coast Area Plan requires that visitor-serving purposes be given priority over residential purposes. As a result, the CCSD has committed at least 20% of its water service to commercial accounts, the majority of which comprise visitor-serving businesses, such as lodging and restaurants.

Because the BRPCC is focused on land acquisition as a means to limit population growth, commercial connections are not part of the committee's considerations or recommendations.

#### **Locally Generated Public Funds**

Integral to the committee's plan development is the notion that the cost of land acquisition and maintenance should be spread among stakeholders who benefit from such acquisition. By acquiring property, Cambria will assure the growth limits the community is imposing on itself. The acquired land will create areas of open space around the town – open space that will maintain its undeveloped character such as forest, meadow and habitat. The space will assure that there are breaks in development. Viewshed will be maintained. And culturally significant properties will be preserved.

The committee has identified three groups of stakeholders that will derive the primary benefit of the BRP – owners of properties on the water wait list, Cambria residents and tourists. In developing the plan for funding, the committee considered methods to derive revenues from each of these groups. The revenues thus generated form the core of the plan's resources. Numerous possibilities were investigated, but most were rejected because of the complexities of raising taxes and public fees in California. Several of the rejected approaches are identified in Appendix

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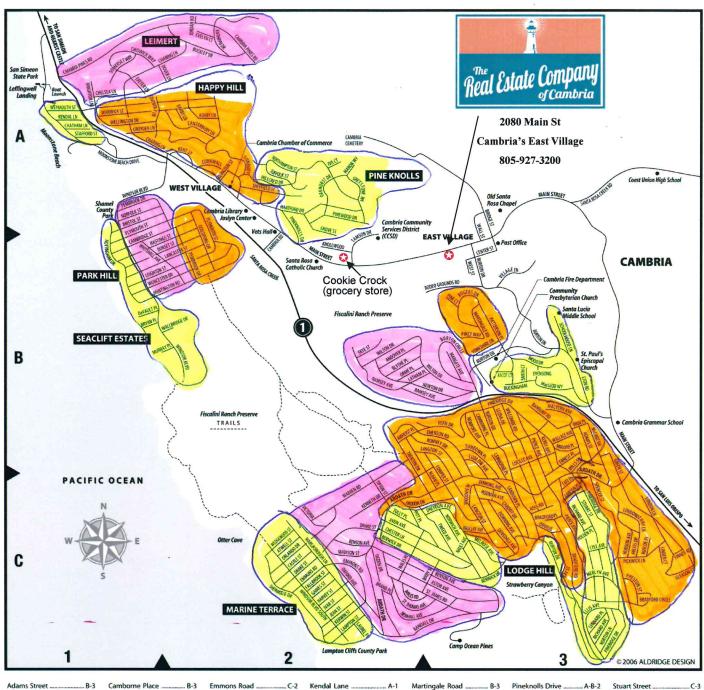
The first recommended fundraising approach is to form a Mello-Roos Community Facilities District (CFD) consisting of the properties on the water wait list. Formation of such a district is permitted under the Community Facilities Act enacted in 1982. Implementation will require approval by two-thirds of the property owners that would comprise the district. While this is a substantial hurdle, the BRPCC believes district formation would be in the best interest of those on the water wait list, given the critical role the BRP will play in obtaining the regular operating permit for Cambria/s SWF. Without that permit, it is unclear that the water emergency that has prevented development since 2001 would or could be lifted.

Mechanically, once the CFD is established, the administrator would issue a bond that would be repaid from funds generated by the fees. The committee proposes raising \$10 million through this mechanism. With 4% interest over a 25-year period, such borrowing would cost \$20 million, or slightly over \$30,000 per property on average. Actual assessments would vary by property size. The committee recommends that the CFD agreement be drafted to allow property owners to pay fees either on a pro rata annual basis or in a lump sum within a year of becoming eligible for an intent-to-serve. In all cases, the full fee would have to be paid prior to repayment of the bond.

Assuming the CCSD is the administrator, the committee recommends that the CCSD engage in outreach to the property owners on the wait list to solicit viewpoints and recommendations for structuring and implementing a CFD before drafting a final plan for a vote.

The second recommendation for core revenue is to assess a parcel tax of \$100 per developed parcel within the urban boundary annually for a period of 25 years. Such a parcel tax would

require approval by two-thirds of the community's registered voters. The income generated by such a tax would be approximately \$400,000 per year, or \$10 million over a 25-year period.



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Amherst Place B-2-3
Andover Place B-2
Ardath Drive B-3-C-2
Arlington StreetA-2
Arliss Drive C-3
Ascot Court B-3
Ashby Lane A-2
Astor Avenue C-2-3
Atwell Street C-2
Avon Avenue C-2-3
Banbury Road B-3
Benson Avenue C-2-3
Berwick Drive C-2-3
Bixby Street C-3
Blythe Place B-2
Bradford Circle C-3
Bradford Place C-3
Bradford Road C-3
Brand Place C-2
Bridge Street A-2-3
Brighton Lane A-1
Bristol Street A-1
Bryan Place B-1
BuckinghamB-3
Buckley Drive A-2
Burton Circle B-3

Burton Drive ...... B-C-3

Camborne Place Cambria Pines Road ... . A-2 Cambria Road Cambridge Street .... Canterbury Lane A-2 Cardiff Drive Castle Street C-2 Center Street Charing Lane A-1-2 Chatham Lane Chelsea Lane Chester Lane. .C-2-3 Chiswick Way Cornwall Street Coventry Lane A-2 Cranbrook Street . Croyden Lane Derby Lane .... A-1-2 DeVault Place .. B-1 B-1-2 Dorset Street .... Dovedale Avenue Dover Lane ... A-2 Downing Avenue C-3 Dreydon Avenue Ellis Avenue ..... C-3

Emerson Road

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C-2

Jean Street

Kay Street

B-3

Kathryn Drive

Kendal Lane Kenneth Drive . . B-C-2 Kent Street .... Kerry Avenue . A-2 . B-3 Kerwin Street .. C-2 Knollwood ... Lampton Street .C-2 Lancaster Street Langton Street Latham Place B-2-3 Lawson Place . . C-3 Leighton Street Leona Drive Leonard Place C-3 Linden Court ... London Lane C-3 Londonderry Lane Lucille Avenue Ludlow Avenue .B-3 MacLeod Way B-3 Madison Street Main Street ... A-2-B-3 Malvern Avenue B-3 Manor Way ... Margate Avenue B-3 Marlborough Lane .C-2

McCabe Drive ... . B-3 C-3 Merlyn Avenue ... .C-3 Mills Street B-3 Moonstone Beach Dr ... Murray Place .. . B-2 Nault Avenue ..... Newhall Avenue . ..C-2-3 Newport Avenue ... R-3 Norfolk Street . A-1 Northhampton St. Norton Lane ... C-3 Norwich Avenue Nottingham Drive Oakhurst Drive .. A-2 Ogden Drive Orin Place ... B-3 Orlando Drive .. C-2 Orme Place .... Orville Avenue .. . C-3 Orville Place ..

.. C-2

R-3

C-3

. B-3

Stafford Street

A-1-B-2

Oxford Avenue

Patterson Place

Pickwick Lane

Pine Court ...

Pembrook Drive ...

Pineknolls Drive Pineridge Drive .. . B-C-3 Pinewood Drive Piney Way ..... Pitt Place C-2 Plymouth Street Preston Street .. \_ C-3 Radcliff Avenue B-2-3 Ramsey Avenue Randall Drive C-2-3 Rodeo Grounds Rd. .. B-3 Rodman Avenue Rogers Drive .. Romney Drive Roscoe Place ... B-7-3 Ross Road . C-3 St. James Road St. Thomas Ave . C-2-3 Sandown Place ...... B-C-3 Santa Rosa Creek Rd ...... A-3 Schoolhouse Lane . . B-3 Sheffield Street . Sherwood Drive . C-2 Skye Street R-2 Smith Court . Somerset Way

Suffolk Street . A-2 Sunbury Avenue B-3 Tamson . B-2 Tipton Street . Trenton Drive ... B-2-C-3 Tully Place Tweed Avenue Victoria Way (-) Village Lané Wales Road . C-2 Wall Street Wallace Avenue . B-3 Wallbridge Drive Warren Road ..... B-2 Warwick Street . A-1-2 Wellington Drive A-1 West Street B-3 Whitehall Avenue B-1-2 Wilton Drive ... B-2-3 Windsor Blvd A-R-2 Wood Drive ... ... B-3 Woodview Avenue C-3 Worchester Drive .... Yorkshire Street . ... B-3