



Buildout Reduction Program Citizens' Committee (BRPCC)

REGULAR MEETING
Monday, April 17, 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 March 20, 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 Outline
- E. Discussion to Estimate the Cost of Maintenance of Acquired Properties

3. FUTURE AGENDA ITEMS

4. ADJOURN



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

REGULAR MEETING
Monday, March 20, 2017 - 10:00 AM
2850 Burton Drive Cambria CA 93428

MINUTES

A. CALL TO ORDER

Chairman Sielger called the meeting to order at 10:05 a.m.

B. ESTABLISH QUORUM

Committee Members Present:

Ted Siegler, Crosby Swartz, Laura Swartz, Mark Rochefort, Greg Hunter, Jerry McKinnon, Allison Groves

Bob Sfarzo arrived at 10:08 a.m.

Committee Members Absent:

Cindy Steidel, Mel McColloch

CCSD Staff Present:

Haley Dodson, Confidential Administrative Assistant

C. CHAIRMAN'S REPORT

Chairman Siegler stated that he reviewed a report on an Open Space Districts and the committee has done a good job identifying issues from the report and it's important the committee stays focused on buildout reduction. Open Spaces is not our primary purpose. It's primarily a buildout reduction program.

1. PUBLIC COMMENT

Jim Bahringer

2. REGULAR BUSINESS

A. Consideration to Approve the Minutes from the Regular Meeting held on February 27, 2017

Haley Dodson stated that Committee Member McColloch emailed her and would like the minutes amended to reflect that he agreed to help Committee Member Rochefort on researching the cost of maintenance of acquired properties.

Committee Member Groves stated that the comment, "Committee Member Groves stated as an attorney she advises having action only minutes" should be changed to "Committee Member Groves stated she has a legal background and advises having action only minutes."

Committee Member Crosby Swartz motioned to approve the minutes as amended.

Committee Member Groves 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

Chairman Siegler stated there is no new activity for item # B1.

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

Committee Member Rochefort reviewed the grant activity report. This report was attached in the March 20, 2017 agenda packet. The original Buildout Reduction Plan had investigated the availability of grants and concluded that there weren't any that fit the parameters of the Buildout Reduction Plan. He stated he hasn't seen any public or private grants available.

Committee Member Rochefort, Committee Member Hunter, and Committee Member Sfarzo met with Bruce Gibson and his Executive Assistant regarding the Tourism Business Improvement District. The county set up a Tourism Business Improvement District and a 2% fee is charged to tourists staying in hotels & motels in Cambria. 1% is kept by the county and 1% is returned to the Cambria Tourism Bureau to promote tourism.

Chairman Siegler suggested asking District Counsel about the Tourism Business Improvement District. Committee Member Rochefort agreed and will get the information together for the Counsel.

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

Committee Member Crosby Swartz stated the committee needs to consider what deed restrictions will be placed on retired properties.

The committee had a discussion regarding easements.

Daniel Bohlman stated via phone that the committee should be identifying permanent means to protect the lots, so they don't become exposed to transfer or development.

Committee Member Crosby Swartz gave an overview about the phone conference with District Counsel, Chairman Siegler, Committee Member Groves, and Committee Member Laura Swartz. They discussed items from the Buildout Reduction Program Organization Options handout. District Counsel liked the concept of adding an additional latent power to the CCSD. vg

C. Discussion to Define Process for Valuing Undeveloped Parcels

Committee Member Hunter gave a brief update on the Summary of SLO County Assessor's Vacant Lot Evaluations handout (attached). Throughout his research, he found that many homeowners own the adjacent vacant lots.

The committee had extensive discussion regarding undeveloped parcels.

D. Discuss and Update the Buildout Reduction Report Outline

Chairman Siegler and Committee Member Rochefort gave a draft report handout (attached). They asked the committee to provide input on the report.

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

Committee Member Rochefort emailed General Manager Jerry Gruber and he will work on setting up a meeting with Carlos and Committee Member McCulloch.

3. FUTURE AGENDA ITEMS

Chairman Siegler asked the committee if they had any specific things they would like added to his report to the Board of Directors.

The committee discussed their approaches to the board meeting report.

4. ADJOURN

Committee Member Groves motioned to adjourn the meeting.

Committee Member Crosby Swartz seconded the motion.

The committee unanimously agreed to adjourn the meeting at 12:06 p.m.

The next BRPCC meeting will be on Monday, April 3, 2017 at 10:00 a.m.

Cambria Buildout Reduction Program Report Draft

- Introduction

Cambria is an unincorporated area located on the North Coast of San Luis Obispo County, California. Services, such as water, wastewater treatment and fire protection are provided by the Cambria Community Services District (CCSD). California's coastline is a uniquely valuable resource that, by the Coastal Act, is to be protected for and accessible by the citizens of the state. For this reason, coastal development is a particularly sensitive issue. Limiting growth is a community value that has dominated Cambria's local politics for decades. The Buildout Reduction Program (BRP) addresses the goal of limiting growth by defining practical means to acquire undeveloped property and retire it from future development.

As a small, relatively isolated, community, Cambria is resource limited. The county's North Coast Area Plan points out that, "In the case of resources such as water supply and sewage disposal, 'planned capacities' are determined largely by environmental factors, although other community values may also be involved. For example, in the absence of a decision to import water from outside the Planning Area, this Plan is based upon the assumption that water supply for the entire north coast, including Cambria and Sam Simeon Acres, is limited to that which can be obtained locally from groundwater extraction, desalination, reclamation, and conservation."

In recognition of the community's limited resources, the CCSD implemented a cap of 4,650 residential water connections. While that cap drives limits to population growth in a small community on California's coastline, it leaves an unresolved issue.

The limit leaves approximately 1,500 undeveloped parcels that will never receive services within Cambria's urban boundaries. It is beyond the scope of this report to speculate on legal claims by property owners related to possible rights to future service. However, the likelihood that property owners will attempt to assert what they perceive to be their rights is a risk that the community cannot ignore. The BRP will provide an opportunity to those property owners to sell undeveloped land for a fair price.

Beyond risk mitigation, the BRP provides opportunity to stakeholders in Cambria's present and future to preserve open space within the community. Among other things, preserving these undeveloped 1,500 parcels will protect pine forest, will provide space between developed properties, and will maintain important view-sheds.

The following report is the result of the efforts of a Citizens' Committee that was formed in April 2016. The Committee's task was to review and revise the BRP that was incorporated in Cambria's Water Master Plan, adopted in 2008. Pursuant to its task, the Committee reviewed and updated the baseline data underlying the assumptions in the report, estimated the cost of the BRP, and investigated various means to fund the program.

We believe the report outlines a practical and achievable means to accomplish the community's goals. However, the program is not free, and it will depend on the community accepting a reasonable financial burden to maintain the small-town, coastal character of Cambria. Assuming full implementation, the Committee believes Cambria will remain the community of Pines by the Sea as far as we can see into the future.

- Summary of conclusions and recommendations
- Purpose of the Buildout Reduction Program

Cambria is a coastal village with a population of approximately 6,000. The population grew rapidly from 2,100 in 1970 to over 5,900 in 1990. Since that time, the population reached a peak of 6,400 in 2000 and has declined slightly since then. The primary determinant of the last two decades of population stability is the town's limited resources – most notably water and wastewater capacity.

Water and wastewater services are provided by the CCSD. Water is extracted from wells in the aquifers created by Santa Rosa Creek and San Simeon Creek. The amount of water available from these sources is highly dependent on annual rainfall totals. At this point the town's population has approached the limit of availability during dry years. As a result, the CCSD declared a Water Code 350 stage 1 emergency in 2001. Due to the emergency declaration, the CCSD declared a moratorium on all new water connections. Since that time, development and growth have been on hold.

At the time of the moratorium, the CCSD planned to remedy the water shortage by building a desalination plant. Plans to build such a plant have been resurrected many times since. However, the community was unable to muster the political will, development permits and other resources necessary to accomplish the planned project. The CCSD Water Master Plan (WMP) and associated Program-Level Environmental Impact Report (PEIR), adopted in 2008, assumed construction of a desalination facility. The original BRP was incorporated in that EIR as mitigation for growth inducing impacts of enhanced water supply.

As of late 2013, no plant had been built. But due to extreme drought, the CCSD authorized construction of an Emergency Water Facility (EWF) that converted low concentration brine (a combination of highly treated wastewater, under-stream flows of fresh water and ocean water) to drinking water. Currently, in 2017, the CCSD is seeking regular operating permits to re-characterize the EWF to a Sustainable Water Facility (SWF). The SWF would allow the CCSD to issue intent-to-serve letters permitting new water connections, eventually allowing the community to grow to its maximum of 4,650 residential connections. This would result in a population of between 7,700 and 10,500 once the town's buildout is complete.

One of the requirements of applying for a regular operating permit for the SWF is production of a Supplemental Environmental Impact Report (SEIR). Because Cambria is in the Coastal Zone, any land use permit that promotes growth is subject to intense scrutiny. Concurrent with drafting and finalizing the SEIR, the CCSD convened a new Citizens' Committee to review and revise

the BRP. The objective is to assure that the BRP is legal and practical and that the steps for implementation are clearly identified. An effective plan and implementation will comport with the maze of regulation dealing with population growth in a coastal community.

Limiting development and population growth is consistent with the aims of California's Coastal Act. In compliance, the County's Local Coastal Plan takes the following into account when considering development within the Coastal Zone:

- Shoreline Access
- Recreation & Visitor Serving
- Energy & Industrial Development
- Commercial Fishing
- Environmentally Sensitive Habitats
- Agriculture
- Public Works
- Coastal Watersheds
- Scenic Resources
- Hazards
- Archeology
- Air Quality

However, limited growth has the effect of denying development opportunities to some property owners. The BRP Citizens' Committee is not qualified to speculate on legal issues associated with such loss of development opportunity. But the committee does recognize that some property owners may believe they have a cause of action. This becomes a risk to our community. The theory behind developing a BRP is to provide property owners a market for their properties and upon acquisition the [CCSD] will be able to retire properties from future development. This may not be a perfect solution to a complex problem. But for a government entity without land-use authority, it is a practical approach.

From the perspective of Cambria's residents, the BRP has the salutary effect of creating open space throughout the community. It is opportunity to preserve forest, to maintain view shed and to provide separation between developed properties. These benefits of open space are inherent to the current character of Cambria, and values that most residents want to preserve. These characteristics are consistent with the values of the Coastal Act and the County's plans. They make our community desirable as both a place to visit and as a place to live.

- History of the Buildout Reduction Program

The Buildout Reduction Program has its origins in a report issued by the Buildout Reduction Plan Citizens Finance Committee to the CCSD in May 2006. The report laid out an ambitious program to retire or merge enough potential building sites so that there is a near match between those who are authorized to build under the 4650 cap adopted by the CCSD on existing and new residential water connections and the number of suitable building sites within the CCSD's service area (Original BRP). The Original BRP was based on assumptions, including but not

limited to growth restriction ordinances, that would achieve the foregoing balance within approximately twenty-two (22) years.

The purpose of the Original BRP was to ensure the small-town character, quality of life and natural resources of Cambria while recognizing that unfettered population growth threatened the town's infrastructure, water supply and public services. Before summarizing the key features of the Original BRP, it is important to note that for decades Cambrians have embraced the concept of buildout reduction as one way to maintain the character and resources of our town.

Even before the advent of the 2006 Original BRP, local and regional agencies, organizations, businesses and residents used buildout reduction as a means to control unreasonable population growth while protecting the character of the community. For example, the San Luis Obispo County Land Conservancy (SLOCLC) was formed in 1984 for the purpose, among others, of preserving open space and wildlife habitat through the purchase of land and establishment of conservation easements. By collaborating with the CCSD under the Original BRP¹ and as administrator of the Transfer Development Credit (TDC) program², the SLOCLC has sponsored projects in Cambria such as the purchase of lots to create the Fern Canyon Preserve and the use of conservation easements to protect creek sides, forest and meadowlands along Leffingwell Creek. Similarly, since 1988 Greenspace, The Cambria Land Trust has purchased land and applied restrictive easements to preserve open space and create pocket parks throughout our town. However, the most significant single buildout reduction project to date occurred in 2000 when a coalition including the American Land Conservancy, the State Coastal Conservancy, San Luis Obispo County Parks, the CCSD, Cal Trans and local and regional businesses and residents purchased the Fiscalini Ranch creating a 430 acre preserve in perpetuity for the benefit of local residents and the public at large.

The Original BRP provided two methods for retiring building sites in Cambria: voluntary merger of contiguous lots and lot purchases. With respect to voluntary mergers, the Original BRP provided a relatively modest budget (up to \$800 per merger) to assist property owners wishing to merge contiguous lots which, in theory, would reduce the number of building sites from two or more to one. The Original BRP estimated the number of lots that would be retired by voluntary merger at 542. Between 2007 and early 2016 there were 207 mergers and 423 lots have been retired under the voluntary program. **[NEED TO DISCUSS]**

The original BRP relied on four proposed revenue streams to fund the purchase of lots for retirement. These proposed revenue streams and the percentage of their respective contribution toward funding the program included: increased fees for new water meter connections (28%);

¹ The SLOCLC acts as the holder of conservation easements on lots acquired by the CCSD pursuant to the BRP. In March 2016 the CCSD Board approved taking ownership of 52 lots from the SLOCLC and the Conservancy agreed to reimburse the CCSD \$3,000 per year per lot as maintenance for some time into the future. These additional lots increased to 162 the number of lots owned by the CCSD and subject to a conservation easement in favor the SLOCLC under the BRP.

² In 1985 the SLOCLC was selected as the implementing nonprofit agency required for government agencies to operate the TDC program. Essentially, the TDC program retires lots in environmentally sensitive areas and, through the SLOCLC, sells development credits to builders in less sensitive areas to construct larger homes than otherwise permitted. Since 1984, the SLOCLC has retired 350 parcels in Fern Canyon and along Highway 1.

water rate increases for existing CCSD commercial and residential customers (19%); fees for remodels (3%); and, the sale of sixty-five (65) unallocated water connections at “market prices” at the rate of three sales per year for the anticipated twenty-two year term of the program (50%). While the foregoing revenue concept set forth in the Original BRP was reasonable, unfortunately, it suffered from several legal impediments. California law requires that water rates be limited to covering costs of service, capital improvements and administrative expense. Increasing water rates to fund the purchase of undeveloped lots for buildout reduction purposes is not permitted. Similarly, water meter connection fees must bear a reasonable relationship to the actual cost of making the connection. Again, increasing connection fees to fund the purchase of lots for buildout reduction is impermissible. Finally, selling unallocated water meters to lot owners who were either not on the water meter wait list or held a relatively low position on the list raised significant liability issues for the CCSD. Therefore, legal constraints either eliminated or threaten approximately 97% of the revenues contemplated as funding for the purchase of undeveloped lots under the Original BRP.

The Original BRP became an integral part of Cambria’s long-term population growth and water planning process. On August 21, 2008 the CCSD Board of Directors certified the Final Program-Level Environmental Impact Report for the CCSD Water Master Plan (Final MWP PEIR) and adopted such plan as Cambria’s current Water Master Plan. The Final MWP PEIR incorporated the Original BRP as an essential tool to mitigate potential for growth-inducing impacts proposed in the Water Master Plan (i.e. the increased water supply and availability contemplated by the Plan). By providing a means to retire all building sites in excess of the 4650 connections provided in the Water Master Plan, the Original BRP was the means provided to assure achievement of the 4650 cap. The 4650 cap on water connections and the Original BRP were further referenced in the August 24, 2008 Revised San Luis Obispo County North Coast Area Plan and, most recently, in the Draft November 28, 2016 Cambria Community Services District Urban Water Management Plan. Furthermore, the Cambria Sustainable Water Facility Project Draft Subsequent Environmental Impact Report includes the Original BRP (as it may be revised by the CCSD pursuant to the Committee’s recommendations) as the principal mitigation measure to address growth-inducing impacts of the Sustainable Water Facility. Therefore, as an essential tool in the population and water resource planning for our community and in light of the legal difficulties encountered as described above, the CCSD Board of Directors appointed a new Citizens Committee to investigate reasonable and responsible ways and means to fund the Buildout Reduction Program.

At its regular monthly meeting on April 8, 2016 the Board of Directors appointed the initial five members to a reconstituted Buildout Reduction Program Citizens Committee (Committee). The Board also made allowance for future appointment of alternate members pursuant to recommendations of the Committee and, subsequently, the Board did appoint five alternates. The general purpose of the Committee was to review and update the Original BRP, determine practical funding sources for retiring lots and maintaining such retired properties in the future and report the Committee’s recommendations to the CCSD Board of Directors for consideration. Pursuant to the recommendation of the Committee the CCSD Board, at its regular monthly meeting held on June 23, 2016, expanded the Committee to ten members to include the alternates as regular voting members. The purpose of the expansion was to provide more diverse community perspective on the Committee and help assure a quorum for the Committee’s meetings.

The Committee's business was conducted in regularly noticed public meetings, generally held on a bi-weekly basis from April 18, 2016 to _____. On occasion representatives of the San Luis Obispo County Planning Department and the San Luis Obispo County Land Conservancy participated in the meetings. The public was welcome and frequently members of the public attended meetings and participated extensively in the discussions. In addition to the general bi-weekly meetings and consistent with California's Brown Act, ad hoc subcommittees were formed to gather data and information for presentation, review and discussion at Committee's regular bi-weekly meetings. Written agenda and minutes of each meeting were issued and are available for public review under the Projects-Buildout Reduction section of the CCSD's official website.

- Description of potential buildout
 - Existing residential water connections (includes all residences including vacation rentals and multi-family housing)
 - Water wait list
 - Other commitments (Grandfathered meters, affordable housing)
 - Visitor Serving and other Commercial uses of water resources
- Identification of undeveloped property subject to retirement
 - Methodology
 - Summary table
 - Estimated value
 - Methodology
 - Conditions considered in potential appraisals
 - Estimates and recommended margin to account for variation
- Stakeholders of retiring properties and maintaining open space in Cambria and proposed allocation of burden
 - Property owners who can develop properties, as a result of the community's commitment to limit growth (i.e., water wait list, grandfathered meters)
 - Existing community residents including renters (providing open space, fire mitigation, habitat preservation, supplemental water during drought, etc.)
 - Tourism
 - Other
- Identified methods for retirement of undeveloped properties – report should emphasize a menu of approaches because there likely will be no single “silver bullet” that will accomplish or largely accomplish the task
 - Methods of retirement – for each method include a discussion of source of funds, pros and cons, estimated potential impact, limitations, steps required for implementation, risk of implementation issues, etc.
 - Voluntary (Lot mergers, acquisition by neighbors, donation, deed restrictions, easements, etc.)
 - Land Conservancy of SLO and TDC
 - Greenspace and other conservation organizations
 - Other private funds and/or public grants
 - Locally generated public funds (Mitigation fee, Mello-Roos, parcel tax, BID funds, etc.) to purchase and retire parcels
 - Recommendations

- Priority for implementation consideration
 - Proportional targets by beneficiary group
- Identified organizational structures to acquire and manage undeveloped properties – for each alternative discuss pros and cons, costs and benefits, administrative issues, steps required for implementation and associated issues, risks, etc.
 - CCSD
 - Open Space District
 - Non-profit organization
 - Hybrid
 - Segregate funds to assure they are used for the intended purpose
 - Estimate administrative, maintenance, transaction costs, legal fees, etc.
- Continuing role for the Buildout Reduction Program Citizens' Committee
 - Public oversight
 - Annual report of progress
 - Revise Program as necessary in response to contemporary circumstances
- Conclusion
- Appendix listing retirement methodologies including organization structures and potential financing mechanisms

DRAFT

SUMMARY OF SLO COUNTY ASSESSOR'S VACANT LOT VALUATIONS

VALUATION RANGE	NUMBER OF APN's WITHIN RANGE	TOTAL ASSESSMENT VALUATION	AVERAGE APN VALUATION	TOTAL ACRES
\$ 0 - \$10,000	654	\$ 3,982,369	\$ 6,089	63.4
\$10,001 - \$15,000	154	\$ 1,894,299	\$ 12,320	20.4
\$15,001 - \$25,000	180	\$ 3,498,348	\$ 19,435	24.7
\$25,001 - \$50,000	167	\$ 5,730,540	\$ 34,315	20.1
\$50,001 - \$100,000	78	\$ 5,516,007	\$ 70,718	9.4
\$100,001 - \$737,000	39	\$ 7,855,113	\$ 201,423	22.1
	<u>1,272</u>	<u>\$ 28,476,676</u>	<u>\$ 22,387</u>	<u>160.1</u>