

**Date:** April 7, 2014  
**To:** Agriculture Liaison Advisory Board (ALAB)  
**From:** James Caruso, Senior Planner; Department of Planning and Building  
**Subject:** County Wide Water Resource Programs

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. If the Board authorizes processing of amendments to the various elements and codes, staff will start review of potential revisions, conduct stakeholder outreach and environmental review. The item will then be scheduled for public hearings at the Planning Commission and the Board of Supervisors.

On December 3, 2013, the Board of Supervisors directed staff to return in early 2014 for authorization of general plan and ordinance amendments to implement countywide water resource policies of the Conservation and Open Space Element (COSE) of the general plan. The Board requested that staff prepare a comprehensive analysis of the potential policy and ordinance amendments addressed in the COSE and bring that full discussion and analysis to the Board.

Board of Supervisors Direction

On March 4, 2014, staff returned to the Board to discuss potential water resources implementation programs from the COSE. At that time, the Board directed staff to provide additional information on four COSE implementation strategies that address countywide water resources and protect agricultural water supplies. The Board also directed staff to bring a discussion of these strategies to the Water Resource Advisory Committee (WRAC) and the Agricultural Liaison Advisory Board (ALAB) and to return to the Board within 90 days for consideration of whether to authorize processing of amendments. These four strategies involve:

1. Growth Management Ordinance (GMO)
2. Larger minimum parcel sizes for new rural subdivisions
3. Merger of substandard parcels
4. Transfer of Development Credits (TDC) program

The Department will report back to the Board of Supervisors on May 20, 2014.

ALAB Action/Input

To assist the ALAB, we provide some general guidance on how the strategies described in the *Potential Policy and Ordinance Amendments* section below can be addressed in the diverse county jurisdiction:

1. Not all programs are appropriate for all areas.
2. Use RMS to focus on problem areas.
3. Collaborate with water providers and other stakeholders.
4. Focus on “bang for the buck”.
5. Have the vision necessary to see future issues before they develop.

It should be noted that management of groundwater resources through the land use planning process is difficult at best and its impact on water resources can be difficult to assess. While new land use policies can reduce water demand of new development, current water demands of existing development are more difficult to address, especially in rural areas dependent on wells, in areas served by mutual water companies, and in areas with significant agricultural pumping. However, there are actions and programs that can implement existing county water resource policies.

**Resource Management System Report**

<b>Level of Severity Summary for Water Supply</b>			
** Level of Severity (LOS) refers to differing levels of resource deficiencies on a scale of I to III, with III being the most serious level of deficiency.			
	<b>LOS</b>	<b>Communities</b>	<b>Main Issues</b>
Nipomo Mesa	III	Nipomo Woodlands Palo Mesa Callendar-Garrett Black Lake Los Berros	- Falling groundwater levels - Multiple water providers - Funding
Los Osos	III	Los Osos	- Seawater intrusion - Multiple water providers - Infrastructure problems - Funding
Paso Robles	III	San Miguel Whitley Gardens Creston Shandon Garden Farms Rural Areas	- Falling groundwater levels - Individual wells - 80% agricultural use - No management
Cambria	III	Cambria	- Limited water resources - Already efficient water use

## Potential Policy and Ordinance Amendments

### **Protecting Agricultural Water Supplies (Implementing Strategy 1.7.1 – Water Resources Chapter – Conservation and Open Space Element**

One of the most apparent results of the current crisis in the Paso Robles Groundwater Basin is the dropping groundwater level's effects on rural residential property owners. Recent testimony at public hearings indicates that these owners may not have the same resources available to drill deeper, larger wells as the agricultural (primarily vineyard) industry does. The rural area contains several large antiquated subdivisions of smaller lots, all with individual wells and septic systems. These areas were subdivided chiefly in the 1920's and first saw substantial development pressure in the 1990's and then again in the early to mid-2000's.

Competition and conflict between rural residential and agricultural water users in the basin can be addressed through lower development rates in the rural area, larger minimum parcel sizes for new subdivisions and merger of substandard-sized parcels.

#### **(1) Growth Management Ordinance (GMO)**

The current Growth Management Ordinance (GMO) establishes limits on issuance of building permits for new dwellings throughout the unincorporated jurisdiction. This includes the rural area and all of the urban areas (i.e. unincorporated communities); although a few urban areas have their own growth rates (e.g. Nipomo and Cambria).

Possible amendments to the GMO would seek to reduce rural residential/agricultural water (and other) conflicts, with an emphasis on including incentives to accomplish this. Alternatives include removing or relaxing growth management from urban areas and establishing growth management areas in rural areas based on resource constraints. Focus could be placed on rural areas in LOS III-certified groundwater basins or more specifically on only antiquated subdivisions located within rural areas. Alternatively, consideration could be given to require all new development in LOS III areas to be water neutral.

#### **(2) Require larger minimum parcel sizes for new subdivisions**

This strategy would amend the Land Use Ordinance (LUO) and the Coastal Zone Land Use Ordinance (CZLUO) to increase minimum parcel sizes for any new land division in the rural areas of the county, specifically the Agriculture, Rural Lands and Residential Rural land use categories. In the 1990 Phase 1 Rural Settlement Study, it was estimated that there were over 8,000 undeveloped parcels within the Agriculture, Rural Lands and Residential Rural categories.

An increase in the minimum parcel size for any new rural area subdivision would reduce the amount of new development pressure on limited water resources in

constrained groundwater basins. Competition for limited water resources between residential and agricultural uses would be reduced. Alternatively, consideration could be given to implement the existing COSE policy that directs that no new land divisions be allowed within LOS II/III-certified areas.

### **(3) Merger of substandard parcels**

As previously mentioned, a number of antiquated, non-conforming subdivisions currently exist throughout rural areas of the county. These non-conforming parcels are often located among large, commercial agricultural or grazing areas. Currently, the State Subdivision Map Act and the County Real Property Development Ordinance (Title 21) allow for voluntary merger of contiguous parcels under single ownership.

In order to minimize increased competition and pressure on groundwater basins in the rural areas, possible amendments to both Title 21 and the LUO would allow the County to establish an “involuntary” merger process consistent with the requirements of the State Subdivision Map Act. These provisions would allow the County to identify and merge contiguous, antiquated subdivided parcels under a single ownership.

The law mandates that, in order to pursue an involuntary merger, the County must first adopt an ordinance that requires notification of property owners and an opportunity to oppose the merger at a public hearing. The intent of these amendments would be to maintain larger agricultural parcels or larger residential parcels, while at the same time reducing competition for water and other resources in groundwater basins designated at LOS III.

The involuntary merger process is difficult and ultimately may not successfully merge substandard parcels due to its complex administrative procedure. However, smaller parcels tend to fair worst in groundwater-short areas (as is seen in the Paso Robles Groundwater Basin) and facilitating the merger of such parcels could be an important measure to address rural land use water conflicts.

Alternatives to this program can include 1) using planning and area standards to ensure adequate resources are available before these substandard parcels develop and 2) providing community wells in lieu of the hundreds of private wells in these areas.

### **(4) Amend TDC ordinance**

On December 3, 2013, the Board expressed an interest in revisiting the Transfer of Development Credits (TDC) provisions of the LUO to address water conservation. The TDC section of the LUO outlines the County processes 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 have increased development potential 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. The TDC framework allows for the voluntary, market-driven transfer of development potential of parcels whereby willing buyers and sellers can choose to protect a significant resource such as agricultural or grazing lands.

A TDC ordinance amendment could consider a framework to facilitate voluntary, market-driven transfers within a groundwater basin designated LOS III, for example. The amended TDC ordinance could allow for the transfer of development from areas of constrained water resources to areas that are not constrained.

An amendment to the TDC ordinance could also consider mandatory transfers when development is proposed that represents new groundwater demand. For example, new development on antiquated subdivision lots could be required to transfer the development credits of other vacant parcels in the groundwater basin to the lot being developed. As an alternative, new development on antiquated subdivision lots could also be addressed through such programs as merger and growth management as discussed earlier.

### Other Board Direction

At the March 4, 2014 meeting, the Board of Supervisors directed staff to begin work on several COSE water programs in addition to the four still under discussion.

The programs authorized by the Board for consideration are:

1. Water Supply Assessments for new subdivisions
2. New landscape requirements (outdoor water use)
3. Water waste ordinance
4. Water neutral new development
5. Retrofit on sale

These programs are currently under study by the Department. If they or the other programs discussed in this report move forward, the department will deliver status reports to ALAB throughout the period.

# San Luis Obispo County Water Facilities

