

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 5/20/2014	(3) CONTACT/PHONE James Caruso, Senior Planner	
(4) SUBJECT Request to authorize processing of possible amendments to the County Code and related amendments to the Conservation and Open Space, Agriculture and other elements and policies of the County General Plan in order to implement countywide water resource policies and strategies and as contemplated in the Interim Zoning and Urgency Ordinance Nos. 3246 and 3247 concerning water use in the Paso Robles Groundwater Basin as follows: 1) establish special growth limitations in the Growth Management Ordinance (Title 26), 2) increase minimum parcel sizes for new land divisions (Titles 22 and 23), 3) merge substandard parcels (Titles 21 and 22), and 4) apply the Transfer of Development Credits (TDC) program to constrained groundwater basins (Title 22). All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board review the proposed ordinance and General Plan amendments and determine whether to authorize processing.			
(6) FUNDING SOURCE(S) Department Budget	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. ___) { X } Board Business (Time Est. <u>90 min</u>)			
(11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances { X } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: { } 4/5 Vote Required { X } N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date: <u>December 3, 2013; March 4, 2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / James Caruso, Senior Planner

DATE: 5/20/2014

SUBJECT: Request to authorize processing of possible amendments to the County Code and related amendments to the Conservation and Open Space, Agriculture and other elements and policies of the County General Plan in order to implement countywide water resource policies and strategies and as contemplated in the Interim Zoning and Urgency Ordinance Nos. 3246 and 3247 concerning water use in the Paso Robles Groundwater Basin as follows: 1) establish special growth limitations in the Growth Management Ordinance (Title 26), 2) increase minimum parcel sizes for new land divisions (Titles 22 and 23), 3) merge substandard parcels (Titles 21 and 22), and 4) apply the Transfer of Development Credits (TDC) program to constrained groundwater basins (Title 22). All Districts.

RECOMMENDATION

It is recommended that the Board review the proposed ordinance and General Plan amendments and determine whether to authorize processing.

DISCUSSION

Background

When changes to the County General Plan and ordinances are proposed, the first step in the process is for the Board to authorize staff to commence work on the amendments. On March 4, 2014, your Board authorized staff to begin the process to amend several County ordinances and policies related to countywide water resources found in the Conservation and Open Space Element (COSE) of the County General Plan. Among other goals, these amendments are intended to alleviate the conditions which led to the adoption of Interim Zoning and Urgency Ordinance Nos. 3246 and 3247, namely the water shortage problems within the Paso Robles Groundwater Basin. Your Board authorized processing of water conservation related amendments:

- New Landscape Requirements
- Retrofit-on-Sale
- Water Waste
- Water Neutral New Development
- Water Supply Assessments

At the March 4 meeting, your Board also directed staff to return with a more detailed discussion of four potential ordinance revisions that could protect agricultural water supplies by reducing potential conflicts between residential and agricultural uses. These ordinance revisions would:

1. Use the Growth Management Ordinance to reduce the rate of residential growth in rural areas
2. Require larger minimum parcel sizes for new subdivided lots
3. Merge substandard parcels
4. Apply the Transfer of Development Credits (TDC) program to constrained groundwater basins

All four of these programs or *implementation strategies* are found in the COSE under the goals and policies that seek to protect agricultural water supplies.

This report gives examples of how these strategies might work and how effective they might be in reducing future water demand. It also identifies alternative strategies if implementation could be problematic.

Public Outreach

During the March 4th hearing, your Board directed staff to bring the four potential ordinance revisions to advisory groups for presentation and comment. The following advisory groups invited staff to attend their meetings in March and April to present this information and to receive feedback:

- Water Resources Advisory Committee (WRAC)
- Agricultural Liaison Advisory Board (ALAB)
- Templeton Area Advisory Group
- Santa Margarita Area Advisory Council
- Creston Advisory Body
- South County Advisory Council

To focus the advisory groups' discussions on countywide water resources, staff presented five concepts to guide their review. These concepts are taken from Board member comments, public testimony and the County General Plan:

- Not all programs are appropriate for all areas
- Use the Resource Management System (RMS) to focus on problem areas
- Collaborate with water providers and other stakeholders
- Focus on "bang for the buck"
- Have the vision necessary to see future issues before they develop

Staff received significant feedback in the form of comments, concerns and additional suggestions during these advisory group meetings. Input was provided by both advisory group board members and the general public in attendance. All feedback received was compiled and organized according to the advisory group from which it was received and has been included in Attachment 1 of this staff report (one individual comment letter and a letter from a Community Advisory Council are also included as Attachments 2 and 3).

Generally speaking, advisory group comments were varied and some possible water strategies were met with skepticism in terms of the water conservation potential each could provide. The general consensus heard from the advisory groups was that while countywide water supplies need to be better managed, the proposed programs being considered by your Board are not appropriate for all areas of the county. Each program being considered should be evaluated based on its applicability to and effectiveness in specific areas of the county.

Countywide Water Supplies

Cities and unincorporated communities throughout the county have come to rely on varied water supplies to meet individual community water demands. Some communities have multiple sources of water, for example, Atascadero relies on both groundwater and Lake Nacimiento. The community of Oceano relies on State Water, Lopez Lake and groundwater. Other communities (e.g. Los Osos, Cambria, Nipomo Mesa), rely solely on groundwater to meet community water demand. Often, these communities share the groundwater supply with other users such as agriculture and rural uses.

Communities that have taken action to diversify their water supplies are often better prepared to deal with fluctuating water supplies and to accommodate new development. Unincorporated areas relying solely on groundwater to meet community demand appear to be more vulnerable to yearly fluctuations in rainfall and are generally less prepared to deal with future development and varying rainfall.

Three major groundwater basins, the Nipomo Mesa Water Conservation Area and the Los Osos and Paso Robles Groundwater Basins, have been certified LOS III by your Board through adopted Resource Capacity Studies (see the following table). LOS III certification occurs when a resource demand equals or exceeds the available supply. Rural areas of the county will continue to rely on groundwater into the foreseeable future. The possible programs discussed in this report could lessen the continued groundwater competition and conflict between agricultural and residential uses within unincorporated areas of the county (Cambria's water supply is at Level of Severity III but was not certified by the Board of Supervisors).

Groundwater Basins at Certified Level of Severity III for Water Supply**			
	LOS	Communities	Main Issues
Nipomo Mesa Water Conservation Area	III	Nipomo Woodlands Palo Mesa Callendar-Garrett Black Lake Los Berros	<ul style="list-style-type: none"> - Falling groundwater levels - Multiple water providers - Funding
Los Osos	III	Los Osos	<ul style="list-style-type: none"> - Seawater intrusion - Multiple water providers - Infrastructure problems - Funding
Paso Robles	III	San Miguel Whitley Gardens Creston Shandon Garden Farms Rural Areas	<ul style="list-style-type: none"> - Falling groundwater levels - Individual wells - 80% agricultural use - No management

** Level of Severity (LOS) refers to the levels of resource deficiencies on a scale of I to III, with III being the most serious level of deficiency.

Program Expectations

The strategies described in this report could reduce future water demand and reduce potential conflicts between residential and agricultural uses in constrained groundwater basins. As a result, the strategies could allow some amount of new development to occur. While such planning programs by themselves cannot solve the water issues of our county, they can play a part in allowing our communities to grow and thrive.

Possible Policy and Ordinance Amendments

1. Growth Management Ordinance (Title 26)

The County Growth Management Ordinance (GMO) was originally adopted in 1990 after an extensive Blue Ribbon Committee process. The outcome of that process led to the adoption of a 2.3% annual rate of growth for the unincorporated area of the County. This annual rate of growth, in conjunction with the established Resource Management System (RMS) reports, is intended to reflect the ability of community resources to adequately support new development. Some communities (e.g. Nipomo Mesa area and Cambria) have a separate community growth rate that reflects local resource constraints.

The specific growth rates in the Nipomo Mesa and Cambria are examples of how this concept is already being used in areas with water supply issues. GMO limits can be thought of as “metering out” new development in areas that have water supply issues. The metering effect allows new development to come on line slowly, providing time for basin management activities to become effective and water projects to be identified and funded.

Potential Applications and Alternatives

- i. *LOS III Areas:* The majority of the county is not located over a groundwater basin. The groundwater resources in these large areas (over 1.5 million of the 2.2 million acres that make up the unincorporated areas of the county) come from fractured rock. Groundwater wells in these areas do not produce significant amounts of water and can be unreliable during certain times of the year. These are not good areas for groundwater dependent development. Examples of these areas include the Arroyo Grande fringe, the area east of the Nipomo Mesa to the base of Tematate Ridge, and the Adelaida area. While these areas do not produce large amounts of groundwater, they also do not support large areas of structural development or irrigated agriculture. In contrast, areas with large amounts of structural development are typically located over groundwater basins.

Applying growth management limits in LOS III-certified groundwater basins could reduce the annual rate of residential development within those constrained groundwater basins, depending on the growth rate limit and the actual demand for new housing. Under this example, groundwater basins or rural portions of basins at a certified LOS III would be subject to reduced rates of growth until the LOS is reduced. The Nipomo Mesa area already has a separate 1.8% annual growth rate that may need to be revisited. The Los Osos Groundwater Basin may benefit from a special growth rate to ensure that a supply of retrofit credits is available as new development occurs. The Paso Robles Groundwater Basin may also benefit from its own growth rate to allow basin management activities to start and retrofit and water conservation programs to show benefit. The following example illustrates how a growth rate limitation in the rural portions of the Paso Robles Groundwater Basin could potentially reduce water demand.

In the rural portions of the Paso Robles Groundwater Basin from 1997 to 2012, a total of about 1,540 new dwelling units were completed, resulting in a total of about 5,530 dwelling units at the end of 2012. This was an average annual increase of about 96 dwelling units, equivalent to a growth rate of about 2% per year, compared to the 2.3% countywide growth rate cap. If that 2% growth rate is projected into the future for the 10-year period starting in 2013, the result is an average annual increase of about 121 dwellings per year. In order to reduce the rate of growth of dwelling units in the basin below the recent historical average, the annual growth rate would need to be reduced below 2%. If, for example, the annual growth rate were limited to 1% and future demand for new housing continued as in the recent past, the average annual increase in dwellings could potentially be reduced to about an average of 58 dwelling units over a 10-year period starting in 2013. That would be a reduction of about 63 dwellings per year compared to the 2% growth rate scenario. Assuming a conservative water demand estimate of one acre-foot per dwelling per year, that could result in a potential future reduction in water demand of 63 acre-feet per year, or a total of about 630 acre-feet over 10 years.

- ii. *Antiquated Subdivisions:* Under this alternative, only undeveloped parcels within antiquated subdivisions would be subject to reduced annual growth rates. Most antiquated subdivisions are located in the Paso Robles Groundwater Basin.

- iii. *Water Neutral Development:* Alternatively, all new development within the rural portions of LOS III-certified groundwater basins areas could be required to be “water neutral.” New development would have to demonstrate how it would result in no new net water demand. The Los Osos area already requires new development to be water neutral through a retrofit program that is now winding down. The existing Nipomo Mesa Water Conservation Area standards do not require water neutral new development; however, CEQA review will often result in similar mitigation requirements.

Effectiveness

Since the GMO simply meters out the pace of new development, it will not, in the long run and by itself, result in a decrease in water demand or identification of new water supplies for future development. This is not generally the purpose of a growth limit. In this case, the purpose of a growth rate limitation would be to meter out new development in order to allow time for other actions to take place such as basin management activities, supplemental water project funding, and retrofitting to reduce water demand. Use of the GMO in conjunction with other programs in several areas of the county may lead to this result.

2. Larger Minimum Parcel Sizes

This strategy would amend the Land Use Ordinance (LUO) and Coastal Zone Land Use Ordinance (CZLUO) to increase minimum parcel sizes for new land divisions. One option would be to apply larger parcel sizes in the rural areas of the county in the Rural Lands, Residential Rural and Residential Suburban land use categories. Rural areas have the highest potential for future subdivision and have also been susceptible to falling groundwater levels. In the 1990 Phase 1 Rural Settlement Study, it was estimated that there were over 8,000 undeveloped parcels within the rural areas of the county.

The continued division of land within LOS III groundwater basins could lead to greater competition between residential and agricultural uses for groundwater resources. An increase in the minimum parcel size for certain rural land divisions could decrease future residential water demand, assuming that new land divisions would eventually result in additional residential development. This could reduce water conflicts between residential and agricultural uses in rural areas.

Potential Applications and Alternatives

- i. *Increased Minimum Parcel Sizes:* Using a subdivision model, staff estimated the number of potential new parcels that could be created based on current zoning, Land Use Ordinance criteria and standards in LOS III groundwater basins in rural areas. The following analysis applies only to the rural portions of the Nipomo Mesa Water Conservation Area, as existing standards for the Paso Robles Groundwater Basin already preclude most new land divisions, and because the analysis showed that there is virtually no remaining subdivision potential in the rural portion of the Los Osos Groundwater Basin.

As seen in the following table, under existing standards, 510 potential additional parcels could be created in the Rural Lands, Residential Rural and Residential Suburban land use categories in the rural portions of the Nipomo Mesa Water Conservation Area. To see the effect of increasing minimum parcel sizes, it was assumed that minimum parcel sizes would be increased as shown in the following table, as one option. By increasing the minimum parcel size standards, the potential number of new parcels that could be created in the future would be reduced from 510 to 45, a reduction of 465 potential parcels. This represents a future potential water savings.

Existing and Future Land Division Potential Nipomo Mesa Water Conservation Area (rural portions)					
Land Use Category	Parcel Size Range, Existing Standards (Acres)	Parcel Size Range, Larger Minimum Parcel Size Standards (Acres)	Potential Number of New Parcels, Existing Standards	Potential Number of New Parcels, Larger Minimum Parcel Size Standards	Reduction in Potential Number of New Parcels
Rural Lands	20 - 320	80 - 320	15	1	14
Residential Rural	5 - 20	20	407	33	374
Residential Suburban	1 - 5	5	88	11	77
Total			510	45	465

A decrease in future subdivision potential could result in a reduction in groundwater demand from new, future development. This assumes that future land divisions would ultimately result in new residential development on each new lot, which would carry with it an additional water demand. Applying average water duties to each rural area parcel can help in quantifying these potential water savings. Assuming a conservative water duty estimate of one acre-foot of water per year per parcel, the increased minimum parcel sizes for the targeted land use categories could reduce future potential groundwater demand by about 465 acre-feet of water per year in the Nipomo Mesa Water Conservation Area.

It is important to recognize that any potential reduction in water demand from increasing the minimum parcel sizes would occur over a long period of time and only if all parcels that could be subdivided are ultimately subdivided to their maximum potential. Over a 10 or 20-year time period, the actual reduction in future groundwater demand would most likely be substantially less than the ultimate potential reduction (465 acre-feet per year in this example), especially if the rate of land division activity is similar to the rate over the past 10 or 20 years.

- ii. *Avoid Net Increase in Water Use:* As an alternative, your Board could consider implementing the existing COSE policy (WR 1.13) to not approve new land divisions that increase the density of non-agricultural uses in rural areas that have a LOS II or III for water supply. This limitation has already been enacted on a permanent basis in the Paso Robles Groundwater Basin, where most new land divisions are precluded until the LOS is reduced to LOS I.

In the rural portions of the Nipomo Mesa Water Conservation Area, a standard that would prohibit new land divisions in the Rural Lands, Residential Rural and Residential Suburban land use categories could preclude the creation of up to 510 potential new parcels (in the above table in the column, "Potential Number of New Parcels, Existing Standards"). Assuming a conservative water duty estimate of one acre-foot of water per year per parcel, this could reduce future potential groundwater demand by about 510 acre-feet of water per year in the Nipomo Mesa Water Conservation Area, compared to about 465 acre-feet per year with the larger minimum parcel sizes described above. As noted above, this potential reduction in water demand would occur over a long period of time and only if all parcels that could be subdivided are ultimately subdivided to their maximum potential. The actual reduction in future groundwater demand would most likely be substantially less.

It should also be noted that a prohibition on the creation of new land divisions would not affect development of existing vacant parcels and the resulting new groundwater demands, except that new development is currently required to offset its new water demand in Los Osos and in the Paso Robles basin due to the Urgency Ordinance. In order to address the water demand of development on existing lots in LOS groundwater basins, special growth rates could be established to meter out new development. This would allow time for basin management actions to take place (see the preceding discussion of the Growth Management Ordinance).

Effectiveness

While increasing minimum parcel sizes (or even prohibiting new land divisions per the COSE) in targeted rural area land use categories could reduce *future* groundwater demand, the amount of actual water savings is highly variable and somewhat uncertain. Even with water duty numbers applied to potential new parcels, the water savings over a 10 to 20-year period in the Nipomo Mesa Water Conservation Area, for example, does not appear to be that substantial. On the other hand, limiting or prohibiting most new land divisions would allow more time for basin management measures or supplemental water projects to be implemented and potentially a reduction in the LOS to occur.

3. Merger of Substandard Parcels

In order to minimize increased competition and development pressure on groundwater basins in rural areas, the County could consider the adoption of an “involuntary” merger ordinance. This strategy would seek to merge substandard, contiguous parcels held by the same owner through the process outlined within the State Subdivision Map Act (Map Act) [Article 1.5].

The Map Act outlines the procedures to initiate the involuntary merger of contiguous parcels held by the same owner. The law requires the County, in order to pursue involuntary merger, to first adopt an ordinance which conforms to Map Act requirements. The ordinance requires that any affected property owner be properly notified of the program and that a public hearing be held in order to provide an opportunity for property owners to oppose the parcel merger.

In addition to the requirements above, parcel-specific requirements are set forth that must be satisfied in order for mergers to be considered. First, the contiguous parcels must not conform to current standards for minimum parcel size under the zoning ordinance. Furthermore, at least one of the affected parcels must not be developed with a structure, developed only with an accessory structure(s), or developed with other than an accessory structure that is partially located on a contiguous parcel. Lastly, one or more of seven conditions below must exist on one of the affected parcels in order for them to be merged:

1. Comprises less than 5,000 square feet in area at the time of determination of merger.
2. Was not created in compliance with applicable laws and ordinances in effect at the time of its creation.
3. Does not meet current standards for sewage disposal and domestic water supply.
4. Does not meet slope stability standards.
5. Has no legal access which is adequate for vehicular and safety equipment access and maneuverability.
6. Its development would create health or safety hazards.
7. Is inconsistent with the applicable general plan and any applicable specific plan, other than minimum lot size or density standards.

Examples

Counties across the state have adopted involuntary merger ordinances. The intent and goals of these involuntary merger ordinances differ but are generally focused on dealing with issues specific to each county. Examples in Marin and Napa Counties can provide some insight into the intent and success or failure of involuntary merger ordinances.

The County of Marin successfully adopted and implemented an involuntary merger ordinance to deal with substandard “paper lots.” Beginning in the 1980’s and continuing through the 1990’s, hundreds of contiguously owned paper lots were merged throughout their unincorporated county areas. These parcels were generally very small, some as small as 25 feet by 50 feet, and were located on steep slopes with unstable soils and had poor access to existing infrastructure systems. The merged lots were seen at the time as a public health and safety issue countywide. Marin County’s experience, however, is not typical compared to the experiences of other California counties. In Napa County, for example, an involuntary merger ordinance targeting agricultural lands resulted in the merger of only a few parcels that met Map Act requirements.

Potential Applications and Alternatives

- i. An involuntary merger ordinance could be focused on problem areas of the county where agricultural and residential conflicts have arisen. A number of undeveloped parcels within the antiquated subdivisions could be the focus of an involuntary merger ordinance. These undeveloped parcels represent new, future water demand in an already constrained groundwater basin.

There are a number of parcels within these areas that meet the Map Act requirements and could be considered for involuntary merger. Most of these parcels are located within the Paso Robles Groundwater Basin.

- ii. As an alternative, new planning area standards could be prepared to address new development and water demand in the antiquated subdivisions or in LOS III areas. Area standards such as water offsets, rain catchments, outdoor water use restrictions and other on-site water saving methods could be implemented within these areas for new development.
- iii. As an alternative, community water systems could be considered for certain existing residential areas located within the rural areas. During the community outreach period, a number of comments and inquiries were made regarding community well systems. As deeper and larger wells are drilled by the agricultural industry, adjacent rural area residences relying on wells for water supply are often affected. Providing one or two larger wells to meet community water demands could provide a longer-term solution to address rural area residential water issues. However, other comments did not support this change in water systems.

Currently, new community water systems within the county are specifically discouraged within the COSE (WR 1.9). If your Board were to consider this option as a feasible alternative, the existing COSE policy would need to be reconsidered to reflect this change in policy direction.

Effectiveness

Using an involuntary merger ordinance to reduce water demand within constrained groundwater basins may not provide a significant level of water savings. Other California counties have implemented involuntary merger ordinances with mixed results. Preliminary review identified few parcels for possible merger in the county and consequently, the water savings potential of merging these few parcels is limited. Moreover, a number of the existing parcels that meet Map Act criteria for involuntary merger are included in the Agriculture land use category (in the Paso Robles Groundwater Basin). Merging those parcels could potentially reduce new residential demand for groundwater, but might not affect water demand for agricultural purposes (lots in the Paso Robles Groundwater Basin are required to offset new water demand under the current Urgency Ordinance).

Ultimately, involuntary merger of contiguous antiquated subdivision lots under the same ownership may not provide the significant level of water savings that could justify the cumbersome Map Act process and the general costs involved (staffing, hearings, mailings, public meetings) in the creation and implementation of an involuntary merger ordinance. It should be noted that the County does currently have a voluntary merger ordinance whereby property owners can elect to voluntarily merge parcels on their own accord. This program could also reduce potential water demand in LOS III groundwater basins.

4. Transfer of Development Credits Ordinance

The TDC section of the LUO describes the standards and procedures for transferring development potential from one parcel of land to another. Parcels or areas that are proposed to reduce or retire development potential of a site(s) are called “sending sites.” Parcels or areas that are proposed to increase the development potential of a site(s) are called “receiving sites.” Property owners that elect to reduce the development potential of a site(s) are given full or partial credits based on a given proposal. The awarded development credits can then be sold and transferred at market value to a receiving site, which can receive a density bonus. The TDC framework allows for the voluntary, market-driven transfer of development potential between willing buyers and sellers. Transferring development credits enables new development to occur within areas that have existing infrastructure, while protecting targeted resources such as lands with agricultural or special natural resources.

Potential Application and Alternatives

- i. A TDC program can be established for a particular community such as the community-based TDC program in South Atascadero. In the context of countywide water resources, amendments to the TDC ordinance could be focused on LOS III groundwater basins. Transferring development credits from LOS III areas reliant on groundwater to areas outside of those basins with unconstrained water supplies could reduce conflicts over water supplies between residential and agricultural land uses and could reduce water demand in those areas. Development credits would be transferred to areas where resources and infrastructure exist to support new development. However, this could also increase water demand in those unconstrained areas, especially if density bonuses are granted on the “receiving sites.”
- ii. One option could be to provide incentives for the transfer of development credits to urban and village areas within the same LOS III groundwater basin. This option has the potential to reduce water demand, as urban water use per dwelling unit is typically less than in rural areas. However, that advantage could be negated if substantial density bonuses are granted to the urban and village area “receiving sites.”

An advantage of transferring development credits to urban and village areas is that they typically have community services districts (CSDs), County Service Areas (CSAs) or other water providers that meter users within their service areas and are able to administer rates and charges to individual users based upon monthly water usage. Many CSD’s throughout the county have adopted water shortage response plans to deal with extended periods of drought. These response plans contain targeted water reduction goals and stages of increased fees associated with defined water use levels.

- iii. An alternative TDC program amendment could specifically identify as “sending sites” parcels within LOS III basins that have potential to be used for groundwater recharging and/or other water conservation activities. In particular, the Paso Robles Groundwater Management Plan adopted by your Board in 2011 recommended that the County identify parcels that could be used for groundwater recharge activities. Transferring development potential away from such areas could assure their continued availability for current and future groundwater recharge activities. It could also reduce agricultural/residential water conflicts.

- iv. Another alternative would be to require new development in LOS III groundwater basins to retire development credits of existing, undeveloped lots. A number of antiquated subdivision lots within rural areas remain undeveloped and represent potential future water demand on constrained groundwater basins, primarily the Paso Robles Groundwater Basin. Retiring the development potential of these undeveloped lots could reduce future groundwater demand as well as agricultural/residential conflicts.

Effectiveness

Depending on how a community-based TDC program is set up for constrained groundwater basins, there could be some potential reduction in water demand in those areas. However, such a program might be more effective at reducing conflicts over water between residential and agricultural uses in rural areas.

5. Amend Agricultural Element: various policies

Depending upon your Board's direction on the possible amendments and alternatives outlined above, it may be necessary to consider concurrent amendments to various Agriculture Element policies in order to ensure consistency with the Land Use Ordinance and other ordinances. In addition, consideration could be given to Agriculture Element policies that address water conservation and groundwater supplies to protect water resources in a sustainable and equitable manner. Amendments may also be needed to other elements of the County General Plan, such as the Conservation and Open Space Element, and staff would need to review the General Plan elements for possible amendments in order to maintain internal consistency among the elements.

Agriculture Policy (AGP) 15 addresses continued use of the TDC program to direct development away from agricultural operations and to ensure protection of agricultural resources. As outlined in item 4 above, possible amendments to the existing TDC section of the LUO involve expanding the current TDC framework to allow for the voluntary transfer of development from areas of water resource constraints to areas that contain adequate resources for development.

Additional policies regarding water conservation (AGP10) could be analyzed to determine the feasibility for major land uses to conserve water in groundwater basins designated LOS III. For example, additional rural area Best Management Practices (BMPs) could be developed to ensure that effective water conservation measures are used by all major land uses in rural areas, similar to the Winery Water Conservation BMPs established as an attachment to the Resource Capacity Study in July 2010. Irrigation efficiency analyses could also be required on a limited-term basis as part of Titles 22 and 23, rather than just encouraged.

AGP 21 establishes minimum parcel size criteria for the division of agricultural land. This policy would need to be revised if your Board wishes to pursue amendments to Titles 22 and Title 23 that increase the minimum parcel sizes for land divisions in the Agriculture land use category.

Other possible amendments to the Agriculture Element could address groundwater supplies (AGP11) in groundwater basins designated LOS III, for example. Balancing long-term overdraft and including water-neutral development strategies in LOS III groundwater basins could allow for adequate recharge and continued availability of groundwater resources for all major basin users.

Time Frames

The following table provides rough estimates of how long it could take to process the possible amendments and alternatives described in this report.

**Amendment Options
Conservation and Open Space Element – Implementation Strategies**

	Implementation Strategies	Elements/Ordinances to be Amended	Time Frame
IS WR 1.7.1 – Protecting Agricultural Water Supplies			
1.	<p>Growth Management Ordinance</p> <p><i>Alternative a:</i> apply only to antiquated subdivisions</p> <p><i>Alternative b:</i> water neutral new development in LOS III basins (rural)</p>	Title 26	12+ Months
2.	<p>Larger Minimum Parcel Sizes</p> <p><i>Alternative a:</i> no new land divisions for non-agricultural uses in LOS II or III basins (rural)</p>	Title 22, Title 23	6 to 12 Months
3.	<p>Merger of Substandard Rural Parcels</p> <p><i>Alternative a:</i> standards for on-site water saving measures (antiquated subdivisions or LOS III basins)</p> <p><i>Alternative b:</i> explore community water systems in certain rural residential areas</p>	Title 21, Title 22, Title 23 COSE (Alternative b)	12+ Months
As Directed by Board – Protecting Agricultural Water Supplies			
4.	<p>Amend TDC Ordinance</p> <p><i>Alternative a:</i> transfer credits from rural to urban/village areas within LOS III groundwater basins</p> <p><i>Alternative b:</i> identify groundwater recharge areas as “sending sites”</p> <p><i>Alternative c:</i> require new development in LOS III groundwater basins to retire development credits of existing, undeveloped lots</p>	Land Use Elements, Agriculture Element, COSE, Title 22, Title 23	9 to 18 Months

CEQA Considerations

Some of the actions considered above may require the preparation of more extensive environmental review. For example, changes to the growth management limits in the Growth Management Ordinance (GMO) may require more significant environmental review pursuant to the California Environmental Quality Act (CEQA). An Environmental Impact Report (EIR) has been prepared in the past for significant changes to the GMO. Other potential actions may also require more extensive CEQA review, such as revisions to the Agriculture Element and revisions to the TDC ordinance. On the other hand, some potential actions may be exempt from CEQA.

If any of these programs are authorized, staff will determine the proper level of CEQA review after development of a more detailed project description. If necessary, staff will return to your Board with an update on the needed level of CEQA review and a request for funding.

OTHER AGENCY INVOLVEMENT/IMPACT

If the amendments are authorized for processing, staff will contact and consult with the Public Works Department, Environmental Health, the Agricultural Commissioner's Office, water providers and other interested organizations and agencies.

FINANCIAL CONSIDERATIONS

Some of the potential actions identified in this staff report may require minimal environmental review, such as use of CEQA exemptions. Other actions, such as revisions to the Growth Management Ordinance, the TDC ordinance and the Agriculture Element, may require more extensive CEQA analysis that may include preparation of an EIR. Depending on which amendments your Board authorizes for processing, it may be necessary to request additional funding for completion of CEQA review. Other amendments can be completed using the current Department budget.

RESULTS

Authorizing the processing of these amendments will direct staff to review and propose revisions to various Titles of the County Code and elements of the County General Plan that could reduce future water demand, reduce potential conflicts between agricultural and residential uses over water resources, and help protect groundwater resources.

ATTACHMENTS

Attachment 1 - Advisory Group and Public Comments

Attachment 2 - Letter from Sue Luft dated 4-8-2014

Attachment 3 – Letter from the Santa Margarita Area Advisory Committee dated 5-7-14