



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** PLANNING AND BUILDING

**File #:** 24-063

Board Meeting Date: 1/30/2024

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**Special Notice / Hearing:** 10-Day  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Steve Monowitz, Director of Planning and Building

**Subject:** Introduction of an ordinance approving a Fourth Amendment of the Development Agreement regarding construction of the Big Wave North Parcel Alternative Project.

County File Number: PLN 2013-00451 (Big Wave Group, LLC)

**RECOMMENDATION:**

Conduct a public hearing on the introduction of an ordinance approving a Fourth Amendment of the Development Agreement regarding construction of the Big Wave North Parcel Alternative Project ("Big Wave NPA Project") and the amended and restated development agreement:

- A) Open public hearing
- B) Close public hearing
- C) Introduction of an ordinance approving a Fourth Amendment of the Development Agreement regarding construction of the Big Wave North Parcel Alternative (NPA) Project, and waive the reading of the ordinance in its entirety.

**BACKGROUND:**

On May 19, 2015, the Board of Supervisors approved the Big Wave NPA Project on Airport Street in unincorporated San Mateo County and the associated Development Agreement with the property owners of the subject parcels, Big Wave LCC (north parcel) and Big Wave Group (south parcel; now owned by the County) (together, "Big Wave") ("Development Agreement").

The Big Wave NPA Project includes development of the north parcel with an Office Park, including up to five (5) buildings on Lots 2 - 6 containing a total of approximately 155,500 sq. ft. of industrial/office/storage uses. The Office Park buildings will be occupied by private firms with their own workers.

The Big Waive NPA Project also includes a Wellness Center, located on Lot 7 of the north parcel, which will consist of 70,500 sq. ft. of affordable housing and associated uses with up to 57 bedrooms

for a maximum of 50 developmentally disabled adults and their aides. In addition to housing, the Wellness Center will provide recreational facilities, a commercial kitchen, laundry facilities, and administrative offices. The Wellness Center will offer its residents a variety of services (e.g., meal services and care assistance) and job opportunities with business operations that employ residents, and, in some cases, generate revenue to help to maintain the economic sustainability of the Wellness Center. The Wellness Center will also include twelve (12) business tenant spaces, consisting of approximately 20,500 sq. ft. of General Office, Research and Development, Light Manufacturing, and/or Storage uses.

The Big Wave NPA Project approval includes the following components:

1. A Use Permit for the modern sanitarium component of a Wellness Center, outdoor parking uses in the Airport Overlay (AO) Zoning District, and an Outdoor Boat Storage Use;
2. A Major Subdivision of the north parcel into seven lots and the creation of up to 108, approximately 1,500 sq. ft., business condominium units;
3. A Minor Subdivision of the south parcel into two lots;
4. A Coastal Development Permit, that was appealable to the California Coastal Commission, for the proposed subdivisions, uses, and improvements;
5. A Design Review Permit for proposed structures and associated grading; and
6. A Grading Permit to perform 735 cubic yards (cy) of cut for utility trenching and to place 16,400 cy of imported gravel.

The County certified an Environmental Impact Report ("EIR") and EIR addendum, and approved a Development Agreement establishing terms for project implementation. The County's conditions of approval also require Big Wave to enter into a Housing Agreement to maintain the affordability of the Wellness Center bedrooms for the life of the Big Wave NPA Project, which must be approved prior to occupancy of the Wellness Center.

The Big Wave NPA Project is designed to be an economically sustainable development, whereby a per-square-foot assessment on space at the Office Park will contribute to funding housing and employment opportunities for low-income developmentally disabled adults residing at the Wellness Center.

#### *2017 Modifications (First Amendment)*

On June 6, 2017, the Board of Supervisors approved a first amendment of the Development Agreement, which made the following modifications to the Big Wave Project:

1. Allowed construction on Lot 4 of the Office Park prior to construction of the Wellness Center, and other changes in Office Park building phasing. The original Development Agreement only allowed development on Lot 2 of the Office Park prior to construction of the Wellness Center. The approval of this change requires the property owner to begin Wellness Center construction on or before the date that the first Office Park building on Lot 4 is determined to be fifty percent (50%) complete. This requirement allows the

Director of Planning and Building, upon a showing of good cause, to grant an extension of up to six (6) months from that date to start Wellness Center construction, provided that the Director of Planning and Building inform the Board of Supervisors if such discretion is exercised.

2. Allowed construction types other than Type 1 (steel and concrete) for the Wellness Center buildings, provided that the selected construction type meets Coastside Fire Protection District requirements.
3. Allowed Big Wave to obtain building permits for a limited amount of Office Park building construction prior to obtaining Caltrans approval (e.g., encroachment permit) to install a signal or roundabout at the intersection of Cypress and Highway One. The original Development Agreement and conditions of approval required Big Wave to obtain Caltrans approval to install a traffic signal or roundabout prior to obtaining building permits for any Office Park building. The conditions of approval were also revised to clarify that Big Wave's responsibility for funding the construction of intersection improvements are equivalent to the cost of installing a traffic signal.

#### *2019 Modifications (Second Amendment)*

On August 6, 2019, the Board of Supervisors approved a second amendment of the Development Agreement, which made the following modifications to the Big Wave NPA Project:

1. Allowed a two-building Wellness Center site plan as an alternate to the approved three-building site plan.
2. Modified requirements related to bike trail construction.
3. Clarified requirements related to the on-site pedestrian trail and crossing over the drainage separating the north and south project parcels.
4. Extended the deadline for completion of wetland restoration by 18 months to January 2021 and extend the deadline for the construction of a minimum of 25 bedrooms at the Wellness Center to 3 years from an issued building permit.
5. Replaced the requirement that Big Wave construct project buildings to Leadership in Energy and Environmental Design (LEED) standards to require compliance with the building code including CALGreen requirements.

#### *2021 Modifications (Third Amendment)*

On June 29, 2021, the Board of Supervisors approved a third amendment of the Development Agreement, which made the following modifications to the Big Wave NPA Project (among other minor changes):

1. Allowed Big Wave to begin construction of Office Park buildings prior to completion of Phase 1 of the Wellness Center (WC Phase 1), subject to limitations on the full development of the Office Park prior to completion of Phase 1 of the Wellness Center.
2. Allowed the Wellness Center bedrooms to be constructed at a floor elevation of 30 feet (2

feet above the 28-foot established tsunami inundation level for the site) but below the approved residential floor height of 35 feet, in order to increase affordable bedrooms constructed in WC Phase 1 from 33 to up to approximately 46 bedrooms.

3. Allowed additional time for full construction of the Wellness Center (Phases 1 and 2), from 12 years to the full 15 years of Development Agreement.
4. Modified the approved site plan associated with the development of Lot 4 for indoor luxury vehicle storage, by allowing vehicular use of the courtyard between Lots 4 and 5 and replacing a 10-foot-wide landscape strip with other screening landscaping to accommodate garage doors along the front of building.

### *2022 Sale of the South Parcel to the County*

The Big Wave NPA Project included subdivision of the south parcel into 2 parcels. An outdoor boat storage area, which was to be operated by the Wellness Center as a Big Wave business, was approved on Lot 1 of the south parcel. The south parcel was sold to the County in 2022.

*Report Prepared By:* Camille Leung, Senior Planner, Telephone 650/363-1826

*Applicant/Owner:* Jeff Peck/Big Wave Group, LLC; Big Wave Group, Inc.

*Public Notice:* Publication of notice in a newspaper of general circulation, specifically the Half Moon Bay Review.

*Location:* The north parcel is relatively flat and gently sloped to the west and south. The parcel presently contains agricultural fields irrigated by water from an on-site well. A vegetated drainage running east to west separates the two Big Wave parcels and drains into the Pillar Point Marsh, a salt marsh habitat. A total of 0.74 acres (32,180 sq. ft.) of the project site consists of wetlands, as defined by the California Coastal Act. A portion of the land constituting wetlands under the Coastal Act, 0.45 acres, is also considered Federal jurisdictional waters/wetlands, under the permit authority of the U.S. Army Corps of Engineers (USACOE).

*Assessor's Parcel Number:* 047-311-080

*Size:* Approximately 14.25 acres

### *Existing Zoning:*

1. Light Industrial/Design Review/Coastal Development District (M-1/DR/CD)
2. Light Industrial/Airport Overlay/Design Review/Coastal Development District (M-1/AO/DR/CD)
3. Resource Management-Coastal Zone/Design Review/Coastal Development District (RM-CZ/DR/CD)

*General Plan Designation:* General Industrial and General Open Space

*Sphere-of-Influence:* City of Half Moon Bay

*Williamson Act:* There is no Williamson Act contract for the subject property.

*Existing Land Use:* Agriculture

*Water Supply:* No changes to water supply are proposed. Water supply for domestic use and fire suppression for the Office Park and Wellness Center will be provided by the Montara Water and Sanitary District (MWSD). Installation of an 8-inch water main extension along the Airport Street right-of-way is required to provide water for domestic use and fire suppression. A fire hydrant installed on the subject property will provide access to fire flow. The existing agricultural well will continue to supply water for landscaping, gardening, and agricultural uses.

*Sewage Disposal:* No changes to sewage disposal are proposed. Sewer service to the Office Park and Wellness Center will be provided by the Granada Community Services District (GCSD) pursuant to a Sewer Connection Permit applied for by Big Wave. A gravity sanitary sewer main line complying with GCSD standard specifications and details will be constructed approximately 1,900 feet north along the Airport Street right-of-way to the northern limit of the northern parcel.

*Environmental Evaluation:* On May 19, 2015, the Board of Supervisors certified the Addendum to the Certified 2010 Big Wave Wellness Center and Office Park Project EIR and 2010 EIR for the Big Wave NPA Project (EIR Addendum).

*Setting:* The project site is surrounded by the Half Moon Bay Airport to the east, the Pillar Ridge Manufactured Home Community (PRMHC) and a propane facility to the north, the Pillar Point Headlands and Pillar Point Marsh to the west, and industrial/commercial/recreational development within the Princeton and Pillar Point Harbor to the south. Pillar Point Ridge, west of the project site, lies between the marsh and the coastline and offers recreational hiking trails. Beach access to Pillar Point is provided south of the project site from the Mavericks parking area at the west terminus of West Point Avenue and at the eastern terminus of West Point Avenue at Princeton Avenue.

*Site Constraints:* The north parcel contains a 125-foot-wide Airport Overlay (AO) setback area along the eastern (front) property line, a minimum 100-foot wetland buffer zone along the south and west (rear and left) property lines, and an Alquist-Priolo Earthquake Fault Zone over a part of the western portion of the property. Fault trench studies found no evidence of fault traces. Sigma Prime Geosciences, Inc., in reports dated April 28, 2014 and January 5, 2015 and included in the Addendum, investigated the potential for traces of the Seal Cove Fault to exist on the project property.

*Chronology:*

<u>Date</u>	<u>Action</u>
October 18, 2005	-Application for original Big Wave Project is submitted.
March 29, 2011	-The Board of Supervisors certifies the Draft EIR, Final EIR, and conditionally approved the original Big Wave Project.
August 8, 2012	-The California Coastal Commission (CCC) denies the original Big Wave Project on appeal.

- October 9, 2013 -Application for Big Wave NPA Project (PLN 2013-00451) submitted.
- May 19, 2015 -Board of Supervisors approve the Big Wave NPA Project. The Coastal Development Permit (CDP) was subsequently appealed to the CCC, which determined that the appellant did not have standing and, therefore, dismissed the appeal.
- May 3, 2017 -Big Wave requests a Minor Modification to the approved Coastal Development Permit (First Amendment), including changes to project phasing, traffic mitigation measures, and associated amendment to the Development Agreement.
- June 6, 2017 -The Board of Supervisors conditionally approved the amendment to the Development Agreement.
- June 12, 2018 -  
Present -Big Wave submits building permit applications for building permits for the proposed design of the Wellness Center to the County.
- June 5, 2019 -Big Wave requests a second Minor Modification to the approved CDP and Development Agreement (Second Amendment).
- August 6, 2019 -The Board of Supervisors approved the second Minor Modification including changes from a three-building to a two-building Wellness Center site plan and extending the deadlines for completion of wetland restoration, construction of the first 25 bedrooms of the Wellness Center, and bike trail construction, among other changes.
- February 11, 2021 -Big Wave requests a third Minor Modification to the approved CDP and Development Agreement (Third Amendment).
- June 29, 2021 -Board of Supervisors approved the third Minor Modification to the approved Coastal Development Permit, including changes to allow Big Wave to begin construction of Office Park buildings prior to completion of Phase 1 of the Wellness Center and eliminating requirements pertaining to the order of Office Park building construction, among other changes.
- 2022 - County purchases South Parcel.
- March 28, 2023 -Big Wave requests a fourth Minor Modification to the approved CDP and Development Agreement.
- October -  
November 2023 -Planning staff consults with Coastal Commission staff on the proposed modifications.
- January 30, 2024 - Hearing date for introduction of the Ordinance.
- February 13, 2024 - Anticipated 2nd reading of the Ordinance.

**DISCUSSION:**

Staff recommends that the Board adopt further minor modifications to Conditions of Approval 4.a.e. and 72 and the Development Agreement. Condition of Approval No. 1 authorizes the Director of Planning and Building to approve minor changes in the project plans and states that “substantial changes to the approved plan (e.g., increase in the number of stories or substantial change in height or size) require a major amendment to the Design Review Permit and are subject to separate permitting.” As explained below, the Director of Planning and Building has determined that the instant changes proposed by Big Wave are minor in nature.

A. PROPOSED AMENDMENT TO MITIGATION MEASURE TRANS-1 (CONDITION 4.A.E)

*Status of Planned Intersection Improvements at Cypress Avenue and Highway 1*

The County completed Connect the Coastside (“CTC”), a Comprehensive Transportation Management Plan for the San Mateo County Midcoast, which includes recommended improvements to the Cypress Ave./Highway 1 intersection that will help improve safety and mobility for Coastside residents, businesses and visitors. CTC was adopted by the Board of Supervisors on July 26, 2022.

In September 2022, to support implementation of CTC and in collaboration with the San Mateo County Transportation Authority and Caltrans, the County initiated the Moss Beach State Route 1 Congestion and Safety Improvements Project (“Congestion and Safety Improvements Project”), which includes improvements to the Cypress Ave./Hwy 1 intersection. **The County has been recommended for grant funding for the next phase of the Congestion and Safety Improvements Project (Project Approval and Environmental Studies), and will continue to seek funding for future phases, including design, right-of-way and construction. The County anticipates completion of the Cypress Ave./Hwy 1 intersection improvements in 2030.**

*Proposed Amendment to Mitigation Measure TRANS-1*

The current Mitigation Measure TRANS-1 requires (excerpted text; full text on pages 32-34 of Exhibit B of Attachment A):

*Construction of one of the approved mitigation measures [signal or roundabout] is required prior to the occupancy of any Office Park Building or business space at the Wellness Center (excluding Wellness Center-operated businesses) unless the property owner(s) submits evidence that Caltrans has determined that the stoplight or roundabout should not be installed until the signal warrants are met [signal warrants have been met at that intersection].*

However, the condition allows for a limited amount of project-generated traffic (with trip limits based on a 2014 traffic report) in the event that the Caltrans application for intersection improvements at Cypress is denied by CalTrans:

*In the instance that a signal or roundabout is denied by Caltrans, occupancy of the Office Park and Wellness Center shall be limited to operations that generate no more than 104 vehicles in the AM and 50 vehicles in the PM, for the life of the project or until comparable mitigation is approved and installed. (Footnote 1: From the August 2014 traffic report prepared by Hexagon Transportation Consultants, Inc., the traffic volume on Cypress Avenue is 84 vehicles during the AM peak hour and 69 vehicles during the PM peak hour. Based on Signal Warrant Part B, the volume on Cypress Avenue needs to*

*reach 188 vehicles during the AM peak hour or 119 vehicles during the PM peak hour in order to meet the Signal Warrant Part B.)*

*The property owners shall monitor project traffic in a manner than ensures compliance with this requirement, with data provided to the County upon the County's request.*

Big Wave has informed the County that it has applied for a Caltrans permit and, while the permit has not been denied, it was deemed incomplete. The County, in its own Caltrans application which supersedes Big Wave's application, is pursuing various transportation improvements along Highway 1 in Moss Beach, including at Cypress Avenue, in collaboration with Caltrans and the San Mateo County Transportation Authority. These improvements are currently in the first phase of Caltrans' required project development and approval process; implementation of improvements will require several more years. The several-year delay can be seen as a functional denial of the application from the perspective of project feasibility.

Thus, Big Wave has proposed that they be allowed to construct and occupy a limited amount of the Big Wave NPA Project during this time before construction of intersection improvements. Associated traffic will be subject to the trip limits as stated in TRANS-1, compliance with which will be monitored by the Planning and Building Department.

With this understanding, Big Wave proposes this condition text modification (proposed added language as underlined; included in Exhibit J of Attachment A of this report):

*In the instance that a signal or roundabout is denied by Caltrans or if approval has not been obtained from Caltrans by January 1, 2024, notwithstanding reasonable efforts by the Developer, as determined by the Planning Director, occupancy of the Office Park and Wellness Center shall be limited to operations that generate no more than 104 vehicles in the AM and 50 vehicles in the PM, for the life of the project or until comparable mitigation is approved and installed. The property owners shall monitor project traffic in a manner than ensures compliance with this requirement, with data provided to the County upon the County's request.*

Staff believes the change is a minor modification of the CDP and would not significantly impact existing traffic conditions in the area and other coastal resources.

Staff consulted with Coastal Commission staff who concurs that the modification is minor in nature.

#### B. PROPOSED AMENDMENT TO WELL SEAL REQUIREMENT (CONDITION 72)

Big Wave also proposes to remove Condition 72, as it is not required by County Environmental Health:

*72. The 12-inch clay cap sealing the well from the parking lot shall extend a minimum of 100 feet from any pervious surfaces.*

Planning and Building staff consulted with County Environmental Health regarding the requested modification, which has determined no such requirement applies to agricultural wells. Because the condition is not a mitigation measure, it is not required by the certified EIR. Staff



believes that the condition may have pertained to an earlier version of the project which included conversion of the existing agricultural well to a domestic well. The project now involves connection to a public water supply for domestic water use and maintenance of the well for agricultural use only. Therefore, staff believes the change is a minor modification of the CDP and would not significantly impact the existing well, ground water in the area, and other coastal resources.

Staff consulted with Coastal Commission staff who concurs that the modification is minor in nature.

The proposed modification would require changes to Conditions 4 a.e. and 72, as shown above and in Exhibit B of the Development Agreement.

The County Attorney has reviewed and approved the materials as to form and content.

**FISCAL IMPACT:**

Nominal cost associated with monitoring by the Planning and Building Department.

**Attachments**

- A. Draft Amended Development Agreement
  - 1. Proposed Changes to Draft Amended Agreement
  - 2. Development Agreement Exhibits A through I (no change)
  - 3. Proposed changes to Development Agreement Exhibit J Conditions of Approval
- B. Recorded Final Subdivision Map