



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: P&D
Department No.: 053
For Agenda Of: 9/23/08
Placement: Departmental
Estimated Tme: 6 Hours (On 10/13/08)
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department John Baker, P&D Director, 568-2085
Contact Info: Dianne Black, Development Services Director, P&D, 568-2086
SUBJECT: Santa Barbara Ranch Project – Project Deliberation

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors set a hearing for October 13, 2008, to receive a report on the Santa Barbara Ranch Project and take the following actions as recommended by the Planning Commission:

1. Adopt the Findings in Attachment A consisting of CEQA Findings (A-1), Project Findings (A-3) and Policy Consistency (A-4).
2. Certify the Final EIR (including the Confirming Analysis attached to the CEQA Findings) and adopt the Mitigation Monitoring and Reporting Program (A-2) in Attachment A;
3. Adopt the Resolutions and Ordinances in Attachment B consisting of: (i) Resolution Amending Comprehensive Plan (Attachment B-1); (ii) Resolution Amending Coastal Land Use Plan; (Attachment B-2); (iii) Resolution Amending Special Problems Area Designation (Attachment B-3); (iv) Ordinance Amending Land Use and Development Code (Attachment B-4), (v) Ordinance Amending Zoning Map (Attachment B-5); and (vi) Ordinance Approving Development Agreements (Attachment B-6); and
4. Approve Alternative 1B subject to the Conditions of Approval in Attachment C.

Summary Text:

The proposed project encompasses portions of Dos Pueblos Ranch (“DPR”) and the entirety of Santa Barbara Ranch (“SBR”) together totaling 3,237 acres and accounts for 85% of the 274 legal lots comprising the Official Map of Naples (Figure 1). Existing land use and zoning designations for the Naples town site consist primarily of commercial agriculture, with minimum lot size requirements ranging from 10 acres (“U” zone designation for inland lots) to 100 acres (AG-II-100 zone designation for coastal lots) for each parcel. Under current zoning, a hypothetical residential development potential of 14 lots is possible; far less than the 274 legal lots recognized in the 1995 Official Map of Naples.¹ In short, existing agricultural land use designations and implementing zoning ordinances at Naples do not align with the residential lot densities already in existence.

As a means of resolving this conflict, the County’s Coastal Land Use Plan (“CLUP”) contains policy language that is expressly and solely applicable to Naples. Policy 2-13 was adopted in 1982 at the time of the certification of the County’s Local Coastal Program and provides for a re-designation of land use and zoning at Naples in the event that transferring development rights is deemed infeasible. In compliance with this requirement, a transfer of development rights (“TDR”) study was completed for SBR and indicates that, for a variety of reasons, a full extinguishment of development rights is not feasible. The Board concurred with this conclusion on February 5, 2008, and: (i) directed staff to prepare enabling ordinance in order to maximize the potential of transfers, even if a full extinguishment is not possible; and (ii) declared that the land use designation of AG-II-100 should be re-evaluated as provided by Policy 2-13 of the CLUP.

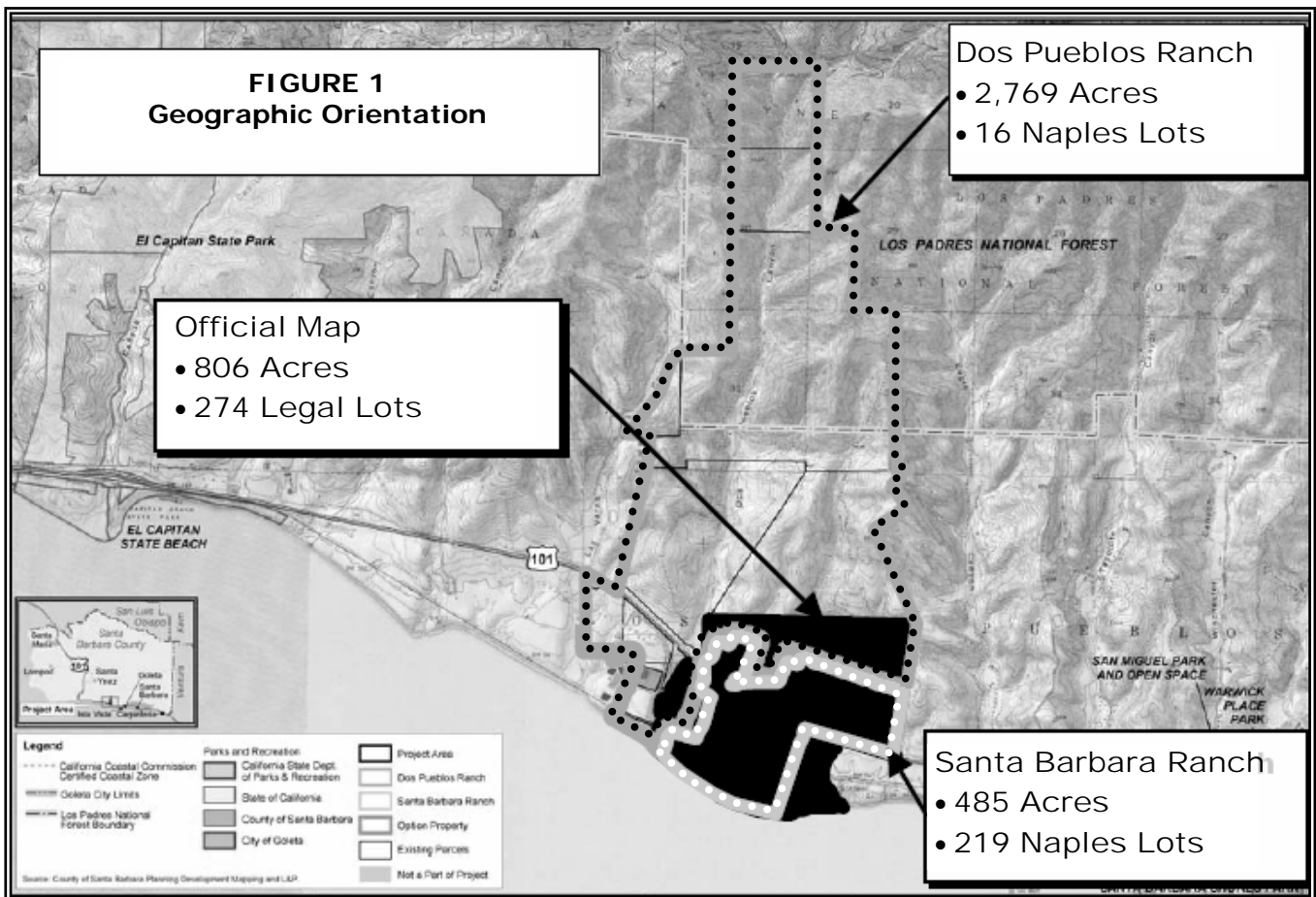
Following the Board’s action in February, the Planning Commission conducted a series of four informational workshops preparatory to commencing formal deliberations on the proposed project. These workshops were followed with four decision hearings that concluded on August 20, 2008. During these proceedings, the Planning Commission considered three basic development configurations: (i) “Grid Development,” as the baseline condition, which assumes that development would generally follow the rectilinear pattern of the existing lots and mapped street locations appearing on the Official Map; (ii) “MOU Project” which is limited to the 485-acre SBR and would entail development of a planned residential community of 54 large-lot home sites; and (iii) “Alternative 1” which broadens the project area to encompass the adjacent DPR and would allow for the development of 72 large-lot home sites.

The various alternatives are distinguished by the following factors: (i) preservation of agricultural and open space through conservation easements; (ii) protection of sensitive environmental features through resource management; (iii) provision of coastal access and related public amenities; and (iv) reduction of overall development potential. In the final analysis, the Planning Commission endorsed a variation of Alternative 1 which specifically responds to concerns over view shed impacts. Specifically, “Alternative 1B” relocates all Naples lots north of the Hwy 101 to areas outside of the Coastal Zone and is deemed to be the environmentally superior alternative. In summary, Alternative 1B would entail the development of 71 new large lot single family residences, an equestrian center, agricultural support facilities, a worker duplex, public amenities (including access road, parking and restroom facilities, and coastal access trails), and creation of conservation easements permanently protecting 2,653 acres for agricultural uses and 220 acres for open space.

¹ Lot tabulations are described in the Board Letter for the meeting of September 26, 1995. According this report, 15 legal lots are identified for the Schulte Trust. However, the Official Map reflects 16 such lots under Schulte ownership, resulting in an adjusted total of 274 lots for the Naples town site. The number of 274 lots is therefore used throughout this staff report.

Background:

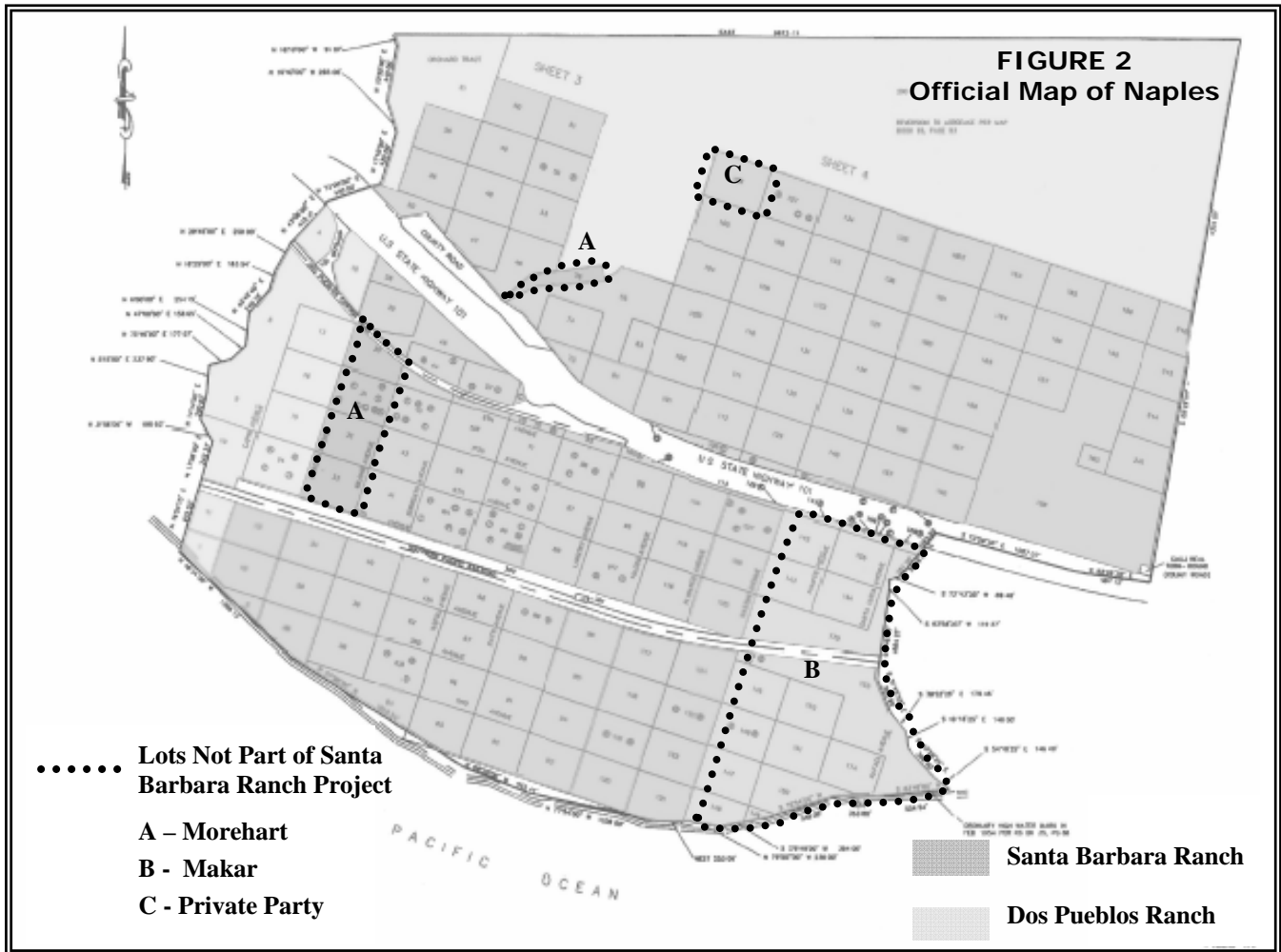
Setting. The Naples Town site encompasses an 800-acre area on the Gaviota coast, located two miles west of the City of Goleta. The intent to develop Naples dates back to June 1887 when John H. Williams purchased 872 acres of Rancho Dos Pueblos and subsequently filed a map with the County that divided the area into over 400 parcels. Thereafter, work commenced on his town referred to as “Naples by the Sea” and included construction of a store, telegraph station, post office, dancehall, hotel and café, blacksmith shop, livery stable, and several frame houses for the use of ranch tenant workers. Williams’ original idea was to make Naples a vacation resort for the wealthy; in the end, this idea failed for lack of convenient train access. William’s widow subsequently sold the property to Herbert G. Wylie in 1917 for oil development and who later in 1948 sold the property to Samuel Mosher for a combination of oil and ranching purposes. The current owners of DPR (Schulte Trust) and SBR (Vintage Properties) acquired their respective interests in 1979 and 1998. In the intervening years between the demise of the Williams’ estate and the current owners, numerous deed conveyances and certificate of compliance were recorded which, along with the fee dedications of streets from the Original Map of 1888, translating into 274 legal lots recognized by the County.



Land Use Litigation. Shortly following certification of the CLUP in 1982, the County adopted antiquated subdivision regulations and instituted an Antiquated Subdivision Overlay (“ASO”) District in the period between 1984 and 1988. These regulations were based on the County’s belief that pre-1893 maps created parcels upon recordation and required that undersized parcels under common ownership be combined to the extent feasible. The County was subsequently sued by the one of the Naples landowners, and in 1994, the California Supreme Court struck down the subdivision regulations pertaining to involuntary merger provisions (*Morehart v. County of Santa Barbara* (1994) 7 Cal.4th 725). In response, the County rescinded these regulations and adopted the Official Map of Naples in their place. The Official Map, adopted by the County in 1995, only recognizes those lots for which the County previously issued a certificate of compliance demonstrating that a division of land complied with state and local laws, or had a deed history establishing the lot as a separate legal parcel. The combined effect of these actions led to further litigation:

- Santa Barbara County Superior Court Case No. 179265, challenging the County’s ASO Ordinance, alleging inverse condemnation and seeking monetary damages for alleged violations of civil rights and seeking declaratory relief.
- Santa Barbara County Superior Court Case No. 203256, challenging the action of the County and the California Coastal Commission in adopting and certifying Ordinance No. 4084 which, among other things, regulates private wastewater facilities.
- Threatened and tolled litigation, challenging the County’s 1994 rescission of its antiquated subdivision regulations, adoption of the Official Map and determination of parcel validity within the Naples town site.

Memorandum of Understanding. At present, the Naples Town site is owned principally by four sets of owners (Figure 2): (i) SBR related interests which account for 219 parcels and 485 acres; (ii) DPR related interests which account for 16 parcels and 244 acres; (iii) Makar Properties, LLC, which account for 25 parcels and 57 acres; and (iv) Morehart related interests which account for 13 parcels and 16 acres. In late 2002, the County, the Morehart related interests, and the SBR related interests entered into a Memorandum of Understanding (“MOU”) setting forth a protocol and structure for the submission of project applications as a part of a potential global resolution of the pending and threatened litigation described above. Formal application for the project was subsequently filed with the County by Santa Barbara Ranch, LLC (the “Applicant”) on November 4, 2003, and accepted as complete on September 3, 2004. The MOU does not create entitlements, rights or approvals, and does not impair the County’s ability to enforce its applicable ordinances, resolutions, policies or statutes. However, it does provide a protocol for the County to consider applications for development and conservation at Naples. While the Board retains its discretion to approve or deny the project, denial would likely lead to development in an ad hoc, fragmented basis, at a much higher density than is achievable through the MOU and possibly compromise the very goals promoted in the CLUP. Most importantly, the MOU preserves the opportunity to comprehensively plan Naples as opposed to a situation where individual lot owners could seek development permits for single family homes under the current Official Map configuration.



Policy 2-13. Existing land use and zoning designations for the Naples town site consist primarily of commercial agriculture, with minimum lot size requirements ranging from 10 acres (“U” zone designation for inland lots) to 100 acres (AG-II-100 zone designation for coastal lots) for each parcel. This translates to a hypothetical residential development potential of 14 lots that is far less than the 274 legal lots recognized in the 1995 Official Map of Naples. In short, existing agricultural land use designations and implementing zoning ordinances at Naples do not align with the residential lot densities already in existence. As a means of resolving this conflict, the County’s CLUP contains policy language that is expressly and solely applicable to Naples. Policy 2-13 was adopted in 1982 at the time of the certification of the County’s Local Coastal Program and states: *“The existing town site of Naples is within a designated rural area and is remote from urban services. The County shall discourage residential development of existing lots. The County shall encourage and assist the property owner(s) in transferring development rights from the Naples town site to an appropriate site within a designated urban area which is suitable for residential development. If the County determines that transferring development rights is not feasible, the land use designation of AG-II-100 should be re-evaluated.”*

TDR Analysis. In compliance with Policy 2-13, the Solimar Research Group was commissioned by the County to evaluate the feasibility of transferring development rights at Naples. For a variety of reasons, Solimar concluded that a full extinguishment of development rights is not feasible but that it may be possible to transfer development from as few as 3% to as many as 57% of the total lots depending on which development scenario is selected and what priorities are placed on areas of the site to be preserved. The overall capacity to extinguish development ranges from a low of \$20 million (benchmarked against the Ellwood Mesa preservation project) to a high of \$73 million (representing the maximum potential deemed possible by Solimar). These findings and relevant documents were submitted to separate public hearings by the Planning Commission and Board of Supervisors in late 2007 and early 2008. As provided in CLUP Policy 2-13, the determination of TDR feasibility is to be made exclusively by the County. Pursuant to this authority, the Board of Supervisors affirmed the Commission's recommendation and declared on February 5, 2008: (i) only a partial transfer of development potential at Naples/SBR is possible; and (ii) the land use designation of AG-II-100 should be re-evaluated as provided by Policy 2-13 of the County's CLUP.

Project Processing. In addition to the four workshops and four decision hearings conducted by the Planning Commission, the project has been the subject of 15 sessions with the Board of Architectural Review ("BAR") and successor CBAR, eight sessions of the Agricultural Preserve Advisory Committee ("AAC"), five sessions of the Special Problems Area/Subdivision Committee Review Committee ("SPDRC") and four sessions of the Agricultural Preserve Advisory Committee ("APAC"). Interspersed among these meetings have been two project briefings with the Planning Commission and CBAR, one community site visit and numerous independent site investigations by individual committee members. This outreach has resulted in the following actions: (i) AAC supports the proposed Williamson Act – Agricultural Conservation Easement ("WA-ACE") Exchange and recommended a variety of food safety, animal waste management and agricultural buffer measures that have been incorporated into the proposed conditions of approval; (ii) SPDRC authored an assortment of Departmental conditions, most notably, issues concerning sedimentation/erosion control, drainage, air quality, fire safety, coastal access and waste water management; (iii) BAR/CBAR made a variety of architectural and site design recommendations that is reflected in the Alternative 1B configuration; (iv) APAC found the proposed WA-ACE Exchange to be consistent with applicable Uniform Rules and statutory parameters; and (v) the Planning Commission has recommended conditional project approval.

Environmental Review. The environmental review process for the project officially commenced in January 2005 with issuance of a Notice of Preparation. This was followed with release of a Draft Environmental Impact Report ("DEIR") for public review on June 30, 2006. The initial 60-day comment period was subsequently extended one month ending September 27, 2006. During this period, an administrative hearing was conducted on July 27, 2006 for the purpose of receiving public comments. Following the end of the public review period, it was concluded that the best method for responding to comments would be to revise and re-circulate the entire document as opposed to preparing a Final EIR. A Revised DEIR ("RDEIR") was released on November 13, 2007, and an administrative hearing was conducted on December 10, 2007. As with the original DEIR, the public review period on the RDEIR was extended an additional 21 days. At the close of the public comment period on January 23, 2008, a total of 55 written comments letters had been received. An additional 20 individuals commented at the administrative hearing conducted on December 10, 2008. These written and verbal comments were partitioned into approximately 2,300 individual remarks for which written responses were prepared and issued on June 13, 2008, as a component of the proposed Final EIR.

Issue Summary:

Project Analysis. The discussion contained in the paragraphs that follow highlight principal issues associated with the project. This list is not all inclusive, but represents those topics that received the most commentary and scrutiny during the public review process. A much more detailed discussion of these issues can be found in the wealth of documents that accompany this report. In particular, the Board's attention is directed to Attachment E-2 and topics covered in the Planning Commission workshops and hearings:

- **Workshop #1:** Policy Consistency, Land Use and Zoning, Agricultural Resources and Public Access/Trails.
- **Workshop #2:** Physical Features, Biological Resources, Cultural Resources, Water Supply and Wastewater Treatment.
- **Workshop #3:** Design-Development and Visual Resources.
- **Workshop #4:** Environmental Review (including the Final EIR which the Board has received under separate cover).
- **Hearings:** Refinement of Workshop Topics.

Project Configuration. Under the MOU, two project configurations have been put forth by the applicant: (i) a 54-unit large lot residential development on SBR known as the "MOU Project;" and (ii) "Alternative 1" which would broaden the project area to encompass the adjacent DPR and allow for the development of 72 large-lot home sites. Alternative 1B is a further refinement of Alternative 1 that results from feedback received in connection with the public review process over the past three years. Specifically, Alternative 1B includes a revised lot configuration on the north side of Hwy 101 entailing: (i) the relocation of fourteen (14) lots into the further reaches of the project site, outside of the public view corridor; and (ii) elimination of one lot overall, resulting in a total unit count of 71 large-lot homes. The baseline development scenario against which the MOU and Alternative Project configurations are compared is known as "Grid Development." This particular scenario assumes that development would generally follow the rectilinear pattern of the existing lots and mapped street locations appearing on the Official Map. Taking into account policy conflicts and environmental constraints, it is estimated that between 114 and 125 Official Map lots within SBR have the potential for residential development.

The alternative development configurations are distinguished from one another relative to: (i) preservation of agricultural and open space through conservation easements; (ii) protection of sensitive environmental features through resource management; (iii) provision of coastal access and related public amenities; and (iv) reduction of overall development potential. A statistical comparison of the Grid Development, MOU Project, Alternative 1 and Alternative 1B appears in Table 1, while development attributes are depicted in Figures 3 and 4.² Relatively speaking, Alternative 1B represents the least amount of residential development within the Coastal Zone, preserves the most land for agricultural purposes and resolves viewshed impacts to a much greater extent than the other three scenarios. Grid Development, on the other hand, is the most problematic insofar as it would result in incremental and piecemeal development, compromise agricultural and open space preservation goals and preclude the

² Insofar as Alternative 1 has been deemed the environmentally superior alternative, other possible project configurations discussed in the FIER are not included in this comparative assessment. For a discussion of these other alternatives, please consult Section 11 of the Final EIR.

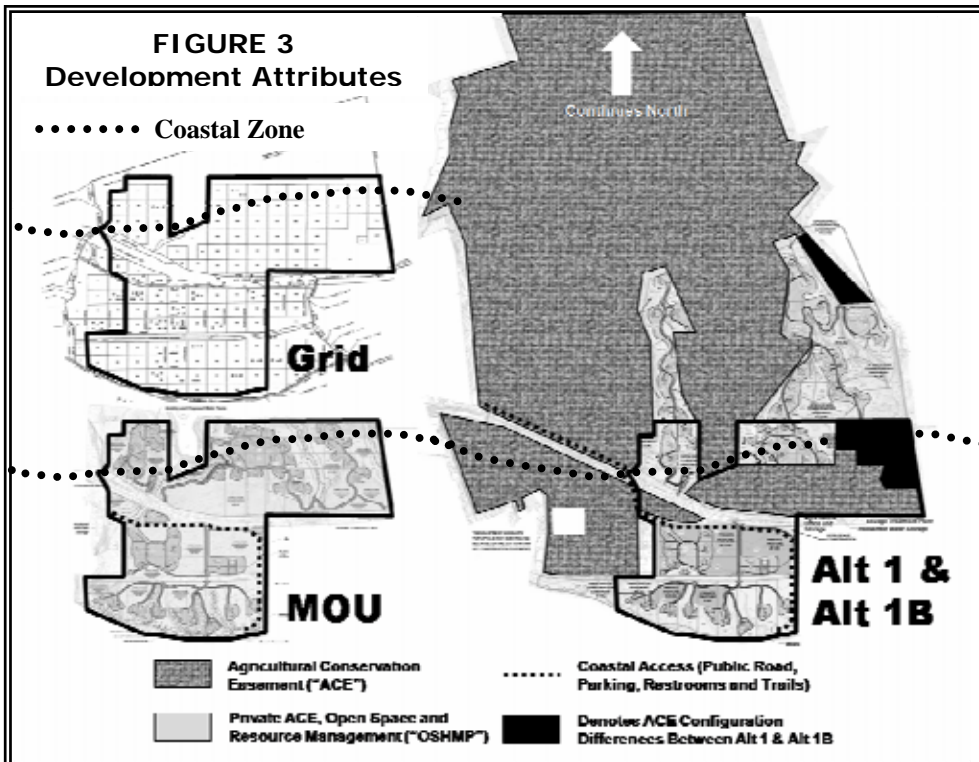
lawful ability to extract public benefits in the form of conservation easements or coastal access for individual lots.

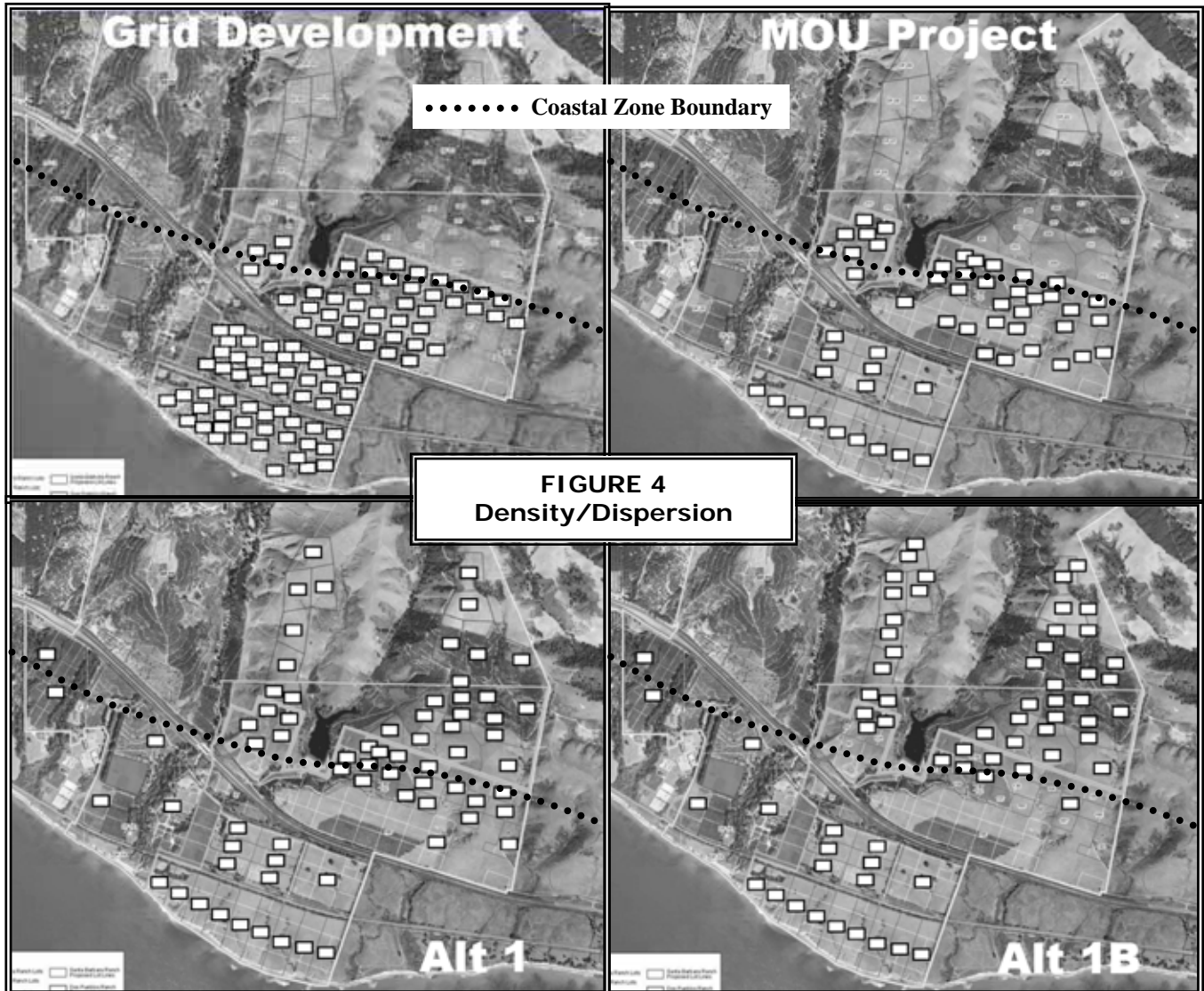
TABLE 1 Comparative Summary	Grid Development			MOU Project		
	Coastal	Inland	Total	Coastal	Inland	Total
Total Area (Acres)	352	133	485	352	133	485
Land Use (Acres)						
Ag Land Preserved	0	0	0	133	4	137
Open Space Preserved	0	0	0	162	26	188
Coastal Access & Trails	0	0	0	8	0	8
Lots						
Existing Official Map	203	16	219	203	16	219
New Residential	109	16	125	38	16	54
Net Reduction	94	0	94	165	0	165
	Alternative 1			Alternative 1B		
	Coastal	Inland	Total	Coastal	Inland	Total
Total Area (Acres)	616	2,621	3,237	616	2,621	3,237
Land Use (Acres)						
Ag Land Preserved	271	2,358	2,629	316	2,337	2,653
Open Space Preserved	89	171	260	70	150	220
Coastal Access & Trails	8	1	10	8	1	10
Lots						
Existing Official Map	217	18	235	217	18	235
New Residential	33	39	72	22	49	71
Net Reduction	184	(21)	163	195	(31)	164

SOURCE: Final EIR for Santa Barbara Ranch Project, URS Corporation, June 2008.

NOTES:

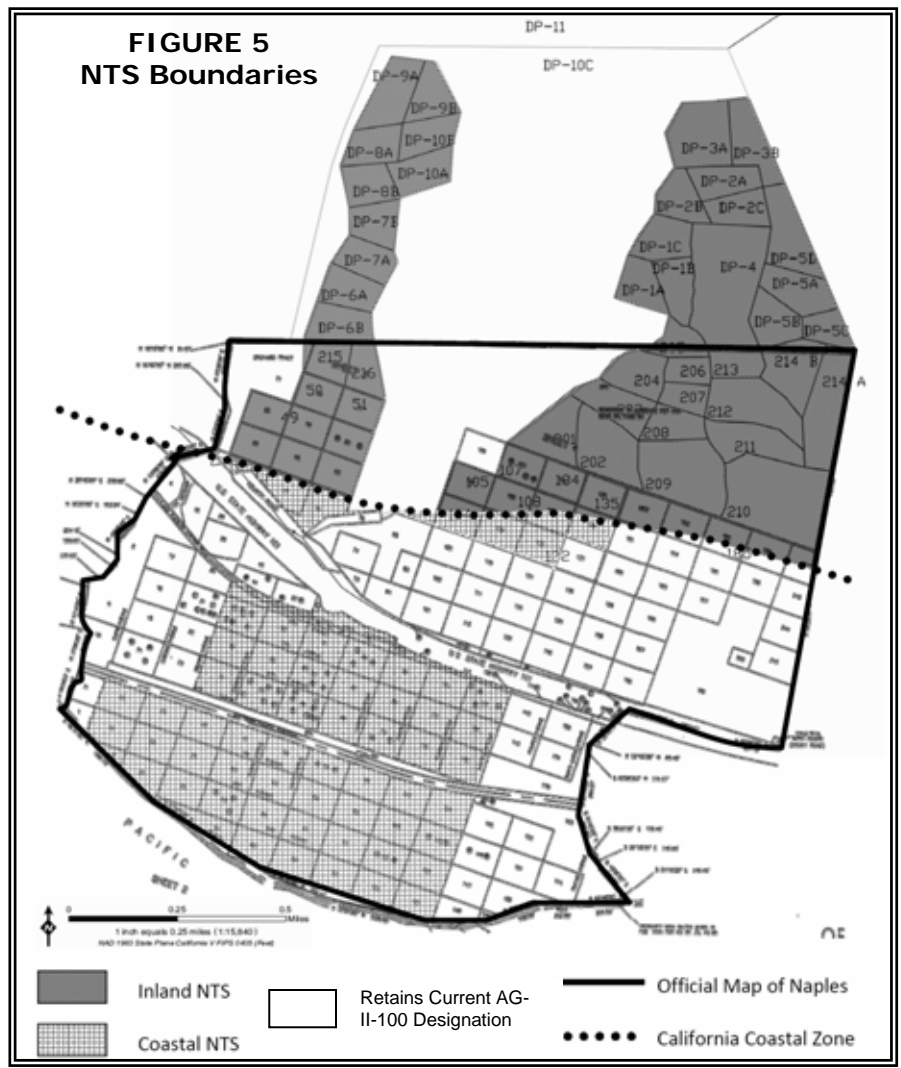
1. Grid Development is based on estimates derived from the Final EIR and pertains to SBR only.
2. Open Space acreage estimates for Alternative 1 and Alternative 1B are current as of September 11, 2008. Distribution between Coastal and Inland is approximate.





Environmentally Superior Alternative. As discussed in Section 11.9 of the FEIR, Alternative 1 has been designated as the environmentally superior alternative. This conclusion accounts for a comparative assessment of environmental impacts, compliance with project objectives and consistency with relevant policies. It also reflects changes in Alternative 1 that incorporate design modifications identified as mitigation measures in the first Draft EIR, as well as recommendations by the Central Board of Architectural Review. As a result, the current configuration of Alternative 1 has moved significantly towards Alternative 4 that was identified as the environmentally superior in the original DEIR. In the final analysis, Alternative 1 offers distinct advantages over all other alternatives: (i) it resolves potential policy and environmental issues that can be anticipated if the DPR owners pursue development on the Naples town site lots within their ownership; and (ii) it addresses agricultural preservation in a more comprehensive manner than any other alternative. These advantages notwithstanding, further improvement in Alternative 1 can be realized through the implementation of Alternative 1B; most notably in regard to agricultural and visual resources. For these reasons, and those articulated under “Project Configuration” above, the Planning Commission recommends the approval of Alternative 1B.

Naples Town Site. In order to accommodate the Alternative 1B configuration, amendments to the CLUP, Comprehensive Plan and implementing ordinances are necessary. Specifically, a new Naples Town Site (“NTS”) land use and zoning designation is proposed to achieve a balance of low-density residential units, open space, agriculture, recreation and public access while preserving the scenic and rural character of the Naples area, compatible with surrounding agricultural uses. The structure of the new NTS zone district (for both inland and coastal areas) essentially combines attributes of the AG-II and Planned Development zone districts. Particularly noteworthy are the following distinguishing features: (i) permitted and conditionally allowed uses within the NTS zone district are more limited compared to that of current agricultural zoning; (ii) a Development Plan is required for all improvements within the NTS zone district compared to a threshold of 20,000 square feet under current agricultural zoning; (iii) Design Review is required for all new construction involving structures of more than 500 square feet within the NTS zone district compared to more limited review under current agricultural zoning; (iv) Development Standards are flexible under the NTS zone district and determined in conjunction with Development Plan approval compared to various lot-specific quantitative standards under current agricultural zoning; (v) all structures are limited to a maximum height of 25 feet within the



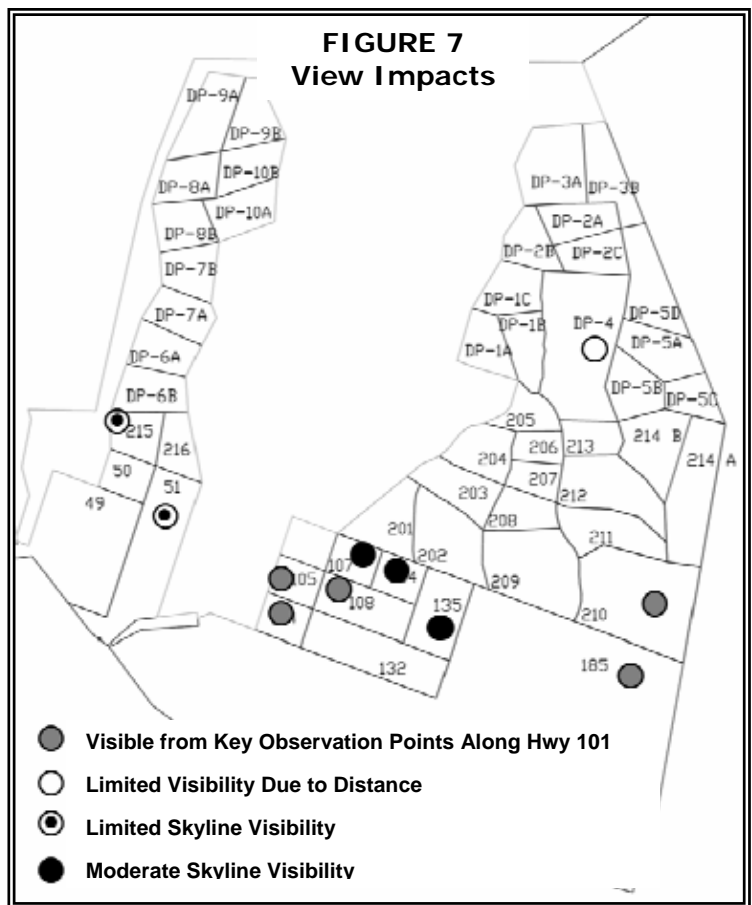
NTS district compared to 35 feet for residential structures under current agricultural zoning; and (vi) within the NTS zone district, performance standards are used in place of quantitative measures for a variety of development features including open space, visual qualities, fencing, roadways and drainage, coastal bluff improvements and animals. Although staff has consistently asserted that the proposed NTS designation does not set a precedent and is not transportable to areas outside of Naples, residual concern remains that it could be exploited for unintended purposes. As such, and consistent with direction provided by the Planning Commission, the NTS land use designation has been revised to limit the district boundaries to specific development proposals as the Commission requested. For the Santa Barbara Ranch Project, this translates to the boundaries shown in Figure 5.

Coastal Access. The public access and trail system proposed under the Alternative 1B configuration consists of two components: (i) a horizontal segment that provides lateral access along the southerly (SBR) and northerly (DPR) sides of Hwy 101; and (ii) a vertical segment that provides access to the coastal bluff at SBR (Figure 6). A new public access road, 30-space parking lot and restroom facilities would also be constructed on SBR to compliment the public trail system. During its deliberations, the Planning Commission debated the desirability of providing beach access at SBR (including a bluff stairway structure) compared to the potential impact that such access might have on marine and visual resources. Similarly, the Commission debated the feasibility of providing lateral access along the coastal bluff with vertical access at Dos Pueblos Creek. The Commission’s discussion was framed, in large part, by State policy and the declared intent to: “...provide a continuous trail as close to the ocean as possible...” **while at the same time** “...designed with a healthy respect for the protection of natural habitats, cultural and archeological features, private property rights, neighborhoods, and agricultural operations...”. In short, relevant policy language provides flexibility in determining trail alignment. In arriving at a recommendation, the Commission took the following considerations into account: (i) interconnectivity with adjacent proposals (Makar and Las Varas); (ii) potential conflict with sensitive resources (i.e., Naples reef, seal haul-out, cultural sites, vegetative habitat, agricultural operations and aesthetics); (iii) continuity of the Gaviota Coast trail system at large; and (iv) realistic prospects for Gaviota trail implementation. In the final analysis, the Commission recommends: (i) deletion of beach access at SBR (and associated wildlife pavilion and loop trail along Langtry); and (ii) staged implementation of the coastal trail network pending the outcome of proposals on adjacent properties.



Policy Consistency. “An action, program or project is consistent with the general plan if, **considering all its aspects**, it will further the objectives and policies of the general plan and not obstruct their attainment.”³ Just as a zoning ordinance need not replicate the General Plan to be deemed consistent, the determination of project consistency is more than just a literal read of individual policies. Rather, the process allows for an interpretive assessment of project attributes in arriving at a rational conclusion. The California Coastal Act and County’s CLUP both acknowledge the potential for overlapping policies. In particular, CLUP Policy 1-2 addresses overlap within the CLUP and provides that the most protective policy shall prevail. In the case of overlap with the Comprehensive Plan, CLUP Policy 1-3 stipulates that the CLUP shall govern. These particular CLUP policies allow for potential conflicts and inconsistencies to be “harmonized” through the application of Policy 2-13. Evaluating Alternative 1B for policy consistency takes into account existing development baseline conditions; that is, implementation of the proposed project (in staff’s assessment with concurrence of the Planning Commission) would be more protective of coastal resources compared to lot-by-lot development following the grid pattern of the existing Naples town site.

Visual Resources. Overarching visual resource policies of the existing CLUP and Comprehensive Plan provide that: “...the height, scale, and design of structures shall be compatible with the character of the surrounding natural environment, except where technical requirements dictate otherwise. Structures shall be subordinate in appearance to natural landforms; shall be designed to follow the natural contours of the landscape; and shall be sited so as not to intrude into the skyline as seen from public viewing places.” Alternative 1B eliminates all but 11 structures north of Hwy 101 from public view (Figure 7); five of these have the potential of extending above the background ridgelines. In arriving at a recommendation, the Commission took the following considerations into account: (i) “intrude into the skyline” need not be an absolute standard when considering that not all views are equal relative as to quality of setting, duration of visibility, expectation of viewer or degree of impact. (ii) the overarching purpose of the proposed NTS zone district is to accommodate and balance competing policies compared to the alternative of “Grid” build-out; and (iii) Policy 2-26 of the new NTS land use designation provides that the visibility of new development be minimized (as contrasted to outright avoidance) and that design features be employed to integrate development (as opposed to total

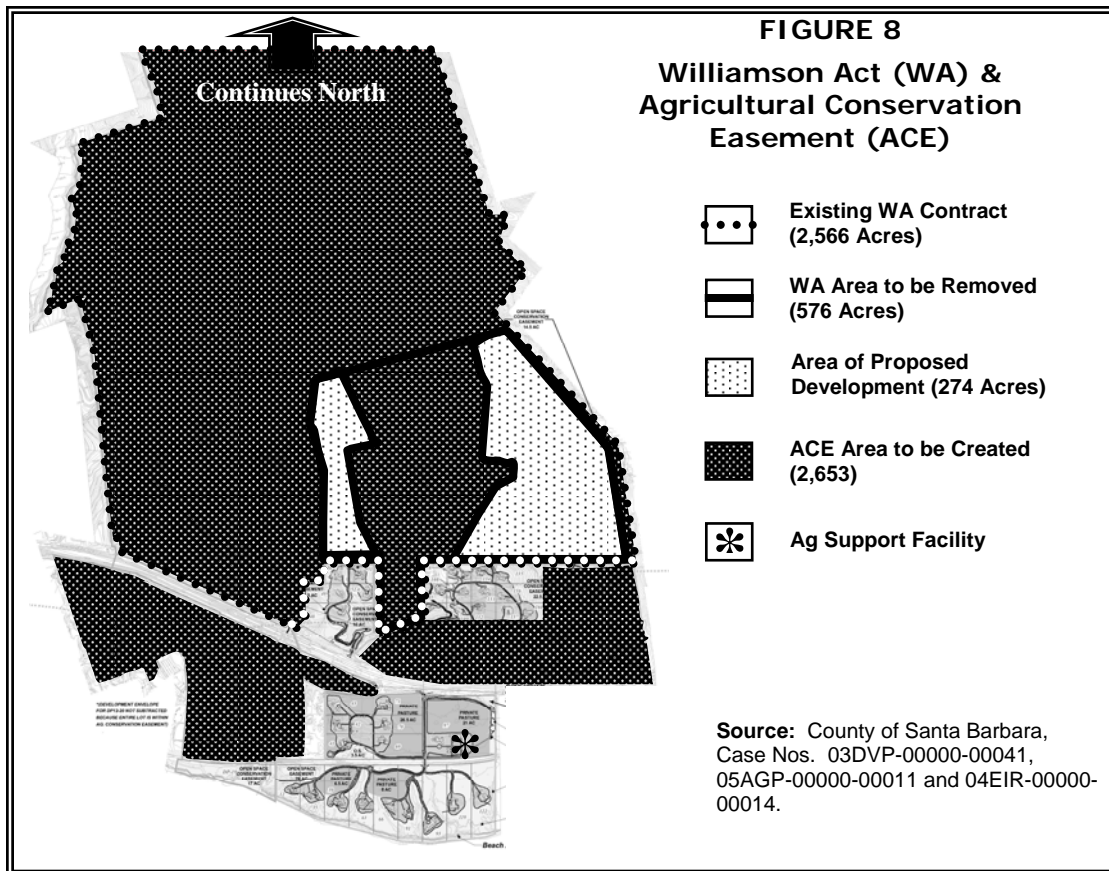


³ Governor’s Office of Planning and Research, General Plan Guidelines (2003), page 164.

concealment). In conclusion, the Commission recommends an assortment of development parameters to guide the design review process, with the objective of minimizing structural visibility while acknowledging to some intrusion into the skyline may occur. This approach, including possible reduction in building sizes to achieve desired outcomes, is reflected in the following recommended condition of approval:

*“Following review and approval by the BAR pursuant to Condition No. D.1.b., the amended Design Guidelines shall be used as the basis for completing Preliminary and Final Design Review approval for the Project. In particular, the site and architectural design of buildings proposed on Lots 51, 104, 105, 107A, 108, 134, 135, 185, 210 and 215, shall be scrutinized in conjunction with Preliminary and Final Design Review by the BAR. In specific regard to Lots 51, 107A, 134, 135 and 215, every reasonable measure shall be taken to avoid (if feasible) or minimize (if not feasible) the silhouetting of structures into the skyline. Such measures include, but are not necessarily limited to, lowering of structure height, reduction of grade elevations, contouring of the site, relocation of development envelopes, use of landscaping, **reduction of building size** below the maximum otherwise allowed in Table 2 and the Scope of Development described in Exhibit 13, or any combination thereof. In regard to Lots 104, 105, 108, 185 and 210, every reasonable measure shall be taken to further diminish the visibility of development by application of the Design Guidelines and introduction of foreground landscaping (Condition No. D.1.d).”*

Agricultural Resources. A distinguishing feature of Alternative 1B is a proposed conservation easement exchange under the authority of Government Code Section 51256 et.seq. (Figure 8). Under this statute, the applicant/landowner proposes to cancel Williamson Act (“WA”) Contract #77AP14 and simultaneously: (i) place the undeveloped balance of DPR north of Hwy 101 that is presently under contract (“WA Remainder”) into a permanent Agricultural Conservation Easement (“ACE”), along with additional non-contract acres within SBR that are currently unprotected, thereby bringing the total to 2,653 acres of agricultural acreage protected *in perpetuity* (“WA-ACE Easement Exchange”); and (ii) place the WA Remainder in a new contract (“New WA Contract”). The Planning Commission, Agricultural Preserve Advisory Committee and Agricultural Advisory Committee were each asked to render separate opinions on the proposal. Fundamental issues of interest included: (i) continued viability of agricultural land; (ii) comparability of protections afforded under the existing Williamson Act vs. the proposed ACE; (iii) resolution of non-conforming uses and structures; and (iv) overall public benefit that justifies contract cancellation. In the final analysis, the Planning Commission and APAC both found the proposal consistent with Uniform Rules and statutory parameters, while AAC recommended specific measures to protect food safety and minimize land use conflicts. These actions take into account that the WA-ACE Easement Exchange would: (i) increase the total area of land under protection from 2,566 to 2,653 acres; (ii) increase the quality of land under protection (e.g., prime agriculture) from 517 to 596 acres; (iii) increase the duration of protection from 10 years to perpetuity; (iv) obligate owners to financially support necessary farm infrastructure; and (v) involve the California Rangeland Trust and Land Trust for Santa Barbara County as co-conservators of the land under protection.



Water Availability. A comprehensive accounting of water supply and demand for the proposed project is presented in a Water Management Plan that details: (i) sources and availability of water; (ii) water delivery and storage systems, (iii) water demand as a result of the proposed project; and (iv) a plan for management of water supplies and delivery. Of particular interest expressed during Planning Commission deliberations is the project’s potential impact on surface diversions from Dos Pueblos Creek. While the analysis shows that the proposed project would not increase diversions from the creek, proposed conditions of approval: (i) expressly restrict domestic consumption to State Water only; (ii) institute metering and reporting of water domestic supply and use; and (iii) impose voluntary conservation measures and mandatory rationing in times of a water shortage. As summarized in Table 2, the water system would be expected to “break even” in dry years and to have a slightly excess capacity in other years. Together, the Water Management Plan and conditions of approval will assure that water consumption attributable to new residential development will have no affect on the hydrology of Dos Pueblos Creek. A relatively recent event involves issuance by the California Department of Fish and Game of a Notice of Violation and Cease and Desist Order regarding surface water diversions from the creek. In short, CDFG asserts that it has jurisdiction over this practice even though the authority to divert water dates back to the 1950’s under a permit issued by the State Water Resources Agency. This claim is disputed by the project applicant and the outcome will does not effect the water balance analysis insofar as domestic service is tied to State Water wholly independent of the creek. The applicant further notes that the loss in diversion water for irrigation purposes can be made up by increased pumping of wells, particularly the deep wells, and/or by increasing purchases from the GWD.

TABLE 2 Water Balance	Wet Year	Normal Dry Year	Very Dry Year
Available Sources of Water (acre feet/year)			
Dos Pueblos Creek	830	500	322
Shallow Wells	41	41	56
Deep Wells	50	100	200
GWD	0	13	20
Reservoir	0	100	242
NWC	200	160	60
Total Sources	1,121	914	900
Uses of Water (acre feet/year)			
Existing DPR Ag. Irrigation	580	629	713
Existing NWC (including SBR agriculture)	58	58	58
Existing Deep Well Use	50	50	50
Subtotal Existing Use	688	737	821
Proposed Domestic	24.3	24.3	24.3
Proposed Landscaping	57.6	57.6	57.6
Proposed Reclamation	0	-12	-22
Subtotal Proposed Use	82	70	60
Total Uses	770	807	881
Net (acre feet/year)			
Water Availability (Total Sources – Total Uses)	351	107	19
SOURCE: Final EIR for Santa Barbara Ranch, URS Corporation, June 2008			

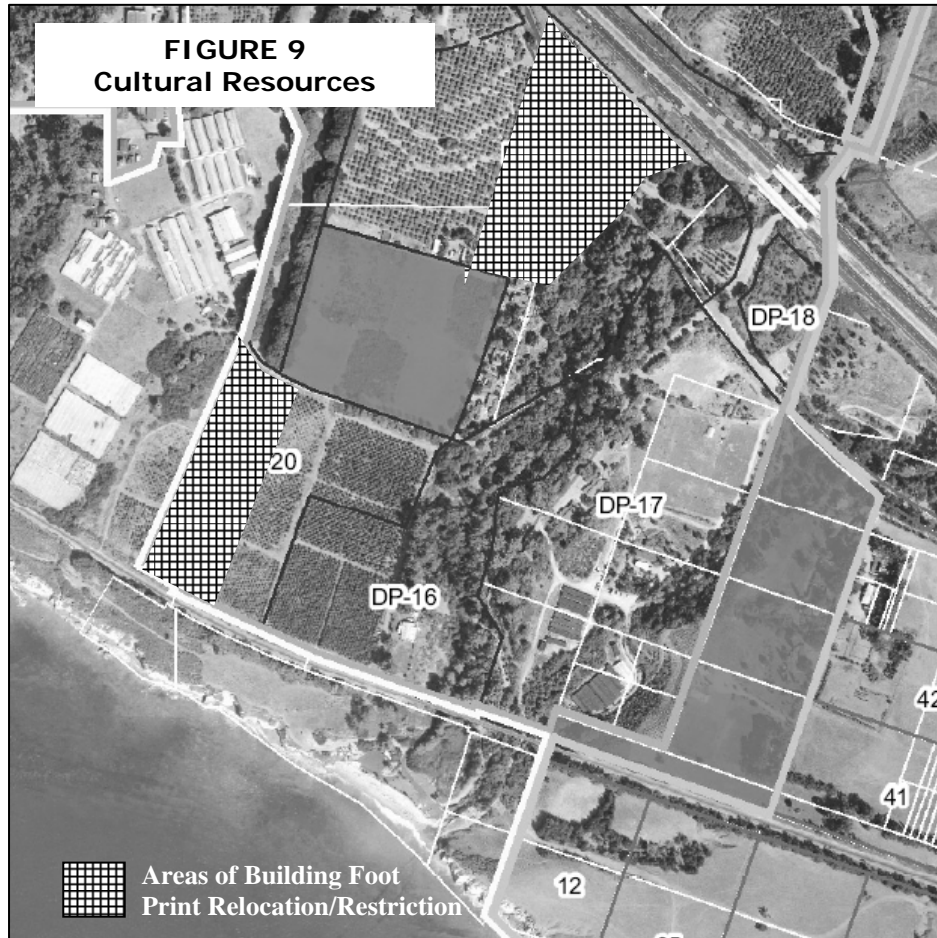
Sensitive Habitat. The project area supports numerous vegetation types and communities; most notably, coast live oak riparian woodland, coast live oak woodland, coast live oak-sycamore woodland, southern willow scrub, coastal bluff scrub, and wetlands which are considered sensitive plant communities by federal, state, and local resource agencies. Grassland (both native and non-native) is the most extensive type of wildlife habitat found in the project area and supports relatively high wildlife diversity. According to information contained in the Final EIR and Open Space Habitat and Management Plan (“OSHMP”), Alternative 1B would affect 7.56 acres of natural vegetation compared to 602 total acres of such habitat (the equivalent of 2.05%). The exact type and quantity of vegetation that would be affected is displayed in Table 3. Under the OSHMP, all affected vegetation would be replaced within designated Open Space Conservation Easement (“OSCE”) areas of the project site at a replacement ratio of 3:1. This ratio has been established in consultation with the County’s biologist and replacement sites for habitat would be chosen by a County-approved, certified biologist based on adjacency to the same or similar habitat as what is being replaced, along with such considerations as soils, aspect, drainage, and slope.

During the course of public testimony before the Planning Commission, two recurring biological themes emerged: (i) the predominance of non-native grasslands on the coastal terrace south of Hwy 101, and its importance in supporting a variety of wildlife; and (ii) the methodology used in classifying and quantifying native grasslands throughout the project site. Both issues were vetted at length during the Planning Commission hearing process as well as in response to comments in the Final EIR. While non-native grasslands on the coastal terrace can and do provide important foraging habitat for a variety of animal species (most notably White Tailed Kites), this habitat is neither classified as environmentally

sensitive habitat (“ESH”) under applicable CLUP policies nor does it meet the definition of ESH under the California Coastal Act. A critical consideration in arriving at this conclusion is that the area has a long history of disturbance from agricultural and grazing activities, yet the non-native vegetation has exhibited great resilience to such disturbance. In regard to survey methodology in distinguishing between native and non-native grasslands, the California Environmental Quality Act does not prescribe a set procedure for undertaking such surveys. Instead, the EIR follows the County’s environmental guidelines in how the site was assessed and the factors used in distinguishing between native and non-native grasslands. The results were also vetted with the County’s own biologist before the RDEIR was published. For further discussion on these topics, the Board is directed to the Response to Comments, Sections 13.5 and 15.0 of the Final EIR.

TABLE 3 Biological Considerations	Grid Development		MOU Project		Alt 1 & Alt 1B	
	Total	Impacted	Total	Impacted	Total	Impacted
Sensitive Vegetation						
Native Grassland	12.5	7.13	12.5	0.22	12.5	0.22
Coastal & Bluff Scrub	19.6	11.17	19.6	0.34	168.1	6.22
Oak Woodlands	8.5	4.85	8.5	0.0	102.8	0.49
Mixture of Vegetative	0.75	0.43	0.75	0.0	80.3	0.58
Wetlands	0.06	0.03	0.06	0.0	4.6	0.05
Subtotal (% of Project Area)	8%	57%	8%	1.35%	27%	2.05%
Other Vegetation						
Non-Native Grassland	381	217.17	381	137.6	558.8	194.2
Other Miscellaneous	63	35.91	63	13.64	451.73	28.23
Subtotal (% of Project Area)	92%	57%	92%	37.25%	73%	19.81%
SOURCE: Final EIR for Santa Barbara Ranch Project, URS Corporation, June 2008.						
NOTES: Vegetation impacts for Grid Development is estimated in relation to the percent of buildable lots (57%). Impacts for Alt 1B will likely be less than Alt 1 because of the net reduction in overall development coverage.						

Cultural Resources. The overall project area has experienced long and significant periods of human occupation, dating back at least 8,000 years. At least four Chumash village sites are known to occupy the project area. California Senate Bill 18 (effective on March 1, 2005) requires that all cities and counties within the state notify and consult with California Native American Tribes about proposed General and Specific Plan Amendments for the purpose of protecting traditional tribal cultural places and sacred sites when creating land use policies. As a result of consultations with sanctioned tribes (i.e., Santa Ynez and Coastal Band), coupled with the environmental review process, a comprehensive mitigation package has been developed for the proposed project: (i) reduction, capping and relocation of building footprints on DPR, south of Hwy 101, to minimize disturbance to known cultural resources (Figure 9); (ii) Native American monitoring of all ground disturbance activities throughout the project site, including areas located outside of mapped villages; (iii) preparation and adherence to a Cultural Resource Program Plan to ensure that all subsequent site-specific investigations and mitigations are conducted consistently throughout the project site; and (iv) deed disclosures and homeowner education regarding sensitive resources and stewardship. Above and beyond the requirements of the California Environmental Quality Act, the applicant is required to fully excavate, record and archive archeological artifacts regardless of cost. This obligation, insofar as it exceeds the limits of law, is reiterated in the Development Agreement for Coastal Entitlements. The Development Agreement also provides for the creation of a Native American Conservation Easement in recognition of the site’s sacredness and to authorize periodic access by sanctioned tribes to conduct tribal rituals.



Waste Water Operations. Under Alternative 1B, the applicant proposes to utilize a combination of individual septic disposal and Sewage Package Treatment Plans (“STPs”) for the project. Staff of the Regional Water Quality Control Board (“RWQCB”) and County Environmental Health Services (“EHS”) both object to: (i) septic treatment within inland areas of the project (as proposed under the MOU Project); and (ii) STP ownership and operation by a private entity (such as a Homeowners Association; “HOA”). In consultation with EHS staff, and with the endorsement of the Planning Commission, proposed conditions of approval (reiterated in the CC&Rs) require the establishment of a Community Facilities District (or equivalent) with the ability to attach liens on property in a position superior to mortgage or HOA debt obligations. Furthermore, the proposed conditions require the treatment plant operator (with appropriate experience and certifications) be subject to review and approval by RWQCB. For septic systems on DRP south of Hwy 101, the applicant would be required to demonstrate compliance with applicable water quality regulations to RWQCB; otherwise, an STP would be required.

Development Agreements. Under the authority of Government Code Section 65864 et.seq., and Chapter 35.86 of the County’s Land use and Development Code, the applicant has asked that development agreements be adopted for the purpose of “vesting” the project (one for inland areas and one for areas within the Coastal Zone). A development agreement constitutes a contractual commitment between the parties that, for a specified time period, ensuring that the project may proceed in accordance

with rules, regulations, and policies that are applicable to a particular development as they exist at the time of approval. This gives developers a degree of assurance that their project will not be nullified by some future local policy or regulation change. In exchange for this privilege, it is not uncommon for the land use authority to obtain concessions from a developer that exceed the usual legal limits on exactions. Such limits do not apply when the developer has voluntarily entered into a contract with the land use authority. Most notable among the concessions recommended by the Planning Commission are the Developer's obligations to: (i) institute restoration of Dos Pueblos Creek with a minimum contribution of \$400,000 (contingent upon resolution of CDFG claims); (ii) provision of affordable housing through in-lieu payments or equivalent measures above and beyond those that can be imposed by adopted policy; (iii) provision of a Cultural Resources Easement (contingent upon reaching agreement with Native American representatives); (iv) dedication of coastal trail spurs to allow for potential interconnections on both sides of Hwy 101; and (v) habitat enhancement on the coastal terrace of SBR above and beyond that which is required under the Final EIR. The Development Agreements are currently undergoing legal review by County Counsel and will be forwarded to the Board when those documents are finalized. The legal review will not change the public benefit recommendations made by the Planning Commission.

Fiscal and Facilities Impacts:

All costs associated with processing the project and related land use and zoning changes are funded by the applicant, budgeted in the Permitting & Compliance Program of the Development Review, South Division on Page D-301 of the adopted 2008-2009 fiscal year budget. Under the provisions of the Williamson Act Easement Exchange Program ("WAEPP"), appraisals must be furnished by both the County Assessor and landowner to establish fair market value of the exchange along with a determination of whether the applicant must pay a cancellation penalty. These appraisals are currently under preparation and the results will be reported to the Board in advance of its October 13th hearing date. The development value of Alternative 1B is estimated to be \$580 million. At full build-out, it is estimated that the proposed project will generate \$1.5 million annually in property tax revenues to the County General Fund. This figure will vary pending baseline valuation adjustments resulting from the WA-ACE Exchange.

Special Instructions:

None

Attachments:

Attachment A: Findings

- A-1** CEQA Findings
- A-2** Mitigation Monitoring and Reporting Program
- A-3** Project Findings
- A-4** Policy Consistency

Attachment B: Resolutions and Ordinances

- B-1** Resolution Amending Resolution Amending Comprehensive Plan
- B-2** Resolution Amending Coastal Land Use Plan

- B-3** Resolution Amending Special Problems Area Designation
- B-4** Ordinance Amending Land Use and Development Code (NTS)
- B-5** Ordinance Amending Zoning Map (NTS)
- B-6** Ordinance Approving Development Agreements

Attachment C: Conditions of Approval

- C-1** Conditions
- C-2** Tables
- C-3** Exhibits

Attachment D: Support Documents

- D-1** WA-ACE Easement Exchange
- D-2** Confirming Analysis for Alternative 1B

Attachment E: Advisory Bodies

- E-1** Action Letter (Planning Commission)
- E-2** Planning Commission Staff Reports (Project Deliberations and Workshops)
- E-3** Agricultural Advisory Committee Action Minutes
- E-4** Agricultural Preserve Advisory Committee (Minutes and Findings; To be Furnished Following Ratification at APAC's Next Regularly Scheduled Meeting of 10-3-08)

Authored by: Tom Figg, Project Planner