

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

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 11/17/2015	(3) CONTACT/PHONE James Caruso, Senior Planner/(805) 781-5702	
(4) SUBJECT Request to authorize processing of a Local Coastal Plan amendment application (LRP2014-00023) by Teach About/Righetti to change the land use designation of a 253 acre parcel of land from Agriculture to Recreation in order to develop a 300,000 square foot children's cancer hospital; the site is located along and on the north side of State Highway 41 adjacent to the City of Morro Bay in the Estero Planning Area. District 2.			
(5) RECOMMENDED ACTION It is recommended that the Board review the proposal and determine whether to authorize it for processing.			
(6) FUNDING SOURCE(S) Applicant fees	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. ___) {X} Board Business (Time Est. 60 minutes)			
(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 Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY {X} N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) District 2			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / James Caruso, Senior Planner

VIA: Ellen Carroll, Planning Manager / Environmental Coordinator

DATE: 11/17/2015

SUBJECT: Request to authorize processing of a Local Coastal Plan amendment application (LRP2014-00023) by Teach About/Righetti to change the land use designation of a 253 acre parcel of land from Agriculture to Recreation in order to develop a 300,000 square foot children's cancer hospital; the site is located along and on the north side of State Highway 41 adjacent to the City of Morro Bay in the Estero Planning Area. District 2.

RECOMMENDATION

It is recommended that the Board review the proposal and determine whether to authorize it for processing.

DISCUSSION

Proposal

The applicant proposes to change the land use designation on a 253 acre site just outside and east of the limits of the City of Morro Bay. The proposed Local Coastal Plan (LCP) designation change from Agriculture to Recreation would allow for the future development of a children's cancer hospital complex of approximately 300,000 square feet on a 15 acre portion of the site (see attachment 2 for a conceptual site plan). The applicant has submitted an expanded project description entitled "Narrative of the Global Village" (see attachment 1). Some key elements of the proposed project are as follows:

- A pediatric oncology center for 300 children and cancer nursing training in two structures of 100,000 square feet and 200,000 square feet located on the northeast corner of the property 232 acres of the 253 acre site to be kept in open space and will include 50 acres of organic farming and 50 acres of ranching.

The applicant has been apprised of the difficulties inherent in an LCP amendment application and the challenges specific to this project, as explained in this staff report. The applicant desires to move forward at this time due to long time frames needed to amend the LCP, conduct environmental review and to consider the land use permit for the proposed project. The Department wishes to assist the applicant to move forward with this bold project and has attempted to identify a clear path to success.

Project Data

Planning Area: Estero (Local Coastal Plan)
Community: Rural
Assessor Parcel Number: 073-084-013
Supervisorial District No. 2

Area: 253 acres
Topography: Moderately sloping
Vegetation: Grasses, eucalyptus
Water Supply: On site well
Sewage Disposal: Existing septic system
Existing Use and Improvements: Residence; agricultural buildings; water tank

Surrounding Land Uses (Land Use Categories)

North: Vacant (Agriculture)
 South: Row crops (Agriculture)
 East: Vacant/Agriculture/Rancho Colina Mobilehome Park (Agriculture/Recreation)
 West: City of Morro Bay/Residential

General Plan Information

Land Use Element Category: Agriculture
 Combining Designation: Coastal Zone; Coastal Stream; Flood Hazard; Geologic Study Area
 Community Planning Standards: None

The land use designation of the site Agriculture. The soil types on the site include some prime farmland (Class II) along with Class IV-VII soils:

Diablo and Cibo clays	Class IV	non-prime
Los Osos loam (20-50%)	Class VII	non-prime
Cropley clay (2-9%)	Class II	prime farmland
Brones-Tierra complex (15-50%)	Class VI	non-prime
Lodo clay loam (15-30%)	Class IV	non-prime

A small portion of soil on the south central area of the site (7.5 acres) is listed as prime farmland (Cropley clay – Class II). The remaining 246 +/- acres of the site consists of non-prime soils.

Authority

Coastal Framework for Planning (Appendix F) – Part I of the Land Use Element (LUE) of the General Plan, provides guidelines for processing General Plan amendment requests. Unlike the processing of land use permits, the first step when considering requested amendments to the general plan, local coastal plan, specific plan or land use ordinance, is for your Board to determine whether to initiate new legislation to amend these plans. If this amendment request is authorized for processing, the evaluation of the proposed amendments will take place and the environmental review process and staff report will be completed. The item will be then be scheduled for public hearings before the Planning Commission, then before your Board for a final local decision. As the proposed project site is in the Coastal Zone, your Board’s approval is subject to California Coastal Commission oversight.

The Department of Planning and Building provides a preliminary analysis of the major issues, applicable coastal policies and initial agency comments. The Board should consider the following factors from the Framework for Planning (Coastal) along with the other issues raised by the proposal:

- Necessity – Are there policies in the LUE that make the proposal unnecessary or inappropriate?
- Timing – Is the proposed amendment premature in relation to the inventory of similarly designated land and the timing of projected growth?
- Vicinity – Should the area of the proposed amendment be expanded or reduced based on the site’s relationship with surrounding area and surrounding condition?

Major Issues

The major issues of this proposed LCP amendment include:

- a. Conversion of agricultural lands: The LCP Policy document contains Coastal Act and local policies regarding the conservation of coastal agricultural lands. Both prime and non-prime soils are addressed in these policies.
- b. Availability of Services – The proposed project will require a substantial amount of potable water and a wastewater treatment system. Public safety services on a broad scale will also be required based on the number of people on the site.
- c. Annexation – If the proposed project cannot be approved and constructed in the unincorporated territory, can the site be successfully annexed into the City of Morro Bay?
- d. Time – The applicant understands that it will take several years to get through the various permit and annexation processes. He wishes to start as soon as possible with the understanding that no project can be constructed until adequate water and wastewater service is available.

Coastal Policies

The Coastal Policy document identifies both Coastal Act and local policies addressing various coastal resources. The two primary policy areas to be considered are agriculture and public works.

Agriculture Policies

The purpose of the Agriculture policy chapter is:

“...to present policies to guide agricultural land preservation and to identify: 1) actions public agencies should take to protect agricultural land; and 2) standards to guide development in agricultural areas.”

The LCP Policy Document includes policies regarding preservation of prime and non-prime agricultural lands in the Coastal Zone. The Policy Document states (Chapter 7 – Agriculture),

A major goal of the California Coastal Act of 1976 is protection of "the maximum amount of prime agricultural land." The Coastal Act also requires protection non-prime agricultural land wherever feasible (30242).

The Agriculture chapter of the Coastal Policy document contains detailed Coastal Act and local LCP policies regarding the conservation and conversion of prime and non-prime soils:

Prime Farmland

30241. The maximum amount of prime agricultural land shall be maintained in agricultural production to assure the protection of the areas agricultural economy, and conflicts shall be minimized between agricultural and urban land uses through all of the following:

- a. By establishing **stable boundaries separating urban and rural areas**, including, where necessary, clearly defined buffer areas to minimize conflicts between agricultural and urban land uses.
- b. By limiting conversions of agricultural lands around the periphery of urban areas to the lands where the **viability of existing agricultural use is already severely limited by conflicts with urban uses** and where the conversion of the lands would complete a logical and viable neighborhood and **contribute to the establishment of a stable limit to urban development**.
- c. By permitting the conversion of agricultural land surrounded by urban uses where the conversion of the land would be consistent with **Section 30250** (see section 30250 below).
- d. By developing available lands not suited for agriculture prior to the conversion of agricultural lands.
- e. By assuring that public service and facility expansions and non-agricultural development do not impair agricultural viability, either through increased assessment costs or degraded air and water quality.
- f. By assuring that all divisions of prime agricultural lands, except those conversions approved pursuant to subdivision (b), and all development adjacent to prime agricultural lands shall not diminish the productivity of such prime agricultural lands.

Non-Prime farmland

30242. All other lands suitable for agricultural use shall not be converted to non-agricultural uses unless: (1) continued or renewed agricultural use **is not feasible**, or (2) such conversion would preserve prime agricultural land or concentrate development consistent with Section 30250. Any such permitted conversion shall be **compatible with continued agricultural use on surrounding lands**.

Section 30242 addresses the conservation and conversion of the non-prime soils on the site (approximately 95% of the site). This policy raises the following questions regarding the proposed project:

- Is continued or renewed agriculture use not feasible?
- Would conversion of the non-prime farmland conserve prime agricultural lands or concentrate development in a manner consistent with Section 30250 (see below)?

The policies contained in section 30241 a-f above address the 7.5 acres of prime farmland located in the south central portion of the site. These policies raise the following questions regarding the proposed project:

- Will the proposed project establish a stable urban-rural boundary?
- Is the viability of existing agricultural use already severely limited by conflicts with urban uses?
- Is the proposed project site surrounded by urban uses and would conversion be consistent with section 30250?
- Are there available lands not suited for agriculture to be developed prior to the conversion of agricultural lands?
- Will non-agricultural development impair agricultural viability?
- Will development adjacent to prime agricultural lands diminish the productivity of such prime agricultural lands?

Both sections 30241 and 30242 require conversion of and development on agricultural lands to be consistent with section 30250:

30250. (a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources.

The proposed project is characterized as new commercial development as mentioned in section 30250. The site must be within, adjacent or in close proximity to existing developed areas.

The second part of the policy states that if the existing developed area is not able to accommodate the proposed development, is another area with adequate public services able to accommodate it?

The proposed project site has very little water available on site and the only available wastewater service is individual septic systems. The LCP's agricultural resource policies require the site's annexation to the City of Morro, if/when city services are adequate to serve the proposed project upon annexation.

Public Works Policies

Policy 1: Availability of Service Capacity - Permitted development outside the Urban Services Line (USL) shall be allowed only if:

- a. It can be serviced by adequate private on-site water and waste disposal systems; and
- b. The proposed development reflects that it is an environmentally preferable alternative.

It is estimated that the hospital use alone would demand 300 gallons/bed/day (over 100 acre-feet/year). Wastewater treatment and disposal requirements would also be close to this volume. The project site, located outside of the USL, cannot support the level of proposed development. Annexation to the City of Morro Bay is necessary for the project to proceed; if/when city services are available.

Agency Comments (see Attachment 3 for all comment letters)

Agricultural Commissioner's Office

The Ag Commissioner's Office cites Estero Area Plan rural land use policies affecting the Morro Valley area. These policies require:

- Maintain agriculture land use categories
- Prevent intensive non-agricultural development
- Retain larger parcels in agricultural uses
- Direct future growth onto developable non-prime land in the city

The Agricultural Commissioners' Office comments state the proposed project would convert agricultural lands to urban uses and introduce incompatible uses into the agricultural area.

City of Morro Bay

Scot Graham, Community Development Manager for the City of Morro Bay writes that the City is supportive of the LCP application. The letter goes on to state "...should the project move forward that it would be best accommodated through eventual annexation into the City". Additionally, the City writes that development cannot take place until there is adequate source of potable water for the site and that the future water reclamation facility could be a source of water for the project.

Environmental Health

Environmental Health Services "...has significant concerns should this project proceed within the county jurisdiction. This area has both water production and quality issues and its unlikely the available water on site would be able to support the development of the Global Village".

Coastal Commission

The Coastal Commission staff comments that the proposal "...appears to foster noble and appropriate societal goals..." However, the letter goes on to state given agriculture's priority it is not clear findings can be made approving the LCP amendment. The Commission concerns also include: 1) lack of available public services; and 2) annexation require further LCP amendments that may not be approvable.

The Commission letter concludes by stating, "...we would suggest the County reject this LCPA request and instead direct the applicant to re-engage in conversations with the County regarding other potential sites elsewhere in the County that are not located on agricultural land and that have adequate public services to serve the project".

Local Agency Formation Commission (LAFCo)

LAFCo will be responsible for considering annexation of the site to the City of Morro Bay. LAFCo states the process will entail updating of the City Municipal Service Review and amendment of the City's Sphere of Influence. LAFCo comments include questions about the project's water supply, wastewater disposal, State Water reliability, concurrent processing and other annexation issues.

Alternatives to the Proposed Amendment

It is clear that no urban level services to support the proposed use are available to the site at this time. In order to permit and construct the project, the site must first be annexed to the City of Morro Bay. Water supply and reliability, wastewater service and public safety services would all be better suited to an urban site that was annexed to the City. The annexation process will be dependent on adequate water and wastewater serves which is partially tied to the City's proposed water reclamation plant. LAFCo suggest that the project is premature and the Coastal Commission states the LCP amendment application be denied.

Authorization Options

Your Board should consider the following as part of your discussions when considering whether to authorize this project for processing:

- 1. Authorize as Requested.** Authorize the application for processing as requested to amend the Local Coastal Plan as requested by the applicant. This option appears to be problematic as a change in designation from Agriculture to Recreation is not supportable.
- 2. Authorize a Revised Project.** Authorize the application for processing with revisions based on Board direction. The revised project can propose partial annexation of the site with the majority of the acreage staying in the Agriculture designation in the county jurisdiction. The 15-20 acre area of the site proposed for the hospital and accessory uses would be subject to annexation with the remaining 220 +/- acres remaining in the county jurisdiction. The non-annexed portion of the site would hold the agricultural uses proposed in the project description and would remain consistent with the purpose of the agriculture category.

The timing of this alternative may not be appropriate at this time. CEQA analysis of the project could begin with a first tier, programmatic EIR prepared for the proposed project that would also look at several alternatives. A substantial amount of information would have to be developed for this first tier analysis including:

1. Biological and cultural resource reports
2. Geologic investigations
3. Detailed water demand information
4. Conceptual site plans
5. Preliminary grading plans
6. Traffic information

7. Other site information

This first tier, programmatic EIR would be followed up later with more detailed analyses of the specific development project.

While this alternative would get the applicant started on this long process, it does not guarantee an ultimately positive result. A portion of the site would still have to be re-designated from agriculture to another land use designation. This action remains problematic although tempered somewhat by the much smaller Recreation designation and an expanded agricultural use of the property. As identified earlier in this report, coastal agriculture policies make this a difficult issue to address.

This process would have to be a cooperative effort between the County and the City of Morro Bay. The County can take the initial lead role and work with the City and LAFCo to fashion a project in both jurisdictions. However, as the project can only be developed in the City, that jurisdiction will have to ultimately take the lead role.

- 3. Do Not Authorize.** In light of the LAFCo and Coastal Commission comments and the difficulty in changing coastal Agriculture land use designations; this application should not be authorized. There are also two other major issues to address. The City does not have the wastewater service available for the project. The new reclamation facility is at least 5 years away. Also, the proposed hospital's water demand is over 100 acre feet per year. The City has indicated this additional demand cannot be met.

OTHER AGENCY INVOLVEMENT/IMPACT

If the project is authorized for processing, the application will be re-referred to all applicable agencies and community advisory bodies. Preliminary review has been conducted by the County Public Works Department, the Agricultural Commissioner's Office, CalFire, Environmental Health, City of Morro Bay, California Coastal Commission and the Air Pollution Control District. Those responses are attached for the Board's review.

FINANCIAL CONSIDERATIONS

The applicant has paid a deposit and has agreed to process the amendments under a Real Time Billing Agreement, which will allow for the recovery of the actual cost of processing, and the applicant is required to fund the preparation of a supplemental/subsequent EIR.

RESULTS

Authorization of this amendment application will allow continued processing. The application will then be processed for compliance with the California Environmental Quality Act (CEQA) and reviewed by the Planning Commission before returning to your Board for final action. Not authorizing the application will stop the further processing of the proposed amendment.

The authorization hearing is consistent with the county-wide goal of providing a well governed community.

ATTACHMENTS

Attachment 1 – Applicant's Project Description

Attachment 2 – Graphics

Attachment 3 – Agency Comment Letters